



OUR STORY

Annual report and accounts 2020

DiABETES UK
KNOW DIABETES. FIGHT DIABETES.



DIABETES UK
HOW DIABETES FEELS LIKE

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FOREWORD

2020 was a year like no other. With the outbreak of coronavirus, people with and at risk of diabetes needed us more than ever before. So, as the world changed, everything we did to support them changed too.

If 2020 taught us anything, it's to appreciate the resilience and flexibility of our supporters, volunteers and staff – and of our colleagues in research and healthcare – who have found innovative ways of getting things done. Thanks to technology, we were able to swiftly adapt to provide support and community for everyone with and at risk of diabetes. Our peer support groups moved online, our professional conference became a digital series, and our supporters found ways of helping themselves and others by taking part in fundraisers from home, such as our One Million Step Challenge.

As the pandemic progressed, the data told us that people with diabetes faced worse outcomes if they had coronavirus, so we rapidly secured funding to support five new research projects to learn more about the reasons for this. With many people living with diabetes having greater anxiety and concerns, we became a source of support for millions – not just in the UK, but around the world. We made sure diabetes stayed high up on the political and health agenda, campaigning for better protections at work and successfully getting people with diabetes onto the vaccine prioritisation list.

As a result of the virus, the world is starting to see diabetes for the serious condition it is, and we're determined to use this shift in attitude to push forward in three key areas. We'll continue to respond to the impacts of the pandemic, supporting everyone – from people with diabetes to healthcare professionals.

We'll restore and build for the future, ensuring better, fairer health services. And we'll push for greater inclusion and equality, addressing the unequal impact of diabetes on minority ethnic groups and growing the diversity of our charity.

2020 also marked the first year of our new strategy. Even as we adapted to support people through these testing times, our strategy remained a constant guide and while responding to the virus became a necessity for us, it didn't stop us from delivering other areas of work. We have continued our research into immunotherapy – a type of treatment that could stop type 1 diabetes in its tracks or prevent it entirely. Our work with our Immunotherapy Consortium helped to launch new clinical trials and in August, our efforts paid off as our researchers discovered which people with type 1 could most benefit from the immunotherapy drug Abatacept.

As the NHS focused its efforts on the pandemic, our work on remission for those with type 2 diabetes was delayed, but we still made progress. A low-calorie diet programme, inspired by our landmark DiRECT trial, became available on the NHS in some areas of England and Wales to help more people with type 2 reach remission. We also saw success in our fight to ensure fewer people develop type 2 diabetes, when our calls to make calorie labelling mandatory in restaurant, café and takeaway chains were recognised by the Prime Minister.



Ultimately, we measure our success through our impact on the lives of people affected by or at risk of diabetes. In 2020, the need for our services had never been greater. We found new ways of being there – at a time when our helpline and website saw record numbers of callers and visitors. We adapted our support based on what people with diabetes asked for. And, as we addressed new concerns brought to light by the virus, we continued making critical steps forward with our ambitions.

At the time of writing this, we're still in the grips of the pandemic. The human cost has been immeasurable, but the rollout of a vaccine is providing hope. When it comes to achieving our vision of a world where diabetes can do no harm, we have hope now more than ever. Diabetes, which has too often been misunderstood, is now recognised as a life-changing condition, affecting millions of people. This makes our work in the year ahead even more vital.

Coronavirus has made our fight harder and we're facing greater financial uncertainty ahead as a result. But it has also required us to step up in our work and in the impact we make. Thanks to the support of our many members, volunteers, fundraisers, campaigners and donors, we were and will continue to be able to provide essential advice, to campaign for change, and to lead the way with research breakthroughs through the pandemic and beyond.

