

BIS | Department for Business
Innovation & Skills

THE DESIGN COUNCIL

A Review by Martin Temple CBE

OCTOBER 2010

On 16 July 2010, David Willetts MP, Minister of State for Universities and Science, announced a review to consider the future role and status of the Design Council as the national strategic body for design.

Martin Temple CBE, Chair of the EEF and a member of the Design Council Board, was invited to lead the review and to report in September 2010. He was supported by a joint team from the Department for Business, Innovation and Skills and the Design Council, and by an advisory committee drawn from business, academia and the design sector.

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“Building a dynamic and competitive UK economy by:

- Creating the conditions for business success
- Promoting innovation, enterprise and science
- Giving everyone the skills and opportunities to succeed

To achieve this, we will foster world-class universities and promote an open global economy.”

BIS mission statement

“The growth we need should be different from the past. Instead of relying on ever increasing household debts financing unaffordable consumption, we should look to greater business investment. We need to seize the opportunity of a recovering global economy to develop our exports. This means protecting and building on our strengths – in design, creative industries and innovative manufacturing for example.”

Rt Hon Dr Vince Cable MP, Secretary of State for Business, Innovation and Skills, Foreword to *A Strategy for Sustainable Growth* (BIS, July 2010)

1. Executive Summary

Introduction

This is a review of the Design Council: it considers the role of the state as a design sponsor and the role of design within social and economic policy.

The report argues that it is important that government leads by example in order to provide the best conditions for innovation to thrive. It appraises a range of options for sustaining design as a fundamental part of the government's innovation and growth agenda. It questions the need for a quango and recommends a different model.

The main conclusion is that there is a compelling case for the Design Council to continue. The Design Council needs to champion design at the heart of national priorities, underpinning the Chancellor's budget savings and helping to deliver economic growth. A refocused Design Council needs to be responsive to industry, advise government, and help the public sector to demonstrate design excellence.

It should continue as a Royal Charter charity, but not as a non departmental public body, and with reduced funding from government. It should sharpen its activities to do more for less and provide improved value for money to the tax payer by operating in a new way, as a smaller organisation and from different, shared premises, drawing on shared back office services.

UK challenges

Multinationals, consumer and high-street brands have embraced the use of design to add value and drive innovation, but there are still parts of the economy that are critical to future social and economic success where design awareness is low, notably SMEs, scientists seeking to commercialise new ideas and the public sector.

In business...

The urgent need to reignite the enterprise economy requires SMEs to create well-designed goods and services. There is evidence that the understanding of design within business has improved over recent years, however the lack of use of design by top management continues to hinder their growth as reflected by Sir George Cox in his 2005 report to HM Treasury on *Creativity in Business*.

In science and technology...

The economic goal of generating more wealth from new science demands multidisciplinary teams of designers, engineers and technologists designing around the needs of customers. This is not the norm in UK universities and ventures. In his March 2010 report,

Ingenious Britain, Sir James Dyson underlines the systemic nature of the problem including proposals to integrate design into the Science, Technology, Engineering and Mathematics (STEM) subjects within education.

In the public sector...

Government policy to deliver citizen-centred public services at greater value for money will require senior public policy-makers and commissioners to understand how to use design, amongst other things, to achieve innovation. The Big Society vision requires a new approach and design can help bring about the change needed to deliver this.

In the design sector...

The UK creative industries, including design, are a major and growing contributor to the UK economy. The design sector is large and highly diverse, the disciplines are many and varied and most practices are small¹, albeit many with an impressive client list. For these reasons, representation of the industry continues to be a struggle. Activities that strengthen its networks and foster links into new markets are required.

The imperative for the UK to be an innovation leader and develop ideas and products that will address global needs such as climate change, an ageing population, and preventative health care, require design's creativity within a mix of the public sector, science and business.

Global benchmarking

These UK challenges are set against an international framework where other governments are investing heavily in sponsoring and promoting design as a key route to stimulating innovation, jobs and exports and as a means to systematically address challenges.

China's Premier Minister, Wen Jiabao has stated a desire to move from "Made in China" to "Designed in China". Over recent years China has driven national and regional design policy, with investment in education and national promotions. Other Asian governments are vigorously committed to the promotion of design, notably those in Singapore, Korea and Malaysia.

Similar drives are evident around the world and there is enhanced focus in Europe, where the European Commission is leading new design policies at the heart of innovation that underpin "competitive advantage for European companies".²

A compelling case

The importance of design as a tool for innovation, productivity and economic growth is accepted. We already have a design sector that is respected across the globe. The UK needs to play to this strength. The

¹ Labour Force Survey, ONS & Design Industry Research, Design Council (March 2010)

² Conclusions on Creating an innovative Europe, Council of the European Union (March 2010)

compelling case for continued government support of the Design Council is the impressive returns on investment forecast to be achieved for every £1 of programme funding, according to recent programme evaluations:

- £9.9 GVA for every £1 spent on the Designing Demand business mentoring programme³
- £26 of social value for every £1 spent on Public Services by Design public sector mentoring programme – and an efficiency gain for each client of £750,000⁴
- Return on investment of £23 per £1 investment and additional £11.3 million in turnover for participating manufacturers and designers involved in the Design Bugs Out project to develop hospital equipment and furniture that is more easily cleaned, as well as potential efficiency and health benefits in hospitals⁵

This is the direct impact that would be lost if the Design Council did not exist. Performance is a good measure of value and, as this review shows, some of the current activities of the Design Council can help the government address its most pressing issues such as securing economic growth and productivity gains in the public sector.

However, this review goes further and argues that losing the Design Council would be damaging to the UK's design reputation globally and would undermine the government's efforts to provide the conditions for innovation and business growth. The Design Council is an intermediary with a strong heritage, high levels of recognition and a world reputation as a leader in its field. As a national asset⁶, it should be well-used not disbanded.

Options considered

Against the challenges relating to the UK's capacity and capability for innovation, and a global benchmark of increased investment in design promotion, the review considered a reasonable argument for protecting the status quo. This was dismissed as unviable in the current economic and political climate.

The abolition option was also considered, as was reducing the Design Council to a high-level committee for occasional meetings with ministers. The latter option was considered to result in an ineffective talking shop, lacking the capacity to match the Design Council's track record for practical impactful delivery. These options were ruled out on the grounds that the UK as a nation would lose out.

³ Estimating the potential national impact of Designing Demand, Rindl Consulting (2010)

⁴ Independent evaluation of Public Services by Design, Centrifuge Consulting (2010)

⁵ The Impact Evaluation of Design Bugs Out, Ekosgen (2010)

⁶ BIS Occasional Paper No 2, The economic rationale for a national design policy (August 2010)

Significant time and debate was given to the option of subsuming the Design Council or its activities within other parts of the UK's innovation infrastructure. Detailed meetings were held with a range of organisations including NESTA and the Technology Strategy Board. However, a merger did not fit with the activities and remit of either organisation. The view of the advisory committee and stakeholders was that design needs its own clear voice, together with the retention of the valued Design Council brand.

On this basis there was no rationale for a merger or disaggregation. Despite this, it was clear that there was merit in building stronger links and identifying opportunities for increased collaboration with NESTA and the Technology Strategy Board. In addition, some shared services with NESTA including building and back-office could provide substantive savings and efficiencies. This contributed strongly to the recommendation for a smaller, third sector re-focused Design Council.

The refocus – the recommendations

This review recommends reshaping the Design Council as a charitable organisation that connects public services, industry, science and education with design. It suggests a refreshed and refocused role as an advisor to government, design knowledge networker and public service demonstrator, operating in line with its Royal Charter.

It needs to embrace new ways of working and be the model of a modern institution that is enterprising, open, collaborative and inclusive. It has made considerable progress in these areas in recent years, but a step change is needed. It must broker rather than undertake work itself, and commission and invite contribution from external experts where possible.

During the period of the review, a feasibility plan was developed and subjected to scrutiny. It is based on the transition costs being funded to enable the trustees of the present charity to proceed, and is dependent on the outcome of the forthcoming spending review (see draft operating plan at Annex F). It is based on twelve key recommendations, as follows:

The Government should:

1. Contract the Design Council to deliver design policy and advice

The Department for Business, Innovation and Skills (BIS) should commission design policy services at a reduced level of £4 million per annum for the period of the spending review through a refocused Design Council. It will no longer be a public body but will retain its Royal Charter and operate in the third sector as a charity. The net saving to the exchequer should be around 25%. In addition reasonable and agreed one-off transition costs should be considered by BIS.

The Design Council should:

2. Restructure to deliver a step change in value for money

The Design Council should simplify and streamline activities and reorganise to reduce its cost base, to continue to deliver value for money. By reducing the staff core to a minimum, sharing back office services with a public sector partner and relinquishing the lease on the current Covent Garden offices, programme impact can increase markedly, largely via outsourcing. Where possible, most activities will be driven through the web with a focus on building on-line networks.

3. Adopt a more inclusive approach

The Council should be expanded to incorporate a broader cross section of industry and society, including representation from national and regional design and business organisations. It should be a discussion and debating forum and provide strategic leadership. A smaller board of trustees should oversee the charity.

4. Focus its activities on design demonstration, knowledge networks and advice to government

The role of the Design Council to place design at the heart of society and the economy should be retained. The organisation should focus its work on three areas around design demonstration, knowledge networks and advice to government. This builds on the good results from its recent activities but reduces the portfolio to concentrate on fewer more impactful projects.

5. Build on the success of recent projects to demonstrate the role of design in addressing intractable societal challenges

Over recent years the Design Council has co-ordinated several successful open innovation projects with the NHS, Home Office and local authorities. The Design Council should be encouraged by government to co-ordinate at least one such project each year in collaboration with industry and partners such as the Technology Strategy Board and its Small Business Research Initiative (SBRI). The Design Council's successful education challenges should be aligned to this initiative with a view to strengthening links between design and STEM subjects in schools and colleges.

6. Build on the success of the Design Council's mentoring programmes for clients in the public and private sector as part of a national knowledge network

The Design Council's roster of expert Design Associates should be maintained to coach on an annual programme for potential design users, including those from the public sector, small businesses and university technology transfer. The Design Associates should also act as local ambassadors and on-line support to a wider national network that could include funded events via regional design organisations.

7. Deliver an annual research and policy programme advising government on the role of design for innovation

The Design Council's highly regarded research and policy programme should be turned into an annual programme including an industry-wide policy conference and summits with government. As with other projects, as much as possible should be outsourced via universities and related design organisations.

8. Strengthen partnership arrangements with the Technology Strategy Board and NESTA

The Design Council has strong working relationships with both bodies and this should be expanded as part of an enhanced innovation infrastructure. With NESTA this should include co-location from 2011/12 and a shared back office arrangement. The Design Council should look to collaborate and jointly fund programmes with both bodies.

9. Explore a partnership with the Design Museum

The partnership should strengthen the links between the two, building on the Design Museum's public and cultural role and the Design Council's business and governmental role. The Design Museum is well advanced in its plans to move to a new expanded site in Kensington. Following positive conversations with both sets of trustees, the Design Council should pursue the idea of co-locating a small team now and complete co-location in Kensington from 2014, as well as joint activities to include a focus on education in the first instance. This partnership should be considered alongside other design industry relationships that enhance the presence of UK design on the world stage and present a united design community to government and industry.

The Government should:

10. Commit to an annual series of high-level design summits

BIS should help co-ordinate invitations to relevant ministers to attend a programme of summits to discuss design policy and opportunities for improving innovation in the public and private sector. In addition, the Minister for Universities and Science should meet with representatives of the Council to discuss its plans and findings on a six-monthly basis.

The Design Council should:

11. Consider the option of setting up an enterprise vehicle

The Design Council currently manages bespoke design coaching, design demonstrations, and complex public commissioning such as the Olympic Torch for LOCOG. The Council should consider continuing this activity but ensuring it is consistent with its charitable objects, and only on the basis that it does not crowd out and is beneficial to the design sector. It should consult and ensure transparency in all dealings with the design sector.

The Design Council and the Government should:

12. Commit to a review of arrangements after three years

Whilst the business case is built on a medium to long term basis, this will be uncharted territory for BIS and the Design Council. Both organisations should agree to commission an independent review with agreed terms of reference to be undertaken by autumn 2014.

All recommendations are dependent on the outcome of the spending review and subject to further discussion between the Design Council and BIS.

2. Background to the review

The Design Council

Since its inception in 1944, the Design Council has evolved in line with the political and economic landscape.

It was originally established as the Council of Industrial Design by Hugh Dalton, President of the Board of Trade in Churchill's wartime Government, to drive innovation at a time of austerity and rapid change: *"to promote by all practicable means the improvement of design in the products of British industry"*.

Over time, its name and role have changed to include advocacy of other design disciplines alongside product design. It acquired charitable status and a Royal Charter in 1976 with the object of *"the advancement of British industry and society by the improvement of design in the products and services thereof"*. Annex B outlines the key milestones in the Design Council's history.

The size of the body has reduced over the years to its current level of around 60 staff, and the level of Government funding has also reduced over the years. The Design Council is currently classed as an executive non-departmental public body (NDPB), jointly sponsored by the Department for Business, Innovation and Skills (BIS) and the Department for Culture, Media and Sport (DCMS), with funding of £5.6 million in total from BIS in 2010/11. In recent years, it has been successful in leveraging in increasingly higher levels of income, mainly from elsewhere in the public sector but also from the private sector. External income grew from £2.1 million in 2008/09 to £3.7 million in 2009/10.

Current activities include projects to improve business competitiveness, such as design mentoring to help small businesses thrive and help universities to bring science to market, and projects for the public sector to procure design effectively, improve service design and reduce cost. Annex C outlines the Design Council's current mission and activities.

Since 1944, the Design Council has established itself as an exemplar and policy leader, a model copied widely by other governments. The UK's status as a global player in design is testament to the success of the Design Council over the last 66 years. Yet, as this report makes clear, there remains a role for a national body for design: design, and in particular service design, remains under utilised by industry and the public sector, and represents a major economic and social opportunity for the UK.

The review

On 16 July 2010, David Willetts, Minister of State for Universities and Science, announced a review to consider the future role and status of the Design Council as the national strategic body for design.

Martin Temple CBE, Chair of the EEF and a member of the Design Council Board, was invited by the Minister, as well as Ed Vaizey, Minister for Culture, Communications and Creative Industries, and Lord Bichard, the Chair of the Design Council, to lead the review and to report in September 2010. He was supported by a joint team from BIS and the Design Council, and by an advisory committee drawn from business, academia and the design sector.

The review has been driven by the need to reduce public expenditure in the current tight fiscal climate. HM Treasury guidelines for the forthcoming spending review in October 2010 ask departments to prioritise their main programmes against tough criteria including ‘does the Government need to fund this activity?’ and ‘how can the activity be provided at lower cost’ and ‘more effectively’?

At the same time, the Coalition Government is committed to increasing the accountability of public bodies, reducing their numbers and costs. The Cabinet Office is leading on work which means in future that arms length bodies will have to meet one of three tests to remain in the public sector:

- does it perform a technical function?
- does it need to be politically impartial?
- does it act independently to establish facts?

Another driver of the review was Sir James Dyson’s March 2010 report, *Ingenious Britain*, commissioned by the Conservative Party. This looked at how best to reignite the country’s ‘innate inventiveness and creativity’ and recommended an examination of the role of the Design Council in supporting this.

The terms of reference for the review are at Annex A.

How the review was conducted

The review was conducted in eight weeks. While this did not allow for a full public consultation, the review team considered the Design Council’s current activities, gathered existing evidence and sought views in the following ways from a wide range of stakeholders:

- three group discussions with representatives from business, design and the public sector;
- over 50 one-to-one stakeholder discussions;

- a short online survey sent to over 300 stakeholders inviting views on the role of government in supporting the use of design, that received over 170 responses (see Annex G); and
- an advisory committee drawn from business (including representatives experienced in new and more traditional business models), design, academia, and the public sector (see Annex J for the list of members).

A list of those who contributed views either in a meeting or in writing is at Annex I.

3. Why design matters

Strong evidence exists already on the value of design and this was out of scope of the review. However, in order to assess the case for a national body for design, it is necessary to briefly reiterate the case for design and to start with a note on what is meant by design in this report.

Design is more than just aesthetics

The Design Council definition of design is from the Cox Review 2005⁷: *“Design is what links creativity and innovation. It shapes ideas to become practical and attractive propositions for users or customers. Design may be described as creativity deployed to a specific end.”*

The European Commission⁸ and Sir James Dyson in his recent report for the Conservative Party⁹, similarly view design as a broad discipline that is concerned with more than just aesthetics. Other commentators have a variety of interpretations, categorised by Swann into ‘six essential characteristics of design’ in a recent report for BIS¹⁰: that design is multi-faceted; a link from creativity to innovation; a source of competitive distinction; an approach to planning and problem-solving; a means of creating order out of chaos; and an approach to systems thinking.

Although exact interpretations differ, essentially there is consensus among leading thinkers that good design is not just about styling or adding a final finishing gloss. It is the use of structured thinking, tools and processes to develop solutions that are human-centred and fit for purpose. It is important to many aspects of society and the economy.

Design supports business competitiveness

Research has consistently shown a link between the use of design and improved business performance across key measures including turnover, profit and market share. Between 1995 and 2004, the share prices of design-conscious companies outperformed other firms by 200%¹¹. For every £100 a design-alert business spends on design, turnover increases by £225¹².

⁷ Cox Review of Creativity in Business: building on the UK’s strengths, Sir George Cox (2005)

⁸ Design as a driver of user-centred innovation, European Commission (2009) *“Design for user-centred innovation is the activity of conceiving and developing a plan for a new or significantly improved product, service or system that ensures the best interface with user needs, aspirations and abilities, and that allows for aspects of economic, social and environmental sustainability to be taken into account.”*

⁹ Ingenious Britain, Dyson (March 2010) *“Design is not simply aesthetics; it’s the rigorous process that links new technologies to business – creating things that work properly.”*

¹⁰ BIS Occasional Paper No 2, The economic rationale for a national design policy (August 2010)

¹¹ Design Index, Design Council (2004)

¹² Value of Design, Design Council (2007)

Design makes public services fit-for-purpose

Citizen-centred services are vital to provide quality answers to the complex challenges of the 21st century, and can help achieve the value for money¹³ that centralised targets and expensive machinery of government reorganisations alone, have failed to deliver.¹⁴ Design uses a user-centred approach which has proven effective in delivering quality improvements and savings in the public sector. A simple creative solution can have a big impact: for example, incidences of violent crime were reduced by 80% at a hospital A&E department after a design project simply made changes to the signage and layout¹⁵.

Design is a UK competitive strength

The UK creative industries, including design, are a major and growing contributor to the UK economy. The UK design industry is renowned worldwide and a draw for big business. Multi-nationals base their design centres in the UK to take advantage of the skilled design professionals and leading edge design, including Yamaha Music Corporation, Nissan, Samsung, Nokia and Motorola.

In 2007/08, turnover in the design sector grew by 11% to £4.4 billion, almost £1 billion of which was generated by overseas sales¹⁶. Research indicates £15 billion was spent on UK design in 2009 via in-house design teams and freelancers and consultancies¹⁷ and the added value of design to the wider economy is greater than for any other sector in the creative industries.¹⁸

Design's importance is growing

Given design's ability to find creative solutions to social and economic challenges, it has an increasingly important role in the future as complexity and pace increase. Will Hutton argues that design will be at the core of a strong knowledge economy of the future, one of the coping stones of an innovation system and the most important intangible investment for a manufacturer.¹⁹

Design is already acknowledged as a sector to protect and grow in the foreword to the Government's *A Strategy for Sustainable Growth* (July 2010) by the Secretary of State for Business, Innovation and Skills, Rt Hon Dr Vince Cable MP; design is also of increasing interest to governments globally.

¹³ Total Place: a whole area approach to public services, HM Treasury & Communities & Local Government (March 2010)

¹⁴ Making and Breaking Whitehall Departments: A guide to machinery of government changes, Institute for Government and LSE (May 2010)

¹⁵ 'Under the knife', Design Council Magazine Issue 7, project by Intelligent Space Partnership for Birmingham Heartlands Hospital A&E

¹⁶ UKTI design leaflet, 2010

¹⁷ Labour Force Survey, ONS & Design Industry Research, Design Council (March 2010).

¹⁸ Creative & Cultural Industries Economic & Demographic footprint research, Creative & Cultural Skills (2008)

¹⁹ Design in the knowledge economy 2020, Will Hutton (March 2010)

4. Global design policy

Other governments see their role in sponsoring and promoting design as a key route to stimulating innovation, jobs and exports and as a means to systematically address local challenges.

Although design policy and promotion differs country-by-country, there is a consistent growth in government-backed local organisations as champions to underpin the cause.

National design strategies in the Far East

Asian governments are vigorously committed to the promotion of design, notably those in Singapore, Korea, Malaysia and China.

The scale of investment in building design capability in the Far East is considerable. For example, design investment by the Korean Government as a proportion of GDP is nearly ten times greater than in the UK. It has ambitions to increase the number of firms with in-house design teams from 20,000 to 100,000 and to treble the value of its design sector. Such is the importance of design that people with industrial design masters degrees are even exempt from military service²⁰.

These nations commonly have explicit national and regional design strategies driven by the top echelons of government. In China, Premier Minister, Wen Jiabao has stated a desire to move from “Made in China” to “Designed in China”. As well as investing in design education, there have been national promotions including the Beijing Design Centre, Beijing Design Week, attended by the Premier Minister, and economic policy conferences.

Design in European innovation policy

There is increasing focus in Europe, where the Commission is leading new policies at the heart of innovation to be published in autumn 2010.

In May 2010, the Ministers in charge of competitiveness in the Council of the European Union adopted conclusions on design as a driver of user-centred innovation and are introducing a European Design Innovation Initiative.

²⁰ International Design Scoreboard, Cambridge University (Moultrie, Livesey 2009)

“The Commission and Member States (are invited) to give special attention to design considering its leverage effect on innovation performance, taking into account economic, social and environmental sustainability aspects and stresses the need to establish platforms for exchanging knowledge, experiences and best practices on design issues as a competitive advantage for European companies”. Conclusions on Creating an Innovative Europe, Council of the European Union (May 2010)

Many individual European nations have design bodies that promote the use of design, notably Germany, France and the Scandinavian countries, and have increasing interest in non-technological forms of innovation²¹. Denmark, for example, has national design policies as part of economic growth and to achieve improvements in public services²².

Evolving federal policies in North America

The US administration is currently considering plans for an American Design Council. Establishment of such a body to work in partnership with US Government underpins a series of proposals from the US National Design Policy Initiative²³. This project is being driven by high-profile private sector design organisations and individuals.

Canada is following suit. It currently has strong regional design support which has encouraged growth of design capability in Quebec and Ontario²⁴. The government closed its federal agency, Design Canada, in 1985, but there is now a Canadian National Design Policy Initiative, a lobby for a renewal of policy at the national level²⁵.

Clearly design is increasingly important in policy around the world, and this should include the UK.

²¹ National and regional policies for design, creativity and user-driven innovation, Pro Inno Europe & University of Manchester (2009)

²² Design Denmark, The Danish Government (2007),

²³ Redesigning America's Future, US National Design Policy Initiative (2009)

²⁴ International Design Scoreboard, Cambridge University (Moultrie, Livesey 2009)

²⁵ Design Exchange, Canada's Design Centre and Museum

5. UK design challenges

An evaluation of evidence from existing sources and from the consultation phase of the review suggests that there is a strong case for continued public funding to encourage more effective use of design.

Whereas countries such as China have national design policies to develop design capability and infrastructure, the UK has different challenges to overcome. Big business in the UK has embraced the use of design to add value and drive innovation, but others have not.

There are still parts of the economy that the government has identified as critical to future social and economic success that are not using design, notably the public sector, SMEs and scientists seeking to commercialise new ideas. These audiences have low awareness of the value of design and uncertainty about seeking support where a need is perceived as the sector is complex.

There is still a need to educate about design, to promote and embed it as a strategic component of innovation and competitiveness.²⁶

The public sector does not use design

Successive governments have promoted innovation as important but have not lead by example. The public sector has struggled to innovate. Government needs to save money by doing more for less, by using new approaches and more effective procurement. To transform and to deliver the Big Society vision, much needs to change.

Design approaches are open, collaborative and human-centred. They engage public sector workers, civic society and citizens in the development and delivery of effective services. This co-design approach delivers effective outcomes, as identified in the recent *Total Place*²⁷ initiative and in a range of Design Council projects, but is not commonly used within the public sector.

“This study (Open By Design) has highlighted the role of design capacity as a core capability for open innovation practice, and as such, managers and policy makers should pay greater attention to the role of design capacity in extramural, open innovation, achieved either through collaboration or through contract.” Open By Design: the role of design in open innovation, Tanaka Business School for DIUS (2008)

²⁶ BIS Occasional Paper No 2, The economic rationale for a national design policy (August 2010)

²⁷ Total Place: a whole area approach to public services, HM Treasury & Communities & Local Government (March 2010)

Design is under-used in the commercialisation of science

In the UK, improving our ability to commercialise science and to innovate have long been a concern of government through a range of reviews and initiatives. Considerable progress has been made, but issues persist, and we still lag behind other countries in terms of our effectiveness at creating leading positions in new industries, as the recent reports by Hauser²⁸ and Dyson²⁹ highlight, and indeed the recent BIS *Strategy for Sustainable Growth*³⁰.

Although design's role in the economy is widely acknowledged, and it is understood that many successful high-tech businesses like Apple and Dyson are design as well as technology driven, this link is not strong enough in the early stages of commercialisation. There is a lack of awareness and use of design by UK scientists to help identify market needs and make new concepts viable and appealing.³¹

“Due to a lack of awareness and little engagement between the design and research communities the value of design for technology transfer is under-recognised.” David Secher, former Chairman of PraxisUnico, the voice of the research commercialisation profession

Smaller UK businesses still do not use design strategically

The lack of use of design by SMEs was noted in the Cox Review in 2005 and this persists as an issue. SMEs are the backbone of the UK economy, accounting for half of UK Gross Domestic Product (GDP); the increased use of design by this audience is essential to enterprise and bringing future jobs and exports.

“The concern of [the Cox] review is the untapped potential of the large number of solidly managed but low-growth businesses that could be transformed with a skilful injection of creativity”. Review of Creativity in Business, Sir George Cox (2005)

The UK design sector is complex to navigate

There are 232,000 designers currently practising, 29% more than in 2005. Of these, 83,600 work in-house, 8% more than in 2005.³² Yet the design industry is very diverse, comprising various disciplines, including communications, product, digital and service design, with around 90% micro businesses with 5 or fewer employees, and many sole traders. Many businesses could be considered small players at first glance, but have impressive client lists. There are also regional biases, with a large proportion of designers concentrated in London and the South East³³.

²⁸ The Current and Future Role of Technology and Innovation Centres in the UK, a report by Dr Hermann Hauser for BIS (March 2010)

²⁹ Ingenious Britain, Sir James Dyson (March 2010)

³⁰ A Strategy for Sustainable Growth, BIS (July 2010)

³¹ The Race to the Top, A Review of Government's Science and Innovation Policies, Lord Sainsbury (2007)

³² Labour Force Survey, ONS & Design Industry Research, Design Council (2009).

³³ Design Industry Research, Design Council (2009)

The sector is not highly networked within itself or with others involved in innovation. There are national design bodies, and newer regional design networks have evolved which pull the design sector together at a local level having recognised the need for a collective voice, but membership of these and industry bodies such as local Chambers of Commerce or the Federation of Small Businesses (FSB), is low³⁴.

Essentially, and in common with other nations, this important industry has a tough job to make itself heard and is hard for others to know and navigate.

³⁴ Proportion of designers who are members (base 2236): 14% FSB; 12% local Chamber of Commerce; 9% local design network; and between 1 and 4% for each of the national design bodies. Design Industry Research, Design Council (March 2010)

6. The value of the Design Council

The merits of the Design Council as a body and its range of activities were explored in the review. Strong evidence was found for continued government funding of a bespoke body to carry out this work and for its core work to continue. No significant new areas of work were suggested.

Where there was criticism, it related to *how* work was implemented rather than *why* the public sector should carry out this work.

Other nations look to the UK Design Council as an exemplar

Countries around the world, notably South Korea, Singapore, China, Denmark, Germany, Hong Kong and others, are investing in design to grow their economies. The US is considering the introduction of a design policy. All of these countries have or are in the process of establishing design councils based on the UK model.

The UK Design Council has links to policy networks around the world. Leading and developing nations look to the UK Design Council and its work as an exemplar, which reinforces the status of the UK as a leader in design. Examples of the nature of these interactions are highlighted in the **Insight** section later in this chapter.