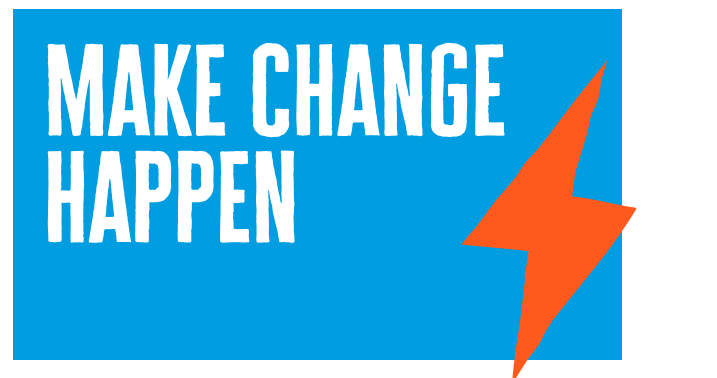
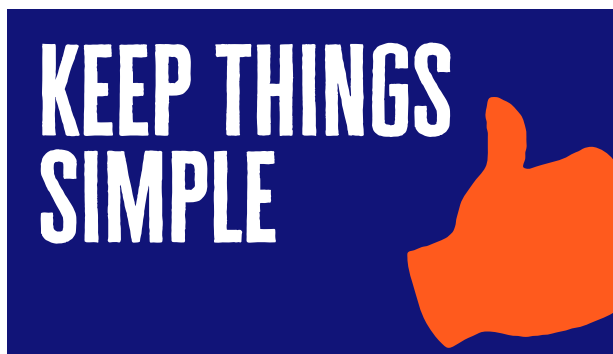
Chris Askew OBE
Chief Executive

Sir Peter Dixon
Chair

OUR VISION



OUR VALUES



OUR MISSION

By bringing people together to work in partnership, we will support those living with diabetes, prevent type 2, make research breakthroughs in diabetes and ultimately find a cure.

We'll do this by:

- Listening to and working with people living with diabetes, healthcare professionals and many others to drive change.
- Developing, delivering and championing the most effective ways for people to manage their diabetes, or their risk of type 2, so they can live their lives with confidence.
- Building a strong community of support that finds and shares the knowledge needed to fight diabetes.



OUR STRATEGY

In 2020, we launched our ambitious new five-year strategy – A generation to end the harm.

It was informed by thousands of conversations we've had with people affected by diabetes, who told us what they wanted for themselves and others.

This year, with the pandemic unfolding, our strategy helped to keep us on track. And, in this report, we'll take a look back at some of our biggest achievements in 2020, as we worked towards our strategy's outcomes.



At the heart of our strategy are two main ambitions:

- We want people to live well and longer with diabetes.
- We want to cure or prevent diabetes.

With more and more people affected by diabetes, these next four years are critical. So, to make these ambitions a reality, we're working towards five outcomes by 2025:

Outcome 1

More people with type 1, type 2 and all other forms of diabetes will benefit from new treatments that cure or prevent the condition.

Outcome 2

More people will be in remission from type 2 diabetes.

Outcome 3

More people will get the quality of care they need to manage their diabetes well.