Europe is introducing a secretariat for its European Design Innovation Initiatives in which it anticipates that the UK will play a leading role.

For the UK to no longer have a design body would seem counter-intuitive and could have a reputational impact.

“Britain has an enviable world-wide reputation for design, in which the Design Council has continually played such an integral role, as well as acting as the principal focal point for anyone or any organisation in the world interested in British Design.”
Survey respondent.

The Design Council is a strong brand

The messenger is key when effecting change.³⁵ The credibility and quality assurance of the Design Council brand is a strong asset.

“Design Council is credible messenger and sharing knowledge about how design can make a difference is something it is uniquely placed to do.” Survey respondent

³⁵ The Importance of the Messenger, Mindspace, influencing behaviour through public policy, Cabinet Office and Institute for Government (2010)

The role of the Design Council is often as a facilitator or broker. It is able to perform this role because of its reputation: it has heritage, being the oldest design body in the world (with the exception of Svensk Form in Sweden) in a country with leading design status; it has links with government, but a degree of independence and impartiality, and is also a charity; it can help others navigate the complexities of the design industry through its networks and contacts, and draw on some of the world's leading design experts.

The Design Council can credibly challenge the status quo in the public sector, also in the private sector where wider issues are at stake than individual firms' profits, such as sustainable development, and can bring people with potentially conflicting interests together. It helps to bridge the gap between the policy world and the reality at the frontline, between the design profession and potential new users of design.

“The Design Council is the only design industry organisation that is outward facing; rather than addressing designers, it demonstrates to businesses and the public the commercial and social value of design. This is essential work.” Survey respondent, designer

Many feel that design needs its own body to avoid an erosion of the core message and provide a strong voice to potential users of design.

If the body or some of its functions were integrated into government or another non-design body, there is a question of whether its functions would be as effective.

Current activities are impactful and valued

There are currently four functions of the Design Council³⁶ which were explored in the review consultation:

1. **Support** – design mentoring for those who want to use design in business, universities and the public sector
2. **Challenges** – design-led projects and competitions for the private sector to help the public sector solve big social and economic challenges
3. **Insight** – research and advice on policy development
4. **Investment** – networks and resources to help share knowledge and develop design skills

1. Support

To build capability, the Design Council offers mentoring support, currently delivered by the Regional Development Agencies in England. **Designing Demand**, one of the government's Solutions for Business products, helps SMEs using a roster of Design Associates, some of the UK's foremost strategic design practitioners, recruited for their

³⁶ Interim Operational Plan 2010-11 and summary postcard

expertise in business and design and their ability to work with CEOs and management boards.

Over the last three years, over 1,800 firms have been helped. Many businesses have gone on to generate new products and services, secure investment or profits. The forecast impact is £9.9 GVA for every £1 spent on support³⁷.

A pilot mentoring scheme **Innovate for Universities** for Technology Transfer Offices (TTOs) in 6 universities (Aberdeen, Cambridge, Leeds, Nottingham, University College London and York) completed in June 2010. This initiative was part-funded by BIS and the Higher Education Funding Council for England (HEFCE). Design Associate mentors have helped to develop commercial applications for 24 technologies. Two of the 24 projects have been stopped as a result of the objective evidence from the design mentoring and this is seen as a positive outcome allowing focus to be directed elsewhere. Early reports suggest that in 19 out of 24 projects, the participants felt the mentoring had helped to de-risk their work.³⁸ All of the universities involved want to continue to use design input.

Finally, 10 public sector teams have received mentoring through a pilot scheme named **Public Services by Design**, funded by BIS, to inspire and enable public service transformation and cost-effectiveness through design methods. The forecast social return of investment is 26:1 - £26 of social value created for every £1 spent on the project – and an efficiency gain for each client of £750,000.³⁹

“(The Design Associate was) very effective. In a 2 hour discussion he had clarified my thinking about how exactly the programme would move forward and he and my roles in this.”
Participant, Public Services by Design

Some 82% answering the review survey think it is important for government to continue to support this type of activity.

Case Study: Brandon Medical - a new growth strategy

Brandon Medical is a leading British manufacturer of medical video systems, operating theatre lighting, medical pendants, control panels and emergency power systems. It is known internationally for innovative and ingenious products using the latest technological developments.

Through support from a Design Council design mentor, senior management explored new approaches and opportunities throughout the business. This resulted in a new range of prototype high spec, low cost LED-based operating theatre lights for developing countries. It also

³⁷ Estimating the potential national impact of Designing Demand, Rindl Consulting (2010)

³⁸ Independent evaluation of Innovate for Universities, Ekosgen (2010)

³⁹ Independent evaluation of Public Services by Design, Centrifuge Consulting (2010)

produced a redesigned website and a new ten and 20-year business plan.

The company invested over £30,000 on direct costs relating to activities triggered by Designing Demand, excluding the cost of management time, but Managing Director, Graeme Hall, is confident this investment will be more than repaid by improved business performance. Between 2007 and 2009 turnover rose from £3m to £5m and the company's goal now is to increase this to £50m by 2020.

“We are currently growing by more than 30% a year, and I have no doubt Designing Demand has been a factor”.

Graeme Hall, Managing Director, Brandon Medical

2. Challenges

The Challenge projects use design to help find creative new solutions to thorny social issues faced by government departments and others around issues such as health and crime prevention. They demonstrate new areas where design can help, how to get the design brief right and procure design effectively. They are rapid turnaround.

These projects vary in nature, but commonly involve certain key elements: detailed research including close observation of what really happens on the ground; facilitation of discussion with experts and frontline staff as part of developing the brief, offering neutrality where there may be conflicts or competing interests; seed-funding for industry offered through national competitions challenging designers, manufacturers and students to develop prototype solutions.

In 2009/10, the Design Council undertook four of these government funded innovation competitions, the most notable being **Design Bugs Out**, **Design for Patient Dignity** and **Design Out Crime**. Some 31 innovative prototypes were launched (five are now in production, the others in development).

Design Bugs Out alone is forecast to lead to an additional £11.3 million in turnover for participating manufacturers and designers. This is equivalent to a return on investment of £104 for every £1 of ‘pump priming’ funding received (the £25,000 grant) and £23 per £1 of total Design Council investment in the project (including associated project costs)⁴⁰. There are also anticipated cost and health benefits for the NHS if these products are purchased.

Other projects in the pipeline include work on community regeneration, reduction of water consumption working with schoolchildren and the public and the recent competition to design the torch for the 2012 Olympics.

Nearly nine out of ten surveyed (89%) agreed it was important that government funded the Challenge work, the strongest support across

⁴⁰ The Impact Evaluation of Design Bugs Out, Ekosgen (2010)

the four current functions of the Design Council. This may be explained by the finding that most people (over 70%) did not feel that the public sector used product or service design well. These projects received considerable media attention and resonated with many interviewees in the review consultation. They were seen as strong examples of design making a difference in new areas and of the Design Council's success in opening new doors.

Case study: Easy-to-clean Commode

The cost of HCAs (Healthcare Associated Infections) is both financial and human: over 5000 deaths per annum, 50,000 C.Difficile infections in 2007, an average of 3 – 10 days added to patients stay with associated costs of £4000 - £10,000 per annum.

To help address the issue of HCAs, the Department of Health commissioned Design Bugs Out which challenged the UK's top designers and manufacturers to design hospital furniture and equipment that is easier and quicker to clean. It also, crucially, had to be no more expensive than current products. The project has generated a range of products which use cutting edge techniques to rethink the bedside environment, patient transport and everyday medical equipment to limit the risk of healthcare associated infections. One of the winning prototypes was the easy-to-clean Commode, designed by leading agency Pearson Lloyd who designed the Virgin Atlantic Sleepseat. This has been displayed at the Design Museum as an exemplar of good ergonomics and is now in production with the manufacturer, Kirton Healthcare, taking global orders.

"There was surprise at how the competition was driven at such speed within very tight time frames and that the outcomes resulted in highly innovative products which were fit for purpose and met the brief. It was felt this approach of bringing in manufacturers together with designers, advised by health professionals, should be adopted as the normal way of commissioning products for the health service."
Susan Osborne, CBE, Former Chief Nurse, NHS East of England

3. Insight

The insights from bespoke research and knowledge captured through projects are used to provide evidence-based recommendations across a range of policy areas. The Design Council has provided input to national policies on innovation and economic competitiveness, most notably the Cox Review in 2005, also the 2007 Sainsbury Review, Innovation Nation and Creative Britain, both in 2008.

Design Council research includes quantitative data on the use of design by business and the size and nature of the UK design industry and case studies of best practise.

In 2009/10 dissemination included an international business conference hosted with the Economist and expert speakers at a range of high profile events including: Small Business Week, the NHS Health

Expo, Beijing Design Week, IGOGRADA World Design Congress, BIS Top 200 civil servants seminars and debates hosted with the Institute for Government and NESTA.

Design Council policy and research has international as well as UK influence helping to reinforce the UK's leading design status: it is cited by other governments; and of the 500,000 online visitors to Design Council content online each year, around 50-60% are international visitors.

The review survey highlights that 73% feel it is important for government to continue to support design research and policy development.

Case study: Design Industry Research 2010

The most recent survey of the Design Industry was published in March 2010. Over 2,200 designers were interviewed, including those from in-house design teams, design consultancies and freelance designers working across communications, digital & multimedia, interior & exhibition, product & industrial, fashion and service design disciplines. Designers were asked about the profile and size of their businesses, their clients and the competition they face, their business practices and the education, training and skills of their employees.

Detailed data on design is not available from the Office of National Statistics. The Design Council research is more comprehensive than other sources in the UK and more comprehensive than data available in other countries. The data have been analysed and referenced by others, including economists at BIS.

4. Investment

The Design Council provides support, networks and tactical seed funding to organisations and projects to strengthen UK design education, skills and infrastructure.

This work is primarily carried out through a partnership known as the **UK Design Alliance**. This is a growing coalition of national and regional design bodies involved in education and industry. The Design Council and Creative & Cultural Skills are at the heart of this partnership, providing operational support with advice and leadership from an Advisory Board. The establishment of this Alliance within the UK design industry has been a long time in the making and an idea that has been attempted in the past but not made significant progress until now. The Alliance works together to develop the teaching and learning of professional design skills in schools, universities and professional practice, through bringing together online information and resources in one place, and more broadly to promote design to business.

The Design Council offers small grants of around £1,000 to £5,000 as part of a new £50,000 fund for not-for-profit design organisations within the Alliance and more widely. This money is for use in boosting

the impact of projects promoting the value of design to design buyers and users.

Another important network is the **Multi-disciplinary Design Network** – an established partnership of UK universities who are developing multi-disciplinary programmes which combine design, business, science, engineering and other subjects, an approach recommended in the Cox Review. The Design Council, in partnership with NESTA and HEFCE, supports the group to share knowledge and best practice and assess the impact of these new programmes.

The Design Council also manages the **Prince Philip Designers Prize**, the UK's longest-running annual design award, which celebrates how designers improve daily life by solving problems and turning ideas into commercially successful reality. Winners and contenders have made their mark with everything from household products and compelling graphics to buildings and feats of engineering. The 50th Prince Philip Designers Prize was awarded in 2009 to Andrew Ritchie, designer of the Brompton folding bicycle, and received wide media coverage.

Some 70% thought investment in the industry an important area for government to fund. There was clear need expressed for the Design Council's networking activity; in particular, the regional and sub-regional design industry fora felt that they were bringing the sector together at a local level, but recognised the value of co-ordinating a collective voice at a national level.

“They are very good at persuading, networking and brokering to help achieve solutions. They have been our most effective intermediary partner in this area.” Interviewee, public sector

Annex D summarises the function, impact and potential market opportunity of some key Design Council programmes.

7. Focus for the future

Where there was criticism of the Design Council, this tended to relate to how projects were carried out rather than the rationale for the work. Areas for improvement focussed on weaknesses with its relationship with the design industry, sharing credit and efficiency. No significant gaps in the portfolio of work were cited.

Weak connection with and engagement of the design sector

Some practising designers feel there should be more effective engagement between the Design Council and the design industry. They point to a lack of awareness of the Council's role within the industry and, in turn, a lack of a sense of involvement.

The Council's current role is to promote design to potential users rather than represent the industry, but the design sector is an important audience and ideally stronger links are desirable to enhance credibility and support.

One point of contention highlighted by some design bodies prior to and during the review is that the Challenge projects are anti-competitive - that the Design Council is encroaching on the work of designers - and that this type of work should primarily be carried out by the private sector.

This criticism has not been widely endorsed by others in the consultation but is a care point for the future.

“Design Council-type body should make contacts, kick doors open and then throw designers through to do the work.” Survey respondent, design organisation

There is an issue of better communication and transparency about the exact role the Design Council has to play, with a clear emphasis on brokering these projects rather than delivering the user insights and prototypes, which should be left to the private sector.

“The Design Council is stimulating demand for design in areas where design would otherwise not be part of the innovation mix. If anything, the organisation needs to communicate much more clearly how its work has opened up opportunities for the design industry, where the design trade bodies and the design industry itself simply could not have done.” Survey respondent

There was also a suggestion that the Design Council was too London-centric and too focused on the larger design agencies, which had the unintended consequence of alienating the rest of the sector. Similarly, the scope of the Challenge projects was considered too large and

ambitious to benefit the large majority of the sector. There was a desire for a broader church to be embraced.

Insufficient sharing of credit on collaborative projects

Some partners felt that the Design Council should better acknowledge the role of others in projects in its communications, and this was an area to address. This put repeat collaboration at risk in the future. While the Design Council brand was strong, there was a tendency for over-branding, at the expense of others. Simpler communication was wanted and less spin about the Design Council's role.

“Though we funded and contributed to the project, the Design Council did not acknowledge this input when publicising it. This lack of acknowledgment makes it harder for partners to demonstrate their part in successes and justify future collaborations to their organisations.” Interviewee, public sector

Inefficiency

A few felt there was too much cost and bureaucracy involved in Design Council projects and more effective collaborative ways of delivering its work.

“The current Government funded design activity is vital, but there could be more efficient and effective ways of delivering it. There should be far more focus on the private sector, integration of design with mainstream business support and enterprise, and targeting/support of the individual. For example there might be a good strategic focus through blending the operational activities of the Design Council with the private sector focus of the SBRI initiative.”
Survey respondent, public sector

8. Options

There were a clear set of criteria against which potential options have been judged, which arose from the terms of reference, the wider political context and evidence from the review consultation, namely a desire for:

- Greater distance from government
- Reduced costs and greater efficiency
- Retention of design advisory, brokerage and leadership role, in the UK and internationally
- Retention of the core Design Council function of building capability among design buyers
- Retention of the strong Design Council brand
- Greater collaboration and networking with the design sector and others engaged in innovation

The following five options were explored for the Design Council's future status, in the limited time available to undertake this review and in light of the above criteria:

- Status quo
- Abolition
- Change of status – advisory committee or body
- Change of status – not for profit charitable organisation out of the public sector
- Merger

The Design Council is not a statutory body and none of the options require primary legislation (though a merger with an existing statutory body might).

Option 1 – Status quo

This option involves the Design Council continuing as the UK's national strategic body for design, retaining its current status as a non-departmental public body funded by government.

The Design Council is a highly valuable resource for government to have at arms length as a contributor to the UK's innovation and growth agenda. It is a source of insight and expertise on how design can drive innovation and economic growth, and demonstrates this through practical programmes for business and the public sector.

This option enables the Design Council's work to continue without diverting staff, legal and financial resources into a change of status. It allows the strong brand and reputation, as arms length but close to

government, to continue, and supports the view from the stakeholder consultation that a neutral and independent body is highly valued.

However, this option does not address the commitment made by the Coalition Government to reduce the number of arms length bodies. In addition, the Design Council fails the criteria set by the Cabinet Office for a body to remain within the public sector: it does not perform a technical function; whilst it does act impartially, at arms length from government, innovation is not a policy area where political impartiality is imperative; and while it does act independently to establish facts, this does not need to be a public sector function.

This option requires a continued reliance on government for a similar level of core funding as now - £5.4 million pa - as well as a source of project funding for public sector Challenge activities. In the current public sector financial climate, where a tight spending review is anticipated, this is not realistic.

On balance, this is not a defensible option unless the Design Council merges with another public body, which would reduce the overall number of arms length bodies and achieve efficiencies and savings from accommodation and back office costs.

Option 2: Abolition

This option contributes to the reduction in number of arms length bodies and delivers financial savings of £5.4 million pa, assuming current levels of funding, as well as staff savings to BIS. This is after the costs of closure are met which are estimated to be £3.65 million in 2010/11. However, while government could stop funding the Design Council, as a charity the decision to close it is for the Chair and trustees, not for government. This is the likely outcome if funding stops.

Closure leaves the UK without a national design body at a time when the rest of the world is investing in design promotion to boost competitiveness and when the European Commission, which views the UK's Design Council as an exemplar, has recently acknowledged the importance of non-technological innovation and the use of design as a driver for user-centred innovation.

It would be damaging to the UK – both in terms of the real loss of the Design Council's highly valued brand, activities and programmes – but also symbolically at a time when design, as a driver of innovation and as one of the creative industries, has a key role to play in the growth of the economy, and in helping government achieve more for less in the delivery of public services.

While some activities might be transferred, the consultation process has not identified an obvious player to take on the Design Council's activities as a whole on closure.

This option is not recommended as the economic and social impact is far too great.

Option 3: Change of status – advisory committee/body

As with Option 2, this involves closure of the Design Council at an estimated cost of £3.65m in 2010/11. In its place, the existing board of trustees would be retained and membership widened to create an independent advisory committee/body for government on design.

This option sees the retention of government support for design but at a much reduced level through an advisory committee/body supported by a small secretariat of BIS staff, rather than a dedicated body for design. It delivers cost savings to BIS and is a low cost option – around £0.4m pa - to ensure the message about the value of design to address economic and societal issues is not lost in the current public sector financial climate.

While it delivers awareness-raising and provides thought leadership, if there is no practical element to its work to demonstrate how design adds value, in reality it is likely to be a “talking shop”.

This option is not recommended because it does not provide the valued practical elements of the Design Council’s current activities. As it is likely to still be classed as a public body, with members appointed by ministers, it is unlikely to pass the Cabinet Office test for remaining in the public sector.

Option 4: Change of status – not for profit charitable organisation out of the public sector

This option retains the Design Council as the national body for design, while distancing it from government so that it ceases to be classified as a non departmental public body. The Design Council is already a charity and this option allows it to preserve its Royal Charter status but moves the organisation out of the public sector and into the third sector.

This would enable the Design Council to retain the momentum behind initiatives that have a proven track record in supporting economic growth, while also giving it a refreshed role as a policy advisor, knowledge networker and demonstrator. It provides continuity as well as the neutrality and independence valued by stakeholders. At the same time, it involves streamlining of activities and a significant reorganisation to reduce the Design Council’s cost base, including a significantly reduced core team, around half of the current 60 staff.

It also provides an opportunity for the Design Council to work differently, to become a more inclusive organisation, involving a greater use of partnerships and collaboration with the private sector supplier

base, with the majority of activities being commissioned externally rather than delivered internally. The expanded Council board also incorporates representatives from national and regional design and business organisations.

A number of options for co-location with other bodies have been considered, both to gain delivery synergies and to reduce back office costs. The leading option is to create a design innovation hub based on partnership and location at NESTA, with NESTA providing back office services. A longer term aspiration is a second hub with the Design Museum, and co-location from 2014 within the planned new Design Museum at Kensington. This partnership will build on the Design Museum's public and cultural role and the Design Council's business and governmental role.

With the proposed retrenchment and refocusing, government funding at a reduced level is required - £4 million pa instead of the current £5.6 million from BIS - and will mainly be directed at programme activity rather than the administrative costs of the organisation. Over the spending review period from 2011 to 2015, the expectation is that the Design Council reduces its dependence on government and develops other funding streams, including a trading subsidiary, with any income reinvested in the organisation.

With this option, an arms length body is abolished. Through co-location, significant savings in accommodation and back office costs are also achieved. While there is a potential loss of influence if the Design Council is operating outside the public sector, the strong brand it has built up is retained and mitigates this risk. The connection to government is retained through funding in return for specific deliverables, which allows government to demonstrate the value it attaches to design.

This is the preferred option, its feasibility has been tested and it has the support of the Design Council executive and the non-executive board.

Option 5: Merger with another public sector body

A further option is to merge the Design Council with another public sector body carrying out similar functions or operating in a similar policy sphere. This contributes to the reduction in number of arms length bodies and brings efficiencies and savings from accommodation and back office functions. This option allows support for design to remain in the public sector, and the continued neutrality and safe space desired by stakeholders, as well as the retention of key staff.

However, there are common problems with mergers, particularly if it is ill-considered and "forced" - the potential loss of organisational brands, confusion in shared missions, cultural mismatches and differences in delivery mechanisms.

The loss of a separate body for design destroys the momentum achieved to date, particularly if the Design Council is not embedded in a strong way or is considered the subordinate partner in the merger. There is also the risk of the merger failing if it is not desired by both parties and is forced through. It could also damage the other partner in the merger.

A number of options have been explored in terms of sharing accommodation and back office functions, but only two serious merger candidates emerged – NESTA and the Technology Strategy Board. Conversations have been held at various levels and while much scope has been identified for [further] joint working - on research and public sector projects and shared office accommodation in the case of NESTA, and joint working with the Technology Strategy Board around the provision of design advice for its activities - there is not a clear rationale for a merger.

Even if a merger is desirable, other innovation bodies may experience difficulty in engaging the design community. They may not embed design into their work and may commit on a project by project basis, rather than providing a permanent home for design-related work, so there is a risk of the work being diluted/stopped over time.

If remaining in the public sector is considered a viable option for the Design Council, then the merger option should be kept under review.

On balance, having considered the above options, the conclusion of the review is that Option 4 is the recommended option.

Annex E addresses each option in more detail, outlining the advantages and disadvantages. A draft operating plan for Option 4 is at Annex F.

Summary of options

Option	Sector	Cost over 4 years 2011/15	Cost per annum
1. Status quo	Public	£21.6m	£5.4m
2. Abolition	-	£3.65m	0
3. Advisory committee/body	Public	£5.2m + transition costs of £3.65m	£0.4m
4. Not for profit charitable body out of the public sector	Charity	£16m +£2.7m transition costs	£4m
5. Merger	Public	Not costed	Not costed

Key Assumptions

Option 1 is a continuation of the existing BIS funding level. It broadly assumes that the current level of Challenges and support activities remain but break even.

Option 2 sets out the estimated costs of closure by 31 March 2011. All costs should be provided for in the current financial year, to include post year end closure costs.

Option 3 would have reduction costs similar to closure costs in option 2. In addition ongoing costs of about £400,000 would be required for a small team and key meetings and events.

Option 4 is based on the Operational Plan at Annex F, developed to transact the ongoing activities as recommended in the review. It is tentative and subject to refinement and final allocation of resources.

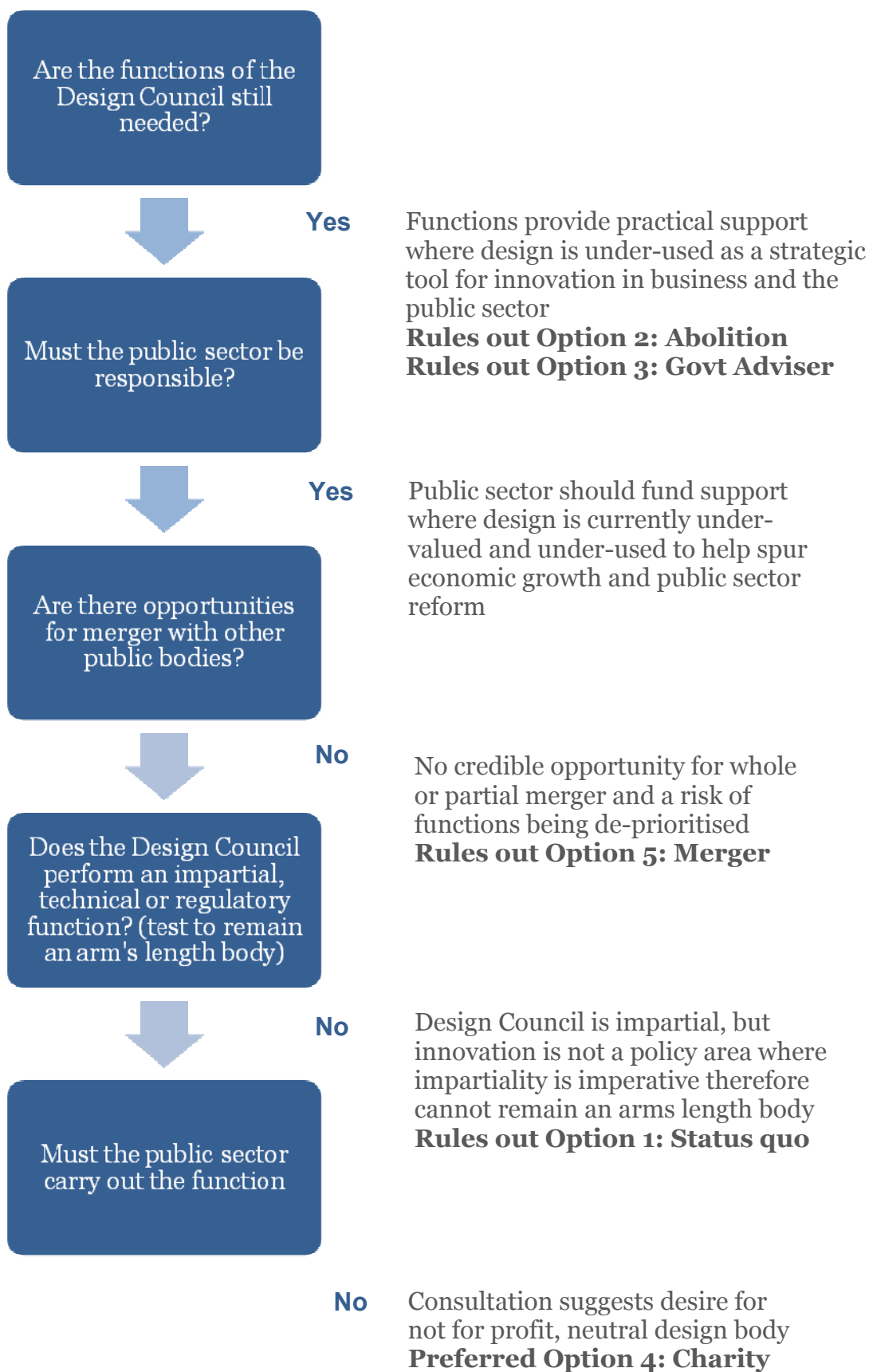
- The product offering and key activities are set out in the Plan. The head count and redundancy costs are set out in a separate HR plan.
- Other transition costs represent the unexpired lease at Bow Street and costs to close down the IT and other activities, as well as the costs of removal and an amount for contingencies.
- Option 4 includes estimated partnership income and projects and provisional projections for the separate Enterprise activities.

Option 5 has not been costed separately but has the potential for some further costs savings or sharing.

Assessment of options

Criteria	Option 1 Status Quo	Option 2 Abolition	Option 3 Advisory	Option 4 Charity	Option 5 Merger
1. Greater distance from government	X	-	X	√	X
2. Reduced cost & greater efficiency	X	√	√	√	√
3. Retention of design advisory, brokerage & leadership role	√	X	X /√	√	X /√
4. Retention of core Design Council function of building capability among design buyers	√	X	X	√	X/√
5. Retention of a strong Design Council brand	√	X	X	√	X/√
6. Greater collaboration & networking with the design sector & others engaged in innovation	X	X	X	√	√

The following flowchart simplifies the options analysis process:



9. Conclusions

Design is an area where government should continue to play a role. This review has found a compelling case for a national strategic body for design and for the Design Council to continue performing that role.

The recommended Option 4 retains the best of the current Design Council but does so at lower cost to government and with distance from government. It allows the Design Council to continue its mission - to place design at the heart of social and economic renewal in the UK - but to do it more effectively. It will work differently, build partnerships and be more inclusive, and deliver better value for money at the same time.

While it secures continued delivery of the activities that the review found to be highly valued, a smaller organisation will not be able to deliver all it does now. Difficult decisions have been made about what should stop, but what remains will continue to be a national asset, with the following benefits anticipated over the next spending review period:

- New solutions addressing important socio-economic challenges, with each solution representing a new market for UK firms
- Improved design commissioning skills through mentoring clients in the public and private sector, with each client benefiting from a new product or services solution
- Knowledge shared with over 500,000 individuals per year through online networks and seminars
- A cohesive voice for UK design and leading status maintained globally

This would be lost to the nation if the Design Council did not exist.