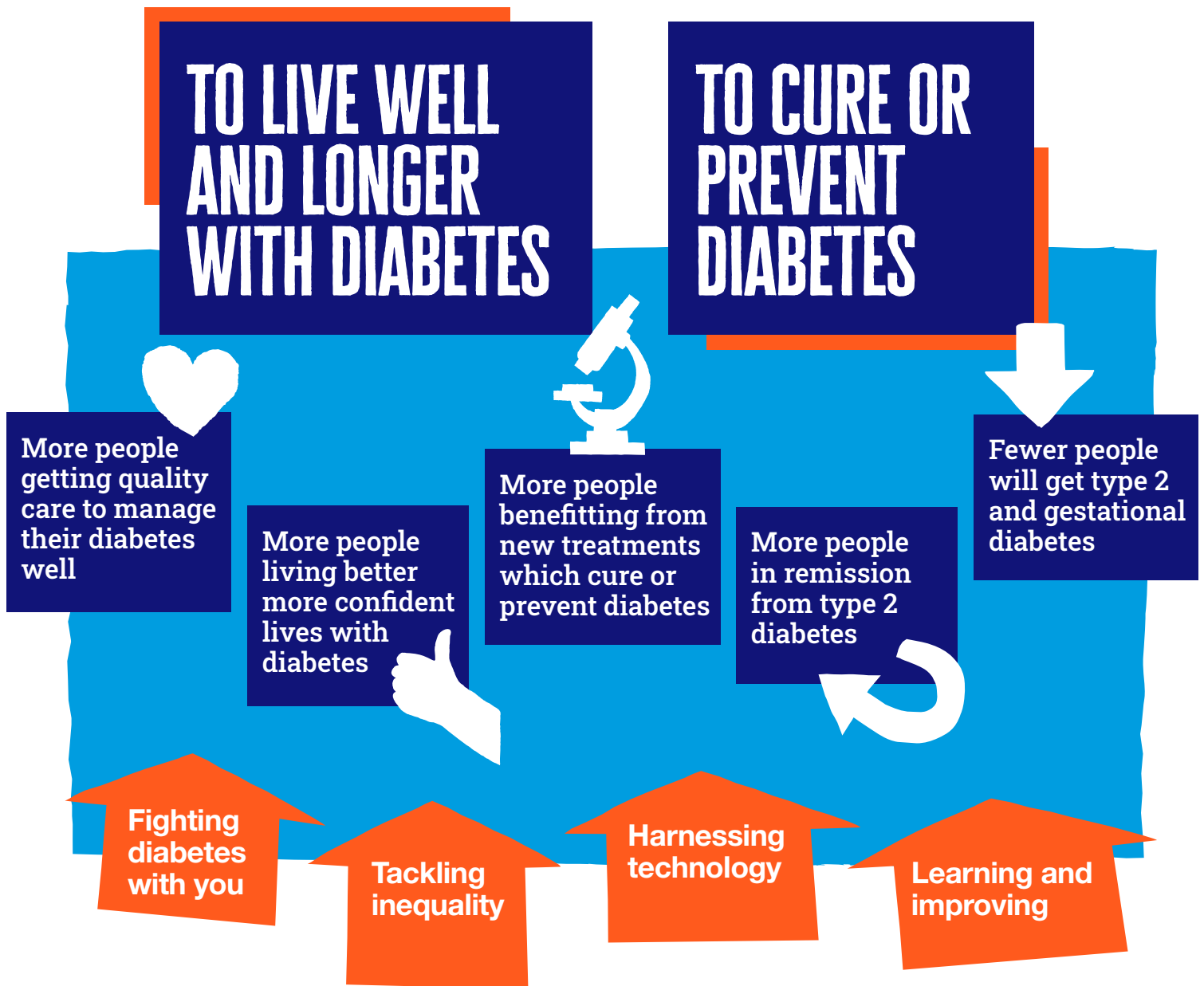
Outcome 4

Fewer people will get type 2 and gestational diabetes.

Outcome 5

More people will live better and more confident lives with diabetes, free from discrimination.

A generation to end the harm



Our strategy is underpinned by four drivers, which will help us to achieve our outcomes faster and better.

- Fighting diabetes with you.
- Addressing and fighting inequality.
- Harnessing technology to improve everything we do.
- Learning and improving together.

OUR IMPACT AT A GLANCE

You helped us raise £37.7 million, meaning we can provide more



VITAL SUPPORT SERVICES AND

LIFE-CHANGING RESEARCH

493 people joined our online events for parents and carers of children and young people with type 1, with

96%

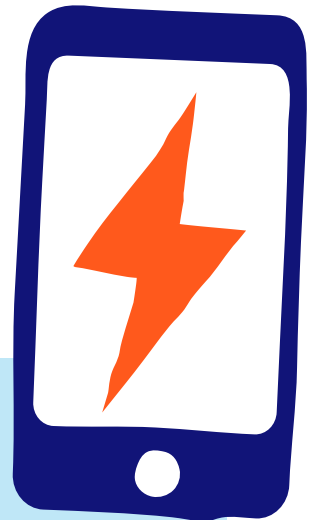
of those surveyed saying it was a positive experience.

Our helpline team kept you



REASSURED AND INFORMED

through the coronavirus pandemic by answering **11,965 calls**



We brought the **LATEST NEWS AND ADVICE**

to **8.6 million** website users, **30%** more than last year.



WE SUCCESSFULLY INFLUENCED THE GOVERNMENT

to bring about a ban on junk food ads before 9pm and restrict the promotion of unhealthy food in shops.

We're reaching **over 75,000** people with our Learning Zone courses, with **83%** of users saying they are now



MORE CONFIDENT MANAGING THEIR DIABETES

Our research helped bring

TYPE 2 REMISSION TO THE NHS

in some areas across the UK



2 million people have now



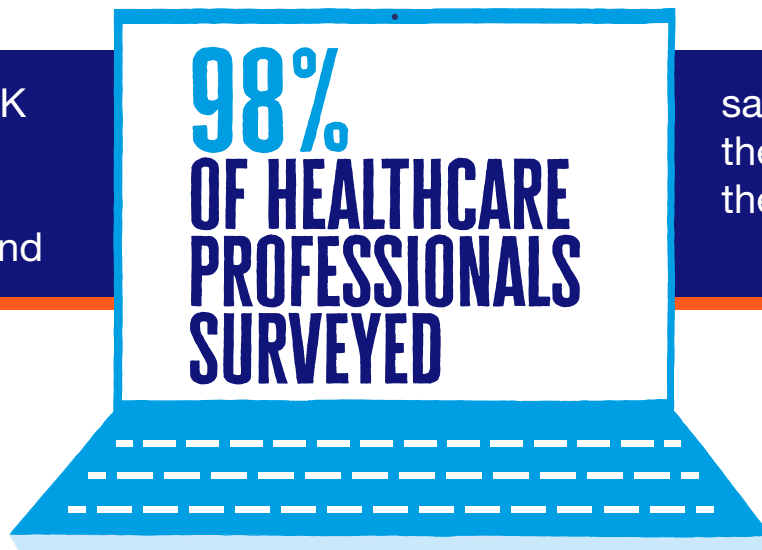
DISCOVERED THEIR RISK OF DEVELOPING TYPE 2 DIABETES

thanks to our Know Your Risk tool

Our Diabetes UK Professional Conference moved online and

98% OF HEALTHCARE PROFESSIONALS SURVEYED

said they'll use the information they learned.





MOVING TOWARDS A CURE

Like everything else in 2020, research into treatments that cure or prevent diabetes was disrupted. In the peak of the coronavirus crisis, almost every clinician was needed on the frontline. Labs closed and many clinical trials were suspended so that people could stay safe at home.

We worked hard to understand how our 120 research projects were affected by the pandemic, and to help clinical trials re-start safely. Despite these challenges, we've been able to fund over £3.3 million of new research, including five vital projects to rapidly understand the impact of coronavirus on people with diabetes.

Work to develop immunotherapies for type 1 diabetes continued and moved us closer to the biggest shift in treatment for type 1 since insulin was discovered 100 years ago.

If one of my friends got type 1 diabetes, I would tell them to go on the trial. I would say live in hope.



Mahn was diagnosed with type 1 diabetes aged 11. He is taking part in a clinical trial, made possible by our Immunotherapy Consortium.

Through our **Immunotherapy Consortium** we helped to launch new clinical trials, giving people like Mahn the chance to take part in research to see if these revolutionary treatments can halt the immune system's attack on the pancreas. This network of scientists has helped immunotherapy research thrive in the UK, with five times as many people enrolled in clinical trials compared to when it started in 2014.

The UK is now at the forefront of this field, and we're very optimistic that, within a generation, these medicines will be preventing or curing type 1 diabetes for many people. That ambition came one step closer in August, when our researchers discovered which people with type 1 were most likely to benefit from the immunotherapy drug Abatacept, paving the way for this treatment to reach people with type 1 diabetes sooner.