Next steps

Option 4 is a credible base from which the Design Council can evolve. Its feasibility has been tested and is based on initial discussions with the main partners – NESTA, Technology Strategy Board and the Design Museum - though further work is needed in terms of more detailed discussions with partners, honing the business plan, and then preparing for transition.

A draft business plan has been developed (see Annex F) and a transition plan has been developed, which would allow the transition process to start this financial year, subject to ministers' views, agreement on the transition costs and the outcome of the spending review.

Annex A - Terms of reference

Purpose

To consider the future role and status of the Design Council as the national strategic design body and make recommendations to ministers on the options.

Context

The commitments in the Coalition Government's programme for government to "reduce the number and cost of quangos" and to consider the implementation of the March 2010 Dyson Report, which recommended a review of the role, objectives and funding of the Design Council. Alongside this, other drivers are the 2010 Spending Review and the development of the BIS Commercial Strategy looking at the scope for efficiencies in back office functions, shared services etc across BIS and its partner organisations.

Scope and objectives

Strong evidence exists already on the economic importance of design understanding and capacity, design investment and design skills in business, so the economic value of UK investment in design is out of scope of the review. It is also not an organisational review to examine the efficiency and capability of the Design Council.

However, in view of the current public sector financial position and the changing arms length body landscape, there is a need for a review of the purpose and continued need for the functions performed by the Design Council and to then consider the options for delivery.

The review will consider the following:

- **Are the functions of the Design Council still needed?** Is the original need for each still applicable? What would happen if the functions ceased? Are there other players in the field?
- **Must the public sector be responsible?**
- **Must the public sector provide the function(s) itself?** If yes, then could it be contracted out?
- If the function(s) should remain in the public sector, **what is the scope for rationalisation?** Eg by sharing services, overheads and admin functions etc with other bodies.
- If the function(s) should remain in the public sector, **how will the function(s) be managed?** What should its status be? What is the best operating model – is there scope for merger with another public body or for sharing back office functions and/or accommodation with another body?
- The review will also need to test the Cabinet Office's criteria for retaining a body in the public sector – **does the Design**

Council perform a technical function? Does it need to be politically impartial? Does it act independently to establish facts?

Method of working

The review will be led by Martin Temple CBE, chair of the EEF and member of the Design Council board, supported by a small team of BIS and Design Council staff and a steering board of representatives from business and design.

Timing

To report in September 2010 to BIS and DCMS Ministers - David Willetts, Minister for Science and Universities; and Ed Vaizey, Minister for Culture, Communications and Creative Industries.

Annex B - Design Council history

1944 Council of Industrial Design

Originally established as the Council of Industrial Design by Hugh Dalton, President of the Board of Trade in Churchill's wartime Government to drive innovation at a time of austerity and great change: 'to promote by all practicable means the improvement of design in the products of British industry'. The first national publicly funded design body, apart from Sweden.⁴¹

Early 70s Name change to Design Council

Increasing emphasis on a range of design disciplines.

1976 Charitable Status and incorporated by Royal Charter

Objective: The advancement of British industry and society by the improvement of design in the products and services thereof.

- To establish centres for the display of well- designed products and for the provision of information on design to industry and to the general public;
- To provide national and local displays of industrial products and in particular to hold or participate in exhibitions of such products both in the UK and overseas;
- To encourage the general and technical education or persons training or wishing to train as designers;
- To provide information and advice for industry and for the general public on all matters connected with design;
- To encourage and support campaigns for the improvement of design and for increasing knowledge and educating opinions amongst the public in matters of design;
- To do all such things as shall raise and maintain the standards of design at all levels throughout British industry and society.

1995 Sorrell Report for Government

Recommended evolution away from a focus on education and regional business support services to a smaller, strategic think-tank.

2005 Cox Review of Creativity in Business

The Design Council played an integral role in this Review, commissioned by HM Treasury, led by Sir George Cox, then Chairman. The Design Council was given new responsibilities.

⁴¹ The Swedish national design organisation, Svensk Form, dates back to 1845

Annex C - Design Council current activities

Mission

The Design Council places design at the heart of growth and renewal in Britain.

As one of the world's leading design institutions, we are a centre of new thinking and insight into new ways to do business. We actively show how design can help build a stronger economy and improve everyday life through practical demonstrations and by supporting private industry and the public sector. In turn we invest in the future of UK design. For over 60 years the Design Council has promoted design for the public good. We are a government agency with a Royal Charter, funded by the Department for Business Innovation and Skills. Rebooting our economy won't be achieved by cost-savings alone. It will come from doing things differently. New ideas and new thinking are going to be vital but creativity is only part of the equation. We have to turn our ideas into tangible products and services that answer the unmet needs in our global society.⁴²

The Design Council has four functions, as outlined in the current business plan:

- **Support** – design mentoring for those who want to use design in business, universities and the public sector
- **Challenges** – design-led projects and competitions for the private sector to help the public sector solve big social and economic challenges
- **Insight** – research and advice on policy development
- **Investment** – networks and resources to help share knowledge and develop design skills

1. Support

The Design Council offers mentoring support using a roster of world-class designers for three audiences: SMEs; universities; public sector. Mentoring is provided by a roster of 54 Design Associates, some of the UK's foremost strategic design practitioners. They are recruited for their expertise in business and design and their ability to work with CEOs and management boards.

⁴² Interim Operational Plan 2010-11 and summary postcard

Designing Demand

Highly effective exploitation of design depends on tacit knowledge which is difficult to acquire and use appropriately⁴³. To help build capability, the Design Council offers mentoring support, currently delivered by the Regional Development Agencies in England. Designing Demand, one of the government's Solutions for Business products, helps SMEs using a roster of 54 Design Associates, some of the UK's foremost strategic design practitioners, recruited for their expertise in business and design and their ability to work with CEOs and management boards. The Design Council has also worked with the British Chambers of Commerce (BCC) to promote the programme through their Business Growth Clubs.

Innovate for Universities

A pilot mentoring scheme Innovate for Universities for Technology Transfer Offices (TTOs) in 6 universities (Aberdeen, Cambridge, Leeds, Nottingham, University College London and York) completed in June 2010. This project was part-funded by BIS and HEFCE. Design Associate mentors helped to develop commercial applications for up to 24 technologies.

Public Services by Design

Ten public sector teams have received mentoring through Public Services by Design, a pilot to inspire and enable public service transformation and cost-effectiveness through design methods. The forecast social return of investment is 26:1 - £26 of social value created for every £1 spent on the project – and an efficiency gain for each client of £750,000.⁴⁴

2. Challenges

The Challenge projects use design to help find creative new solutions to thorny social issues faced by government departments and others around issues such as health and crime prevention. They demonstrate new areas where design can help, how to get the design brief right and procure design effectively. They are rapid turnaround.

These projects vary in nature, but commonly involve certain key elements:

- detailed research including close observation of what really happens on the ground
- facilitation of discussion with experts and frontline staff as part of developing the brief, offering neutrality where there may be conflicts or competing interests
- seed funding for industry offered through national competitions challenging designers, manufacturers and students to develop prototype solutions.

In 2009/10, the Design Council undertook four government funded innovation competitions to generate solutions to crime and health

⁴³ Tether (2006)

issues. 31 innovative prototypes were launched (five are now in production, the others in development).

Additional income of £3.7 million was secured in 2009/10 over and above BIS Grant in Aid, primarily for Challenge projects, representing around 40% of total income. This work is funded on a project basis by other government departments in the main, and has developed the Design Council's reputation for enterprise and promotion of new markets for design.

Design Bugs Out

A collaborative project with the Department of Health and the NHS Purchasing & Supply Agency, Design Bugs Out, established to prototype new furniture, equipment or services for hospital wards to help reduce Healthcare Associated Infections. Five briefs were awarded to the Royal College of Art, and five to teams made up of both a design consultancy and manufacturer, identified via a national competition.

Design for Patient Dignity

In collaboration with the Department of Health this project helped to solve the issues that were of most concern to patients. The design teams included the renowned fashion and commercial uniform designer, Ben de Lisi, and PearsonLloyd - responsible for the Virgin Atlantic Premium Economy Super Seats. Initial design concepts and prototypes will be tested and refined before being made available to hospitals. It is hoped that they will be introduced in 2011.

Independence Matters

This project is in the process of being contracted by the Technology Strategy Board. Independence Matters aims to explore how we can ensure that older people, with or without long-term conditions, can play a significant role in our society – receiving the respect and enjoying the quality of life they deserve.

Design Out Crime

A collaborative project with the Home Office and the Design and Technology Alliance against Crime, Design Out Crime, encourages suppliers and service providers to 'think crime' in the first stages of design, planning and product development. Recent initiatives include a project to develop a safer British pint glass in a bid to crack the problem of glasses being used in violent assaults and a £400,000 Mobile Phone Security Challenge for designers and technology experts to create 'crime proof' mobiles. The latter was in collaboration with the Technology Strategy Board and promotion partner UK Trade and Investment (UKTI).

Low Water Living

Low Water Living is a pioneering initiative to put design at the heart of Southern Water's meter installation programme. Southern Water is soon to roll out metering across parts of Kent, Sussex and

Hampshire. This will involve nearly 500,000 meters being installed over the next five years and by 2015, 92% of the company's customers will be on metered charges. The Design Council is helping Southern Water to develop new ways to help its customers manage their water consumption and provide them with opportunities to save water, energy and money.

Designs of the Time (Dott)

Dott 07 put the spotlight on the North East, attracting national attention with new responses to issues like energy conservation and sustainable food production. Now Dott Cornwall is bringing together local communities and world-class designers to work on projects that improve how we live, work and play.

The Design Council, Cornwall Council, University College Falmouth and the Technology Strategy Board have partnered to deliver the Dott programme throughout Cornwall and the Isles of Scilly during 2010.

National Design Challenge for Schools

To help develop skills for creativity, design and innovation in schools, school design challenges are run which focus on demonstrating how designers working with secondary school students can make a positive impact on the environment. Building on the Eco Design and Water Design challenges that are currently running in schools, the National Design Challenge is being developed with Creativity, Culture and Education (CCE) as an annual competition, open to all secondary schools. The Challenge will focus on big issues such as health, crime and the environment and aims to enhance design teaching and help learners to develop skills in creativity, design and innovation in a cross-curricular context.

Other Challenges are also in the pipeline with the Department of Energy and Climate Change, Ministry of Justice, the Treasury and the recently launched competition to design the Olympic Torch for the London Organising Committee of the Olympic Games (LOCOG).

3. Insight

Design Council research includes quantitative data on the use of design by business and the size and nature of the UK design industry and case studies of best practise. The Design Council has provided input to national policies on innovation and economic competitiveness, most notably the Cox Review in 2005, also the 2007 Sainsbury Review, Innovation Nation and Creative Britain, both in 2008.

The insights from bespoke research and knowledge captured through projects are used to provide evidence-based recommendations across a range of policy areas.

In 2009/10 dissemination included an international business conference hosted with the Economist and expert speakers at a range of

high profile events including: Small Business Week, the NHS Health Expo, Beijing Design Week, IGOGRADA World Design Congress, BIS Top 200 civil servants seminars and debates hosted with the Institute for Government and NESTA.

Design Council policy and research has international as well as UK influence helping to reinforce the UK's leading design status: it is cited by other governments; and of the 500,000 online visitors to Design Council content online each year, around 50-60% are international visitors.

2009/10 research publications include:

- *An Economic Rationale for a National Design Policy*: an independent paper by Prof Peter Swann, commissioned by BIS with input from the Design Council, to review rationales for a national design policy body.
- *Design Industry Research*: an updated survey of Design Industry Research was published in March 2010. It covered 2,200 design businesses including in-house design teams, design consultancies and freelance designers working across communications, digital & multimedia, interior & exhibition, product & industrial, fashion and service design disciplines. Design businesses were asked about the profile and size of their businesses, their clients and the competition they face, their business practices and the education, training and skills of their employees.
- *Design in the Knowledge Economy*: a paper by Will Hutton, The Work Foundation, that asks if the UK has the infrastructure for innovation to enable use of design and other core disciplines.
- *International Design Scoreboard*: Dissemination and support in kind for a report from the University of Cambridge comparing design capabilities across nations. The report has been downloaded 20,000 times from the Cambridge University website.

4. Skills and Investment

The Design Council works with partners to provide support and tactical seed funding to organisations and projects to strengthen the UK design education, skills and infrastructure.

The UK Design Alliance

This is a growing coalition of national and regional design bodies involved in education and industry. The Design Council and Creative & Cultural Skills are at the heart of this partnership, providing operational support with advice and leadership from an Advisory Board. The establishment of this Alliance within the UK design industry has been a long time in the making and an idea that has been attempted in the past but not made significant progress until now. The Alliance works together to develop the teaching and learning of professional design skills in schools, universities and professional practice, through

bringing together online information and resources in one place, and more broadly to promote design to business.

Multi-disciplinary Design Network

The Network was formed in 2006 and comprises a number of UK universities who are developing multi-disciplinary programmes which combine design, business, science, engineering and other subjects, an approach recommended in the Cox Review. The Design Council, in partnership with NESTA and HEFCE, supports the group to share knowledge and best practice and assess the impact of these new programmes.

The Prince Philip Designers Prize

The UK's longest-running annual design award, for over 50 years has celebrated how designers improve daily life by solving problems and turning ideas into commercially successful reality. Winners and contenders have made their mark with everything from household products and compelling graphics to buildings and feats of engineering. The 50th Prince Philip Designers Prize was awarded in 2009 to Andrew Ritchie, designer of the Brompton folding bicycle, and received wide media coverage.

Investment Fund

Small grants of around £1,000 to £5,000 are offered as part of a new £50,000 fund for not-for-profit design organisations within the Alliance and more widely. This money is for use in boosting the impact of projects promoting the value of design to design buyers and users. The first applications were judged this summer and will be announced in September 2010 at the London Design Festival.

Annex D - Impact of the Design Council

The function, impact and potential market opportunity of some key programmes are summarised below.

For business...

Programme	Designing Demand
Function	Support – mentoring by Design Associates
Scale	Over 1,800 SMEs in the last three years
Outputs	New products and services, investment, profits, knowledge transfer
Outcomes	Forecast £9.9 Gross Value Added for every £1 spent on support ⁴⁵
Market opportunity	11,500 potential high growth firms ⁴⁶

For science and technology...