Progress towards preventing type 2 diabetes was also given a boost when a team of scientists part-funded by us discovered new ways to pinpoint who is likely to develop type 2 diabetes, decades before they are diagnosed. In the future, this could mean we're able to spot who is at a higher risk and – most importantly – find ways to reduce this risk much earlier in life.

REACHING REMISSION FOR MORE PEOPLE

Diabetes is relentless. It's with you day in, day out. We won't give up until type 2 remission is a reality for more people. This year, we moved a step closer to that goal.

In 2020, a low-calorie diet programme for people with type 2 diabetes – inspired by our **DiRECT trial** – became available on the NHS in 10 pilot areas in England and four areas in Wales. A programme is also running in Scotland and a pilot is planned in Northern Ireland. Thousands more people will now get the opportunity to see if this approach to remission can work for them.

In September, our DiRECT team made another ground-breaking discovery. Scans of people who had been in remission for two years revealed that the pancreas had returned to a healthy size and shape.

We've come a long way since first funding remission research in 2008, and we won't stop until remission is a reality for as many people as possible. We're working to understand why weight loss doesn't always lead to remission, how to help people stay in remission, and if it works for people who don't have much extra weight to lose. And we've joined forces with the **National Institute of Health Research** to fund studies to find new ways to put type 2 diabetes into remission.

Our remission research has turned the tables on what's possible for people with type 2 diabetes, providing hope that type 2 doesn't have to be a lifelong condition for everyone. And the progress we've made this year to bring remission programmes into the NHS is a big step forward.

But we're not done yet. We'll keep striving – through research, support and policy – to give more people, wherever they live and whatever their background, the chance to be free of type 2.

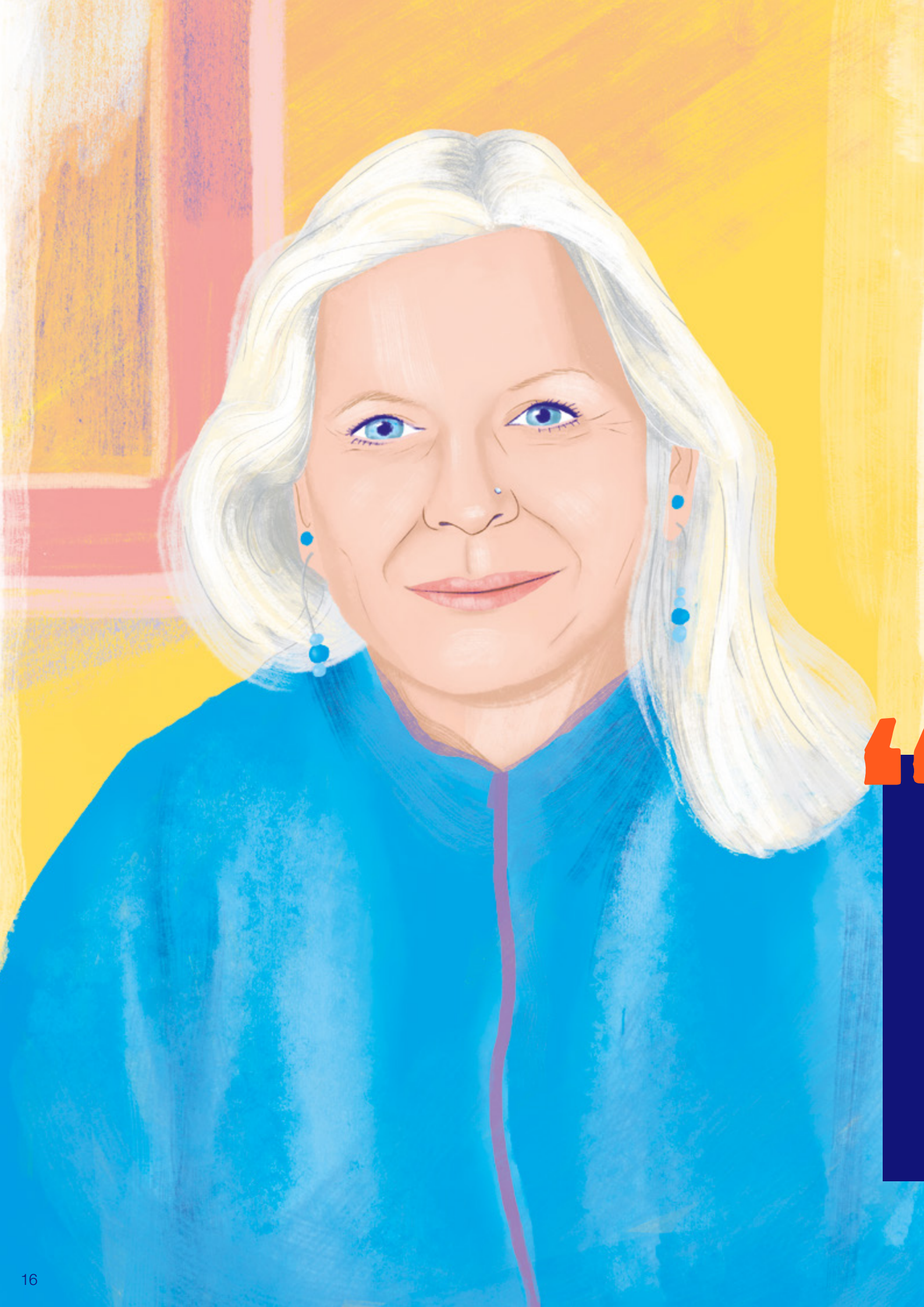


My efforts have paid off far beyond what I could have hoped for. I no longer need blood pressure medication, my cholesterol is back to normal, my back, knee and hip pain has disappeared. Remission is life-changing for me.



Paul is now in remission from type 2 diabetes.





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RAISING AWARENESS OF RISK

In 2020, the coronavirus crisis dominated all our lives. But behind the scenes, we were making giant leaps forward to help thousands across the UK reduce their risk of type 2 diabetes.

This year, we harnessed new technology to link our type 2 diabetes risk tool – Know Your Risk – directly to the **Healthier You NHS Diabetes Prevention Programme** in England. Healthier You delivers personalised education on healthy eating, weight and physical activity.

Our innovative online tool calculates people's risk of type 2 diabetes, based on a short set of questions. Now, if people are shown to have a moderate or high risk, they can immediately sign up to a prevention programme in their area in England.

This partnership is crucial, particularly as it came at a time when routine health checks by GPs and practice nurses had reduced because of the pandemic. By supporting the NHS on a marketing campaign, traffic to Know Your Risk nearly trebled and we began to reach more diverse communities. We've referred almost 20,000 people to the programme, who are taking the vital first step to protect themselves from type 2. Next year we'll be striving to link Know Your Risk with prevention programmes across the four nations.

And after years of campaigning, in 2020 the Prime Minister announced plans to legislate for mandatory calorie labelling in larger restaurant, café and takeaway chains. This is the commitment our **Food Upfront** campaign has been fighting for, and it's a significant step in the right direction to make healthy choices easier, on a national scale.

The UK government's new obesity strategy also included a ban on junk food adverts before 9pm and restrictions on the promotion of unhealthy food in stores – a welcome recognition of the action needed on all fronts to help improve the health of the nation. We're now pressing for full and rapid implementation of all the measures, and for support for small businesses to improve their nutrition information too.

I knew this programme was going to benefit me in the long run. Making small changes makes me feel confident that I can continue to keep up with these lifestyle changes in the future as they are sustainable.



Deborah was referred to the NHS Diabetes Prevention Programme after using our Know Your Risk tool to find out her risk of type 2 diabetes.

FIGHTING FOR FAIRER, BETTER CARE

In 2020, we worked tirelessly to protect the safety and standard of care for people with diabetes, when both were threatened by coronavirus.