Programme	Innovate for Universities
Function	Support – mentoring by Design Associates
Scale	1 st pilot: 1 Technology Transfer Office, 3 projects 2 nd pilot: 6 Technology Transfer Offices, 24 projects
Outputs	Prototype new products and services, investment, knowledge transfer
Outcomes	Viable future businesses eg. Navetas
Market opportunity	150 Technology Transfer Offices ⁴⁷

For the public sector...

Programme	Public Services by Design
Function	Support – mentoring by Design Associates
Scale	10 public sector clients
Outputs	New services, knowledge transfer
Outcomes	Forecast social return on investment of 26:1 - £26 of social value for every £1 spent on the project Forecast efficiency gain per client of £750,000. ⁴⁸
Market opportunity	Central and local government, civic society

⁴⁵ Estimating the potential national impact of Designing Demand, Rindl Consulting (2010)

⁴⁶ Measuring Business Growth, NESTA (2009)

⁴⁷ PraxisUnico

⁴⁸ Independent evaluation of Public Services by Design, Centrifuge Consulting (2010)

Programme	Design Bugs Out
Function	Challenges – open innovation
Scale	1 client, 10 projects
Outputs	New prototypes and products, knowledge transfer
Outcomes	Forecast return on investment of £23 per £1 investment in the project ⁴⁹ Forecast additional £11.3m in turnover for participating manufacturers and designers. Anticipated cost, efficiency and health benefits (assuming NHS purchase)
Market opportunity	Central and local government, civic society - challenges around a range of social issues

For the design sector (and others)...

Programme	Website
Function	Knowledge transfer & networking
Scale	Over 500,000 users per annum, with over 50-60% international users
Outputs	Case studies, practical guides, research, insight, networks, signposting Select content syndicated to other organisations eg. RIBA, University of Cambridge, Open University, UKTI, Business Links
Outcomes	Stronger design sector networks Source of best practise for designers and users UK design leadership enhanced overseas UK design policy leadership enhanced overseas
Market opportunity	New partners, increase network of contributors (open-source)

⁴⁹ The Impact Evaluation of Design Bugs Out, Ekosgen (2010)

Annex E - Analysis of options

Option 1: Status quo

Description

- Continuity of the Design Council as the UK's national strategic body for design, in the public sector as a non-departmental public body, delivering its existing mission and activities.

Activities

- Continuity of current four core functions:
 - Support: delivery of design mentoring programmes to build design capacity among users (SMEs, public sector, universities);
 - Challenges: design-led projects and competitions for the private sector to help the public sector address key societal issues;
 - Insight: research and evidence to support policy advice;
 - Investment: networks and resources to help share knowledge and develop design skills.

Rationale

- An independent analysis commissioned by BIS of the economic rationale for a national design policy shows clear market failure and clear support for an independent national design body.⁵⁰
- Design helps support economic growth and can help under-pin public sector reform but SMEs still do not use design strategically, it is under-utilised as a tool in the commercialisation of science, and the public sector does not use it strategically.
- The private sector is not raising awareness and building capacity among users, and is not connecting users to suppliers in the same way as the Design Council is - making markets for innovation to the benefit of the UK.
- Design Council programmes often address viscous social problems and issues – and serve to achieve proof of concept, demonstrating that they can be scaled for national benefit.

Key assumptions

- Current staffing levels (core team of 60 and project teams as required, typically 15-20) plus accredited cohort of c.60 Design Associates (delivering national Design Council programmes).
- Budget of £8-10 million pa including current BIS Grant In Aid funding of £5.4 million pa (£21.6 million in total over the spending

⁵⁰ BIS Occasional Paper No 2, The economic rationale for a national design policy, August 2010

review period) and incremental and leveraged external income against contracted programmes and projects totalling £2-4m pa.

- Existing accommodation until July 2012 lease break, when alternative (lower cost) location would be sought, possibly on the Government Estate.
- Expectation of savings in back office functions if Design Council remains in the public sector through sharing services as part of the BIS Commercial Strategy.
- Existing partners – central and local government, bodies and networks eg Technology Strategy Board, NESTA, UKTI; business networks eg CBI, Institute of Directors; access to national design sector supply side via trade bodies and regional networks.

Advantages

- Impartial, independent and delivers value-add services to the benefit of the UK - programmes that address market and system failures, and are founded in achieving economic returns, social progress and environmental benefit - at arms length from government.
- Continued provision of a safe space for public sector innovation, through the delivery of a range of practical programmes with specific public value outcomes - more for less – that address seemingly intractable and complex issues.
- The strong and trusted brand is retained.
- Staff, legal and financial resources are not diverted into a change of status.

Disadvantages

- Fails to meet the political imperative to achieve distance from government.
- Does not meet the Cabinet Office public body test (Design Council does not perform a technical function; it does not need to be politically impartial; and while it acts independently to establish facts, that does not need to be a public sector function).
- Does not achieve significant cost savings, and involves a continued reliance on BIS funding, as well as future project funding from other public sector sources, both involving an uncertain level/risk around future funding.

Option 2: Abolition

Description

- Cessation of government funding to the Design Council beyond 2010/11 results in the likely closure of the charity by the Chair and trustees, and the likely cessation of all current activities (unless an alternative home is identified, with or without government funding attached).

Activities

- Material cessation or transfer of some or all of current activities by the end of 2010/11. (Stakeholder consultation suggests that there is no obvious player in the public or private sector to take on activities as a whole on closure. If certain activities were ceded, there is evidence of a desire for a not for profit/safe space for these activities).
- Completion of already contracted deliverables.
- Programme of staff outplacement and redundancy.
- Exit from any ongoing and contingent liabilities including exit of property lease in June 2012.

Rationale

- Removal of one non departmental public body from the list of public bodies which contributes to the Coalition Government's commitment to reduce the number of arms length bodies.
- After the costs of closure are met, estimated at £3.64 million, there would be a saving in BIS funding of around £5.6 million pa based on current levels (unless funding of an activity transferred to another delivery body), plus a saving in BIS staff resource required for sponsorship.

Key Assumptions

- Current core activities listed in Option 1 would stop, unless opportunities for transferring activities elsewhere were identified eg to another public body eg. Technology Strategy Board, NESTA, Innovation Research Centre; in-house into government such as the research function within BIS; to the private sector.
- Exit from Bow Street site and lease in June 2012.
- Exit costs of £3.65 million to end of March 2011 would need to be met: redundancy £1m; lease £1.8m; IT £0.3m and other costs £0.5m.

Advantages

- Achieves cost savings for government - financial and staff savings – and contributes to the reduction in the number of arms length bodies.

Disadvantages

- The impact on national competitiveness/economic growth if there is no independent body with a remit to raise awareness and provide access to design.
- Counter-intuitive when leading and developing nations around the world see the value of design as a method for achieving sustainable growth and look to the UK Design Council and its work as an exemplar.
- Significant cessation of GVA focused programmes and activities, including pioneering work in the field of redesigning public services to achieve public value outcomes (specifically addressing current and future societal challenges); business support for SMEs to help increase profitability, create jobs and export value; and activities for universities centred on achieving the acceleration of science from lab to market.
- The national Design Associate network of design mentors delivering these programmes – a key asset - would likely fail.
- Research, evidence and expert opinion supporting policy advice would be lost.
- Cessation of activities relating to design skills development and capacity building, including UK Design Alliance (unless others in the sector take the lead).
- Loss of the Design Council brand and key personnel with significant accumulated knowledge and expertise.
- If some activities were transferred, other innovation infrastructure bodies (NESTA, Technology Strategy Board) may experience difficulty in engaging the design community. They may not embed design into their work and may only commit on a project by project basis to design activities rather than providing a permanent home for design-related work, so there is a risk of the work being diluted/stopped over time.
- Design networks are not necessarily resourced or seen as independent or credible enough to carry out this work.
- Possible adverse feedback from international, European and national design bodies; UK industry trade bodies and networks; UK design businesses and Design Council partners, clients and suppliers.

Option 3: Advisory committee/body to government

Description

- Closure of current Design Council organisation (as under Option 2) and creation of an ‘advisory body’ to government on matters of design (modelled on the Automotive Council or the Council for Science and Technology).
- But retention of the Design Council trustees with membership widened/expanded to act as an advisory body, which could meet quarterly, to promote the value of design and its contribution to the economy across a broad range of activities, supported by a secretariat within BIS.
- Potentially retains public sector status as an advisory non departmental public body with ministers making OCPA-regulated appointments (unless constituted differently eg as an “expert panel”).

Activities

- Existing Design Council demonstration activities would cease. But key activities continuing might include industry engagement and the commissioning of research and evidence gathering eg from NESTA, Innovation Research Centre, BIS economists, as well as remitting other bodies to deliver projects/programmes.
- Transitional arrangements would involve likely need to close-out current operational activities (as under Option 2), as well as renewal of Council membership in order to provide required balance of contribution.

Rationale

- Retention of government support for design but a reduced level of support to reflect changing public sector financial position.
- Awareness raising role retained to ensure message about the value of design to address economic and social challenges is not lost.

Key Assumptions

- Cessation of funding to the Design Council results in the likely closure of the charity by the Chair and trustees.
- Current core activities listed in Option 1 to stop, unless transferred.
- Option 2 exit costs of £3.65 million to end of 2010/11 would need to be met.
- Recruitment and set up costs of a BIS Design Directorate of c.10-15 civil servants (estimated costs in the order of £1m) or a Secretariat function of 3 civil servants estimated up to £0.4m pa cost including some programme spend, plus the cost of recruiting board members.

Advantages

- Achieves significant cost savings for BIS.
- Advisory model still delivers awareness raising/thought leadership, plus the continuity of research and evidence to support policy advice (potentially supplemented in part/whole in-house by BIS, Innovation Research Centre, NESTA).
- Other current partnership activities eg. UK Design Alliance could continue in some form via direct commissioning or appointment/representation to the advisory body.

Disadvantages

- Given an advisory body is likely to be classed as a non departmental public body, it fails to meet the political imperative to achieve distance from government.
- It potentially does not meet the Cabinet Office public body tests (it does not perform a technical function; it does not need to be politically impartial; and while it acts independently to establish facts, that does not need to be a public sector function).
- Significant cessation of practical activities (save those passed on/ceded - but as noted in Option 2, there is uncertainty around the potential for transferring activities). It would be harder to address market failures around perception and use of design without demonstration activities.
- Loss of the Design Council brand.
- Potential adverse feedback from international bodies, UK industry/design sector.
- While activities could be ceded to other public bodies and the private sector, some level of government funding is likely to be required, as well as to service the costs of the secretariat function.

Option 4: In the private sector as a not for profit charitable organisation

Description

- A charity operating in the third sector, retaining its Royal Charter status, but no longer a non departmental public body.
- A refreshed and refocused role as a third sector bridge that enables and connects public services, industry, science and education with design.
- Simplification and streamlining of activities and a significant reorganisation of the Design Council to reduce its cost base and become a more inclusive organisation.
- Retention of government funding but at a reduced level.
- An expanded Council board to incorporate more members including representation from national and regional design and business organisations, to provide strategic leadership.
- A smaller board of trustees to oversee the charity.

Activities

- Focused on three areas, building on successful recent activities but reducing the portfolio to concentrate on fewer projects (see draft operating plan for 2011/15 at Annex F for more detail) :
 - Challenge-led demonstrations for industry, colleges and schools to demonstrate the role of design in addressing intractable societal challenges.
 - Knowledge Networks supported by the existing Design Associate network to improve understanding of design in the public and private sector.
 - To advise government on design in national policy through research, insight and use of industry forums.
- A trading subsidiary to provide paid strategic and policy advice that enables connections to UK design, including coaching, public commissioning and open innovation project management, consistent with achieving the organisation's charitable goals.

Rationale

- The UK retains a national body for design to support industry and the public sector on the road to recovery by strengthening the UK's design capabilities.
- An independent analysis commissioned by BIS of the economic rationale for a national design policy shows clear market failure and clear support for an independent national design body.⁵¹

⁵¹ BIS Occasional Paper No 2, The economic rationale for a national design policy, August 2010

- Evidence from consultation phase of a continued need for an independent, non-commercial national body for design. The private sector is not raising awareness and building capacity among users, and is not connecting users to suppliers in the same way as the Design Council is.
- Design helps support economic growth and can help under-pin public sector reform but SMEs still do not use design strategically, it is under-utilised as a tool in the commercialisation of science, and the public sector does not use it strategically.
- Design Council programmes often address viscous social problems and issues – and serve to achieve proof of concept, demonstrating that they can be scaled for national benefit.

Key Assumptions

- Significantly reduced core team, around half of the current 60 staff, to act as programme commissioners and funders opening up more opportunities for partnership, augmented by project specific resources.
- Relocate out of Bow Street with the aim of creating a design innovation hub based on partnership and co-location, at NESTA with NESTA providing back office services.
- Partnership with the Design Museum and a longer term aspiration for co-location from 2014 within the planned new Design Museum at Kensington.
- BIS funding reducing from current level of £5.4 million (2010/11) down to £4 million pa over the spending review period.
- Option is a platform for growth, enabling exploration of other sources of income over time (eg. foundation funding).
- Privy Council agreement required for Royal Charter to be amended.

Advantages

- The UK retains a national strategic design body and a strong brand, seen as an exemplar by other governments, and retains the momentum behind initiatives that have a proven track record for supporting economic growth.
- Meets the political imperative to achieve distance from government, yet retains the independence and impartiality valued by stakeholders.
- Design Council remains a not for profit organisation. Evidence suggests this is important to stakeholders (both users and suppliers of design).
- Achieves significant cost savings for Government with reduction in funding, and in BIS staff resources required for sponsorship activities.
- Reduction in cost base - accommodation and back office costs - provides better value for money for public funding.
- Design Council becomes a more inclusive organisation – a big tent for design – with expansion of industry engagement via maximisation of commissioning to private sector.

- Continuity of independent impartial research and evidence-based policy advice to government.
- Continuity of practical activities to demonstrate value of design including GVA focused programmes and projects addressing acknowledged system and market failures.
- Allows for the retention of key personnel/skills.
- Retains a national 'virtual' network of accredited Design Associates – a key asset.
- Potential for support and endorsement of approach from international, European and national design bodies, UK industry trade bodies and networks, UK design businesses and Design Council partners, clients and suppliers.

Disadvantages

- Perceived loss of profile and influence if not a non departmental public body.
- Spending review allocation too low to make this viable.
- Model still requires significant government funding.
- Care will be needed to ensure Design Council is not seen to be a commercial organisation, competing with the private sector.

Option 5: Merger with another public sector body

Description

- Design Council remains in the public sector but merges with another body, ideally with a body which is carrying out similar functions or operating in a similar policy sphere.

Activities

- This would depend on whether it was a complete merger or just of some activities.

Rationale

- Support for design remains in the public sector, offering the continued neutrality and the safe space desired by stakeholders.
- Contributes to the reduction in number and cost of arms length bodies.

Key assumptions

- While a number of options have been explored in terms of sharing accommodation and back office functions, only two serious merger candidates emerged – NESTA and the Technology Strategy Board.
- Conversations have been held at various levels and while much scope has been identified for [further] joint working - on research and public sector projects and shared office accommodation in the case of NESTA, and joint working with the Technology Strategy Board around the Design Council providing design advice for TSB activities - there is no rationale for a merger.

Advantages

- Achieves cost savings for government and contributes to the Coalition Government's desire for a reduction in the number of arms length bodies.
- It would achieve a reduction in costs, through a single back office and location. and brings efficiencies and savings from accommodation and back office functions
- It allows for the retention of key personnel/skills to provide continuity.

Disadvantages

- It does not meet the Coalition Government's desire for greater distance from Government and the design function does not meet the Cabinet Office public body test.
- The loss of a separate body for design destroys the momentum achieved to date, particularly if the Design Council is not embedded in a strong way and is considered the subordinate partner in the merger. It would also diminish the strong Design Council brand.

- There is also the risk of the merger failing if it is not desired by both parties and is forced through.
- There are common problems with mergers, particularly if it is ill-considered and “forced” - the potential loss of organisational brands, confusion in shared missions, cultural mismatches and differences in delivery mechanisms.
- Other innovation bodies may experience difficulty in engaging the design community and are not likely to embed design into their work and would likely commit on a project by project basis to design activities, rather than providing a permanent home for design-related work so there is a risk of the work being diluted/stopped over time.

Annex F – Option 4 draft operating plan for 2011 to 2015

Introduction

This plan is a working document developed at speed to test feasibility and will require further input from government, industry, partners and the Design Council team. It provides the principles and starting point for reshaping the organization along new lines from April 2011.

The plan assumes:

- The fundamental purpose of the Design Council will remain in line with its original Royal Charter, with wider objects to embrace services and the public sector as well as products and industry;
- The organization will no longer be a public body; it will operate in the third sector as a charity providing services to government and industry;
- A BIS grant for services of £4 million per annum throughout the period of the spending review (a reduction from £5.4 million Grant in Aid in 2010/11) and one-off transition costs of £2.7 million.

This plan aims to draw out the best skills, capabilities and assets of the existing Design Council and transfer them to a new-look organization. It will do some of the same things but it will do them differently. Its administration will be smaller but its influence will be bigger.

Intermediary role

The goal is to support industry and the public sector on the road to recovery by utilising the UK's design capabilities and seeing some of the nation's biggest challenge, such as healthcare and climate change, as creative opportunities.

The Design Council will act as a third sector bridge that connects public services, industry, science and education with design. It will facilitate and broker the commissioning of design, not be a provider. It will be a policy advisor, knowledge networker and demonstrator.

Reduction of fixed costs

The Design Council will reduce and streamline its portfolio of activities to concentrate on fewer, more impactful projects working to a cyclical calendar.

A smaller staff will act as programme commissioners and funders opening up more opportunities for partnership.

The core staff and operations are likely to move out of the current Bow Street offices and co-location with NESTA in Holborn to reduce cost is under consideration. In this scenario, NESTA will be contracted to provide back office services. Additionally, an office may be established at the Design Museum in South London with a view to co-location longer-term from 2014 within the Design Museum's planned new building in Kensington.

Overall, the emphasis will be on outcomes and value, achieving more impact with less money.

Inclusivity

The Council itself will expand to incorporate more members – a 'big tent' for design - including representation from national and regional design and business organizations. As such it will be a discussion and debating forum and wider voice for design; it will no longer be the trustee board.

The planned co-location, strengthened partnerships and increase in external commissioning will enhance collaboration across the industry. In addition, where possible, activities will be driven through the web, building on on-line networks and a platform for distributed content and publishing.

There will be the radical shift from fixed costs and in-house skills and resources to a proportionately much smaller back office set up, with a much greater proportion of monies received aimed at programme expenditures, each with targeted outcomes. As such greater value for money is envisaged.

The primary source of funding is still expected to be government, but in the form of grant funding at £4 million per annum for the period of the spending review – discretionary monies to be applied exclusively to specified activities and outcomes as agreed between government and the Design Council.

The Design Council will continue to diversify its income, over time reducing its reliance on government. There will be two other sources of income and expenditure – from partnership and enterprise.

The future may include establishing a trading subsidiary, through which enterprise activities will be run, with a view to returning a small, ongoing profit to the main charity.

Detailed financial projections have been prepared and subjected to scrutiny during the review to establish the feasibility of operating with reduced grant income; these are not included here as they are commercially sensitive and subject to further discussion with BIS and key partners.

Governance

Council will no longer be the trustee board; a smaller trustee board with seven to ten members will exercise fiduciary responsibilities, overseeing the charity formally, and there will be a small executive director team.

If developed, any enterprise operation would operate fairly independently, though under these governance arrangements. The chief executive would chair the enterprise board and at least two trustees would sit on the board to advise on strategy. It would be important that this company makes a profit each year to maintain overall trustee support.

Great care will be required to ensure that all legal, financial and best practice governance, oversight and control regimes are maintained at all times, notwithstanding the envisaged shared service support arrangements.

Organisation/staff

Under the chief executive, there will be a number of key functions, though the exact structure and groupings have yet to be determined.

There will be a significant reduction in staff numbers to enable a higher percentage of grant to be spent on outsourced programmes. Initial costings have been made on a significantly reduced core team, around half of the current 60 staff, plus additional project funded personnel as required.

Mission and objectives

Mission

To place design at the heart of social and economic renewal in the UK

Objectives

1. To advise government on design in national policy

Research, insight and industry forums supporting advice to ministers.

2. To demonstrate the role of design in addressing intractable societal challenges

Challenge-led demonstrations for industry, colleges and schools.

3. To improve understanding of design in the public and private sector

Mentoring and knowledge networks supported by a virtual college of Design Associates.

1. Advisor to Government

Objective:

To advise government on design in national policy

In brief:

The Design Council will provide the forum for debate and development of national and local policies as they relate to design in the UK and within a world context. The aim is to support government with decisions it can take to be a smart design user and provide the best conditions for design and innovation to thrive. The goal is to maximize national skills and assets for competitive advantage and wellbeing. The Design Council will bring together insights and views from across industry, the public services, education, and design.

Priority activities:

Research: In collaboration with industry and government the Design Council will commission research on a rolling annual basis including trends, sector development and insights on the value and use of design for innovation. This will include topics relating to national priorities and could include the role of design in citizen-centred services, public procurement or commercializing science.

Policy: An expanded Council of leading designers and opinion-leaders from industry, the public sector and education will guide and support the programming of an annual conference with a view to refining a rolling review of national design policy. This will be co-ordinated with the involvement of design and industry organizations and universities. The outcomes and recommendations will be shared with Ministers and include a high-level summit.

This work builds on the involvement in reports such as the *Cox Review*, input into government strategies and reports, a track record for research relating to design including *Design Industry Insights 2010* and current partnerships with London School of Economics and the Institute for Government.

The shift: annual drumbeat of national design policy linked to conference, summits, and research; activity outsourced and commissioned; wider engagement of design organizations, networks and institutions; expanded Council.

Outcomes: policy and actions taken by government, education and industry around the role of design in innovation; greater awareness of the role of design within government; a cohesive voice for UK design and leading status maintained globally.

2 Demonstration

Objective:

To demonstrate the role of design in addressing intractable societal challenges

In brief:

Each year the Design Council will co-ordinate a national design challenge with the aim of placing the UK at the forefront of design-led innovation. The Design Council will bring together industry, design, and education to collaborate with the public and policy-makers and on solving problems. The goals are to identify tangible products and services for global markets and also to raise awareness and understanding of the role of design through demonstration.

Priority activities:

Industry Design Challenge: an annual competition to challenge industry to find new solutions to socio-economic problems and encourage new collaborations between designers, technologists, manufacturers and postgraduate university researchers. The theme will be agreed with Council, government and key partners. The Challenge will follow a consistent annual calendar to maximise the opportunities for parallel challenges for colleges and schools as well as for publishing and knowledge management.

Linked Education Challenges in Colleges and Schools: an annual student competition to encourage the use of design to solve real problems and collaboration across disciplines. The Design Council will commission and work with leading education and industry networks.

This activity builds on the success of recent initiatives such as *Design Bugs Out* with the NHS, *Design Out Crime* with the Home Office as well as educational initiatives such as the *Eco Design Challenge* in the North East and Cornwall which have engaged 1,000s of students in design-led problem solving.

The shift: pro-active and transparent approach to establish the project theme; annual timetable and framework to maximize impact and allow long-term forward planning; alignment of business and educational activities to create single stronger offering; inclusive and collaborative with design industry partners and others.

Outcomes: new solutions in a given sector providing, for example, quality improvements, savings or behaviour change; each solution providing a new market for UK firms, with associated jobs, exports etc; innovation skills developed within sector, industry partners and pupils.

3 Knowledge Networks

Objective:

To improve understanding of design in the public and private sector.

In brief:

The Design Council will assist the ongoing exchange of knowledge around design within industry and education through mentoring, on-line connections and regional events. The aim is to provide practical help and support to potential design users. The goal will be to maximize engagement through partnerships with local and national organizations as well as provide targeted in-depth support through Design Council Associates.

Priority activities:

Academy: The Design Council will host an “academy” of around 60 Design Associates to mentor clients and build strategic design capabilities within top-teams. Cohorts of clients in specific sectors, such as Technology Transfer, local public services, or small business, will be recruited in collaboration with industry organisations.

Networks and on-line platforms: Lessons from the academy and the demonstrations will be shared on-line with a network of designers and design users. Alongside this, the Design Council will grant fund national and local seminars and workshops on mutually re-enforcing topics. Partners and on-line users will have opportunities to self-publish; the Design Council website will be refocused for this purpose.

This activity builds on the success of design mentoring initiatives such as Designing Demand, Public Services by Design and Innovate for Universities; it also builds on the Design Alliance network, investment grant scheme and the Design Council website.

The shift: Streamlined mentoring activities to a regular calendar; commissioned outcomes via partners; use of social networking and distributed content and publishing; ownership from within the design industry including local networks and individuals.

Outcomes: Enhanced design commissioning skills for mentored clients in private and public sector, with each client benefiting from a new product or service solution; stronger connections made to and within the design sector; knowledge shared with over 500,000 individuals per year through on-line networks and seminars.

4 Design Council enterprise

Objective:

To diversify income where consistent with achieving the charitable objectives of the Design Council.

In brief:

The Design Council will offer a defined range of intermediary services to industry, the public sector and to governments. These may be provided through a separate trading subsidiary. Explicitly these activities will not compete with the design industry but instead enable clients to access and commission design smartly. It will add value to the existing industry infrastructure including promoting and using the services of UK design representative organizations.

The services may include:

Coaching top teams: The Design Council Associates will provide a bespoke service to blue chip businesses and large organizations that builds internal design capabilities, refines management processes, and identifies and focuses design projects for commissioning.

Public commissioning: Where major clients or government agencies require impartial advice and support to focus a brief and commission complex or high profile projects, the Design Council will provide support on a fair and open process for navigating and engaging the design community. An example is the recent Olympic Torch project for LOCOG.

Open innovation projects: The Design Council has developed expertise running challenge-led innovation in areas such as healthcare and crime prevention. While the Design Council will focus on running a small number of these as “demonstrations” it will also offer its advice and support to other agencies, such as the Technology Strategy Board and the NHS to run their own programmes using a design-led approach.

These services build on the skills and assets of the Design Council including its roster of Design Associates and specialist project managers.

The shift: Demarcation of enterprise trading and charitable activity; new income streams with all profits covenanted back to the charity to support charitable aims; explicit terms of reference with the design industry and design organizations to avoid any potential or perceived conflict of interest.

Partners

A more inclusive approach will include building on current collaborations (see projects and partners at Annex C) and establishing new partners within academia, education, technology, business, national and local government and the public sector.

Key future partners include:

NESTA

The Design Council and NESTA already collaborate on a series of projects, such as policy seminars and the Multi-Disciplinary Design Network. Potential options for further collaboration, alignment and integration between the Design Council and NESTA will be pursued that have the potential to save money and increase effectiveness:

- Relocating the Design Council to NESTA's offices and sharing support services.
- NESTA collaboration on programmes currently undertaken and funded by the Design Council, most likely public sector innovation programmes.

The savings envisaged will make an important contribution to the sustainability of the Design Council as an entity independent from government.