We did everything we could to ensure that the care for people with diabetes in hospital – with or without coronavirus – would not be disadvantaged. We rapidly brought together leading clinicians to develop diabetes guidance for inpatient care, which has been downloaded over 8,000 times.

And despite the **Diabetes UK Professional Conference** not going ahead in March, we held a series of online seminars and masterclasses later in the year, so healthcare professionals could still meet virtually to discuss the latest developments in diabetes care.

We've been concerned for some time about the lack of consistency in diabetes care for older adults in residential care. The vulnerability of these people to the effects of coronavirus drove us to increase our efforts in this area; publishing new guidance for care homes on how to look after residents with diabetes who had the virus. We also created new diabetes online training modules for these settings, which were accessed more than 700 times in the first month alone.

As diabetes services adapt beyond the pandemic, our programmes to develop clinical leaders are more important than ever. So, when our residential courses weren't possible, we harnessed technology and adjusted our approach. In a new partnership with Ashridge Executive Education, 20 clinicians began their leadership journey

through online learning and networking. And, with the help of Leicester Diabetes Centre, we launched a virtual version of our **Discovering Leadership** course, for more than 70 new recruits. Thanks to Novo Nordisk for their continued funding of our leadership programmes.

Finally, to inform our ongoing work to tackle inequalities in diabetes care, we brought together healthcare professionals from across the UK in one of our innovative **ChangeLabs**. In this workshop, experts shared ideas on how to level up diabetes care, and the work continues into 2021.



I really believe in the power of the patient voice and Diabetes UK has the patient voice. You've helped us get these messages about safe inpatient care out to patients, hospital managers and the NHS.

Professor Gerry Rayman MBE is a consultant physician in diabetes at Ipswich Hospitals NHS Trust. He is the clinical lead for inpatient care at Diabetes UK.





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GETTING SUPPORT TO THOSE IN NEED

In 2020, we worked tirelessly to bring people with diabetes the information, learning and support they needed about diabetes and coronavirus.

With so much initial uncertainty about the effects of coronavirus in people with diabetes, our helpline and online support forum were in demand like never before. Responding to people's worries and helping them through the uncertainty was a top priority.

Almost overnight, we moved our support services into staff homes and looked for help to cover the equipment and support costs. We were incredibly grateful to be awarded grants totalling nearly £150,000. On top of this, our supporters responded generously to our urgent appeal, donating more than £92,000. This meant we could be there for over 218,000 people who contacted us between March and July, as well as partnering with NHS England and others to provide an additional helpline service for specific medical questions.

Our coronavirus information was constantly updated, and attracted nearly 2 million website visits in three months during the first wave. We sent out 120,000 copies of a new printed booklet on managing diabetes through coronavirus. And our new coronavirus course – made possible by funding from Roche – became the second most popular in our online education platform, **Learning Zone**.

We cancelled all face-to-face events, to follow government guidance and keep people safe, and used new technology to bring people together online. Our Scotland, Northern Ireland, Midlands, South West and North of England teams ran their first ever virtual peer support programmes. And 493 people joined our virtual events for parents and carers of children and young people with type 1, where we covered topics like the return to school post-lockdown.

As it became clear that people with diabetes were at greater risk from the effects of the virus, we campaigned for better protections in workplaces for those who couldn't work from home. We linked up with ministers and other charities, wrote to employers, and petitioned UK governments. We'll continue fighting so no one with diabetes has to choose between their job and their health. And we'll make sure our resources are put to good use, supporting people's wellbeing during the challenging times ahead.

The Returning to School virtual event was really good. It was such a good way to keep everyone informed and connected in this situation.



Emma, whose daughter, Alyson, has type 1 diabetes, has found the support from Diabetes UK invaluable.

PARTNERSHIPS THAT MAKE IT HAPPEN

We couldn't reach our ambitious goals without the support of partners who share our passion for improving the lives of people with diabetes. Here are just some of the incredible things we've been able to achieve together.