Design Museum

A new partnership will be pursued to strengthen links between the Design Museum and the Design Council whilst respecting their independent remits and the government's requirement for public value. The partnership will build on the former's public, cultural role and the Design Council's business and governmental role and consider:

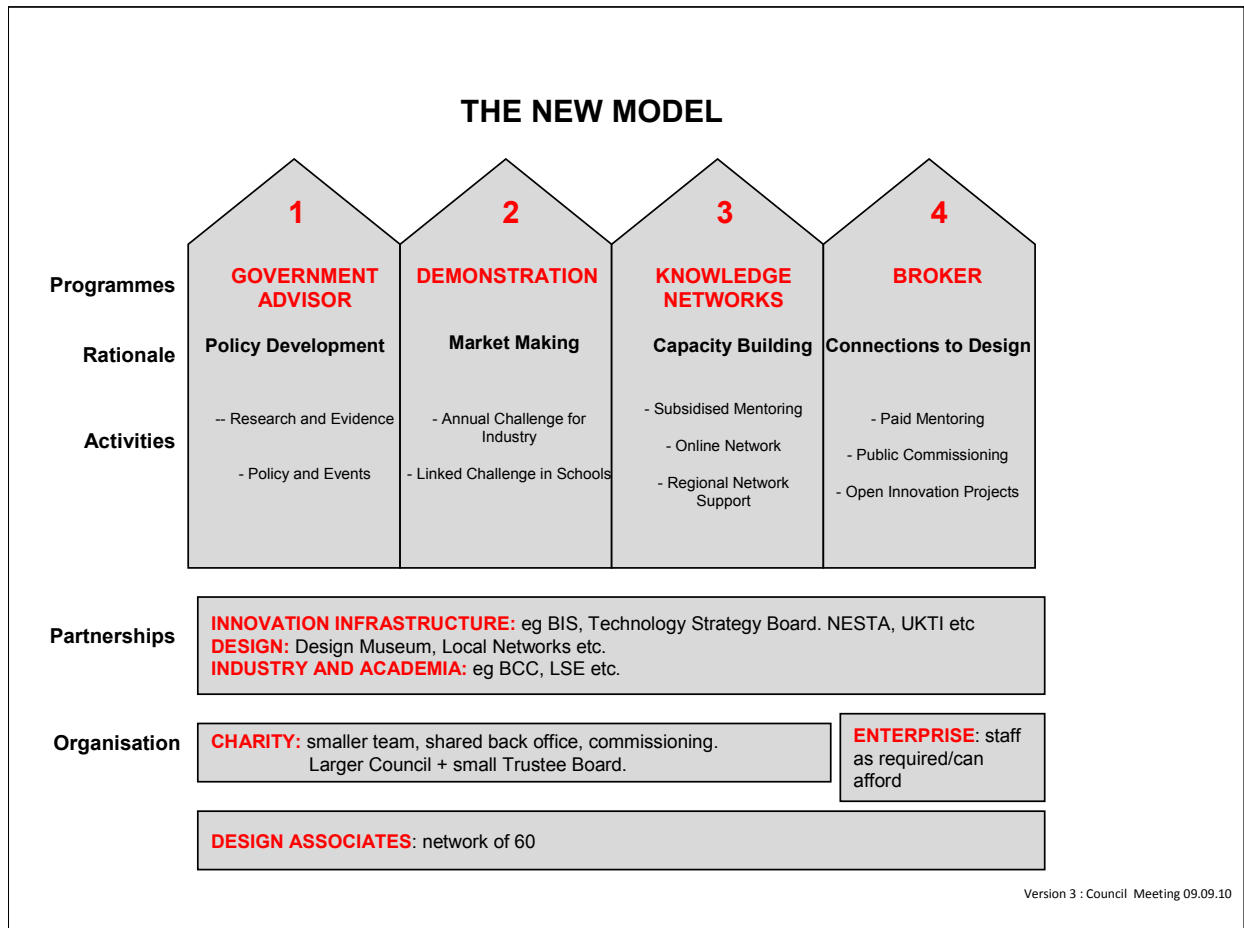
- Co-locating within the new site for the Design Museum planned for 2014 in what was the Commonwealth Institute, Kensington.
- Initial co-location with a small Design Council hub at the current Design Museum site at Shad Thames in the next 18 months.
- New partnership activities where there is mutual and national advantage, likely to include a focus on education.

Technology Strategy Board

The Design Council and the Technology Strategy Board already cooperate across a series of projects and programmes, notably Design Out Crime. A more co-ordinated approach to engaging both the technology and design communities in product and process development will be pursued. Potential options include:

- Use of the Design Council's Design Associates to help provide design mentoring for applicants to Technology Strategy Board collaborative research and development competitions.

- Use of the Small Business Research Initiative to enable the implementation of the output of Design Council Challenge projects.
- Joint working on the development of projects which have a significant component of user-centred design to increase the effectiveness of the output.



Annex G – Stakeholder survey

The survey was posted on the BIS website and was open from 29 July until 18 August 2010.

Q1. The Design Council’s current activities fall into four main areas:

Support: design mentoring for those who want to use design in business, universities and the public sector (Designing Demand, Innovate for Universities, Public Services by Design);

Challenges: design-led projects and competitions for the private sector to help the public sector solve big social and economic challenges (eg. Design Bugs Out, Design Out Crime, Design for Patient Dignity, Dott/Designs of the Time);

Insight: research and advice on policy development (Design industry research, International Design Scoreboard, policy & research briefings); and

Investment: networks and resources to help share knowledge and develop skills (eg. The UK Design Alliance, multidisciplinary network, online guides on training and business, investment grants).

How important is it for Government to continue to support these four types of activity?

	Not at all important	Not very important	Quite important	Very important	Don't know	Response Count
Support	10.5% (18)	5.3% (9)	14.6% (25)	67.3% (115)	2.3% (4)	171
Challenges	10.0% (17)	8.8% (15)	20.6% (35)	58.2% (99)	2.4% (4)	170
Insight	8.9% (15)	12.4% (21)	22.5% (38)	50.9% (86)	5.3% (9)	169
Investment	11.2% (19)	11.8% (20)	20.1% (34)	49.7% (84)	7.1% (12)	169
<i>answered question</i>						171
<i>skipped question</i>						0

Q2. Please explain in brief your response to Q1

	Response Count
	168
<i>answered question</i>	168
<i>skipped question</i>	0

Q3. What else, if anything, should government be doing to encourage more effective use of design? (For the purposes of this survey, Government includes national, regional or local government or government funded bodies like the Design Council, for example)

	Response Count
	168
<i>answered question</i>	168
<i>skipped question</i>	0

A sample of responses to questions 2 and 3 is at Annex G.

Q4. What do you use design for at work?

	Response Percent	Response Count
Marketing & communications	40.9%	70
Industrial/product development	20.5%	35
System/service development	31.0%	53
Don't use design	7.6%	13
Other (please specify)		48
<i>answered question</i>		171
<i>skipped question</i>		0

Q5. In your experience, how well does business use these kinds of design?

	Not at all well	Not very well	Quite well	Very well	Don't know	Response Count
Marketing & communications	2.9% (5)	14.0% (24)	46.8% (80)	29.8% (51)	6.4% (11)	171
Industrial/product	4.1% (7)	29.6% (50)	39.6% (67)	18.9% (32)	7.7% (13)	169
System/service	15.9% (27)	42.4% (72)	27.1% (46)	7.1% (12)	7.6% (13)	170
<i>answered question</i>						171
<i>skipped question</i>						0

Q6. In your experience, how well does the public sector use these kinds of design?

	Not at all well	Not very well	Quite well	Very well	Don't know	Response Count
Marketing & communications	17.1% (29)	32.4% (55)	35.9% (61)	8.8% (15)	5.9% (10)	170
Industrial/product	30.8% (52)	40.2% (68)	14.2% (24)	1.2% (2)	13.6% (23)	169
System/service	36.7% (62)	38.5% (65)	16.0% (27)	0.6% (1)	8.3% (14)	169
<i>answered question</i>						171
<i>skipped question</i>						0

Q7. In your day to day work, are you mainly a design supplier or user?

	Response Percent	Response Count
Design supplier	28.7%	49
Design user	27.5%	47
Both	28.1%	48
Neither	15.8%	27
<i>answered question</i>		171
<i>skipped question</i>		0

Q8. Where is your main place of work?

	Response Percent	Response Count
UK	93.0%	159
EU	4.7%	8
Other	2.3%	4
<i>answered question</i>		171
<i>skipped question</i>		0

Q9. From the list below, which best describes your work?

	Response Percent	Response Count
Design business 	32.2%	55
Other business 	21.1%	36
Public sector 	23.4%	40
Academic/researcher/student 	10.5%	18
Design trade body/network 	4.1%	7
Other trade body 	8.8%	15
Other (please specify)		42
<i>answered question</i>		171
<i>skipped question</i>		0

Annex H - Sample of stakeholder comments

This is a sample of comments submitted in response to the online survey and made in meetings.

Why design matters

“Design aids good communication and good communication is the backbone of business. The more people know and understand what design can do for them, the more innovative Britain can be and recover quicker from the recession and help build a stronger economy.”

(designer)

“Design is a major factor in business success and thus can have a major impact on the UK economy. Too many SMEs still need assistance in overcoming the barriers to using design and thus programmes like Designing Demand are essential.” **(public sector)**

“Generally design is under valued and underrated both by government, public sector agencies and the private sector. It is a sector that has real capacity and capability to expand and is critical to the UK economy.”

(designer)

“Design is a key component of the innovation eco-system to complement the UK's current, almost exclusive, focus on the exploitation of scientific and technological R&D. Design is for all sectors and not just the cultural/creative industries. Government needs to set a good example by incorporating design thinking into tackling the major social and economic challenges.” **(academic)**

“Design has a major role in innovation to meet the challenges of the future and in helping the economy to resume growth.” **(public sector)**

“It's about the long term economic future of the UK. If other companies can double their turnover through design, then the economy doesn't have a problem.” **(SME)**

“With the continuing growth in the importance in knowledge as a competitive differentiator for countries like ours it is clear that understanding more about the way in which wealth creating knowledge is transferred between the sources of knowledge, universities and research centres (and the earlier elements of the education 'supply chain') and businesses as well as how talent is nurtured and valued so that we retain our creative people - whether they are engineers, scientists, designers, or teachers - is key to our future success.” **(public sector)**

The Design Council

“The strategic role of design is still not understood by all in UK business or in the public sector, nor is the broader value of design thinking. The Design Council's role in promoting this broader value of design is vital and is an essential part of helping Britain's business to compete in world markets.” **(designer)**

“DC don't offer effective support for the cost of supply. What they do sets unrealistic expectations and costs too much. Too London focused, and lost touch with the pragmatic needs of industry. Government needs to support these activities but via a refreshed or re-thought support channel.” **(designer)**

“The Design Council seems to focus on or be involved with very large design groups. This might encourage the perception that only big design groups are 'approved' - which would be a problem for designers generally.” **(anon)**

“Advice to the Design Council seems to fall on deaf ears – or is used without acknowledgement of source. They also fail to pick up on excellent work done in the private sector to showcase as examples of excellent design. If it's not from the Design Council it is ignored.” **(design organisation)**

“There is a lack of understanding of non-technical innovation including design. The Design Council provides insight that is accessible for users across the EU – it is a leader and exemplar.” **(public sector)**

“The approach used by the DC has been innovative and highly productive. By bringing together frontline staff, industry, architects [they have] shown how the concept, to development and testing phases can be speeded up and done in a very cost effective way.” **(public sector)**

“The Design Council does not speak for the design industry and nor does the industry speak with one voice - it is quite fractured and needs joining up. Design Council thinking is often ahead of what the sector can deliver and so promises are not always fulfilled.” **(academic)**

“Individuals and businesses very often struggle to understand, measure and procure design and it is only through working with a third party such as the Design Council that the mystique is removed, they feel supported, and they suddenly see the significant benefits that it can bring to their organisations.” **(designer)**

What should the Design Council do?

“Design Council should concentrate on the supply of research, evidence and good examples of how design is essential value-add for the UK. Design needs to be 'in' government, but the Design Council needs to be impartial and independent. The supply-side should be the

responsibility of the trade bodies, as weak and dysfunctional as they are.” **(anon)**

“In my view the Design Council should offer more support direct to businesses, both large and small. It's too policy driven and needs to be supporting designers and working with partners to delivers its message.” **(anon)**

“I'd like to see the Design Council do things differently. I'd like it to focus on encouraging and injecting the highest level of design, not mass projects such as Dott which of course inform regions about creative thinking but rarely produce world class solutions.” **(designer)**

“Channelling funds only through the Design Council has been a major drawback for decades. Design Council should collaborate with other parties, not always as leader of initiatives. [Government should] guard against the Council using public funds to undertake work that should properly be undertaken by private enterprise; that is unfair competition.” **(designer)**

The role of government

“The long term strategy of the government should be to save money whilst improving quality of life. By investing in the Design Council initiatives they can potentially achieve both whilst ensuring a good foundation for the future of design education in the UK.” **(in house designer)**

“Government should use procurement to stimulate design led innovation. Government has not fully recognised the potential of using the Design Council to use better value design through procurement.” **(designer)**

“Determine the touch points where design can add real value. Innovate for universities has targeted technology transfer offices, which therefore embeds design in research teams and into new spin-out companies.” **(academic)**

“Public sector organisations must employ design managers and designers who can effectively brief, select and employ design companies to deliver better designed services and products in security, utility and healthcare.” **(designer)**

Annex I - List of individuals who assisted the review

Charlotte Arwidi	European Commission
Joanna Averley	CABE
Martin Battye	Kirton Healthcare
Darren Bentham	Southern Water
Tom Bewick	Enterprise UK
*Lord Bichard	Design Council
Stephen Bogira	Design Council
David Bott	Technology Strategy Board
Julie Brown	North East Regional Innovation Partnership
Graham Burchell	Challs International Ltd
Gavin Cawood	Design Wales
Sir John Chisholm	NESTA
Philip Colligan	NESTA
*Sebastian Conran	Sebastian Conran Associates
Margi Constant	Design Council
Sir George Cox	
Dr Phil Clare	PraxisUNICO
Deborah Dawton	Design Business Association
Louis della-Porta	Firsthand
*Bonnie Dean	Bristol & Bath Science Park
Gus Desbaretts	The Alloy
Matt Desmier	Dorset Design Forum
Sir James Dyson	
*Joe Ferry	Virgin Atlantic Airways
Alice Frost	Higher Education Funding Council for England
	Lewisham Council
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Geoff McCormick	The Alloy
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*Jeremy Myerson	Royal College of Art
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Peter Spence	South Coast Design Forum
Sir John Sorrell	The Sorrell Foundation
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Leslie Stokes	London Associates
Deyan Sudjic	Design Museum
Andrew Summers CMG	Design Partners UK
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Simon Waterfall	Fray
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Claire West	Dept for Business, Innovation & Skills
*Peter Williams	Asos.com, Cineworld, Silverstone
*Richard Williams	Murray Hamm
Alistair Williamson	Lucid
Graham Wilson	Design Reality
*Chris Wise	Expedition Engineering

*Design Council Board member

Annex J - Advisory committee members

Martin Temple CBE (Chair)	Chair of EEF and The 600 Group, Design Council board member
Bonnie Dean	Chief Executive, Bristol & Bath Science Park, Design Council board member
Simon Edmonds	Director of Innovation, Department for Business, Innovation and Skills
David Frost	Director General, British Chambers of Commerce
Mark Gibson	Chief Executive, Whitehall & Industry Group
Brent Hoberman	Mydeco.com
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Charles Leadbeater	Participle
Professor Jeremy Myerson	Helen Hamlyn Chair of Design, Royal College of Art, Design Council board member
Penny Power	Founder of Ecademy
Jonathan Sands	Chairman, Elmwood Design Limited
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