In 2020, as we rapidly adapted our services in response to the coronavirus pandemic, our partners were there to provide crucial support.

Tesco once again stood shoulder-to-shoulder with us, as part of our partnership with Cancer Research UK and the British Heart Foundation. One example of their efforts in the year was a 13-day appeal across all UK sites where they matched every donation, raising a staggering £1 million for us. We also worked together to drive awareness of their in-store flu vaccinations, helping to ensure people living with diabetes could get their free NHS jab.

Thanks to the Coronavirus Community Support Fund, distributed by **The National Lottery Community Fund**, we could work remotely for the first time in our history to deliver our helpline and online forum. Over six months, this fund enabled our dedicated advisors to support thousands of people living with diabetes during the pandemic. We would also like to thank the **London Community Response Fund** who supported our vital helpline with a £46,000 grant.

The Scottish Government Wellbeing Fund awarded us £89,000 so we could provide online peer support and trusted information to over 60,000 people with diabetes in Scotland during the first wave of the pandemic.

The National Lottery Community Fund

has continued to support us and people living with diabetes in Northern Ireland. Through our 'Befriending' project, we reached people with diabetes who were isolated by the virus, through phone and email support. Our 'Reaching Out' project enabled us to deliver online peer support and provide accurate coronavirus information in an ever-changing landscape. Additionally, the 'Our Lives, Our Voices' project continued to help us improve the confidence and emotional wellbeing of young people with type 1 diabetes.

Sport England developed their partnership with us and awarded us £801,498 over three years, to deliver a new flagship physical activity project, giving people with diabetes the confidence to move more.

Simplyhealth generously donated £70,000 to support our response to the coronavirus pandemic, as well as encouraging their employees to get active and raise £30,000 in our One Million Step Challenge.

Boots have funded vital work and helped us reach even more people at risk of developing type 2 diabetes with our online Know Your Risk tool.

And **Britvic** fund our awards for schools that are raising standards of care, support and inclusion for pupils with type 1.

We work with partners under the shared objective of benefitting people affected by diabetes, and have processes in place to ensure that we do not compromise our independence in any way.

Working with pharmaceutical companies

We're proud to have long-standing and sector-leading partnerships with pharmaceutical companies.

In 2020, we continued to develop our partnerships with **Abbott**, **Eli Lilly** and **Boehringer Ingelheim**, who together funded our new online professional development course for healthcare professionals. The course helps clinicians to support patients with their emotional wellbeing, which we know is a hugely important part of helping people to live confidently and well with their diabetes. With this vital funding, we're able to support healthcare professionals to provide better care for people with diabetes at this most challenging of times.

We received £0.8 million from pharmaceutical companies in 2020 – made up of £0.7 million through our trading subsidiary relating to event sponsorship, and £0.1 million in support of other charitable activities including our new online professional development course for healthcare professionals.

Our pharmaceutical partners continued to fund our programmes despite the challenges, including **Novo Nordisk**, **Sanofi** and **Roche**. Many of our partners even chose to donate their sponsorship fee for our professional conference, after we had to sadly cancel the event.

We'd like to thank all our corporate partners, philanthropic and trust supporters for their generosity in 2020, when it was needed the most.



THANK YOU

The difference we make is only possible because of our supporters. Your time, donations, membership and fundraising makes all our work possible, and we couldn't have done it without you. Here are a few of our amazing supporters.

MARY HAMILTON

From a blood-testing machine the size of a laptop to new injection pens and her insulin pump, Mary has seen treatments improve a lot since she was diagnosed with type 1 in 1980. She was determined to help fundraise towards a cure for diabetes, raising an amazing £850 through our One Million Step Challenge and making new friends along the way. Thanks Mary!



KATIE COURTNEY AND AVA MORGAN

Katie, who has type 1 diabetes, and her friend Ava, both 10, won the Diabetes UK Cymru Outstanding Contribution Award for their book about diabetes, Hypo Dino. The budding authors wrote and illustrated the book, which helps explain diabetes to children through the adventures of Tim, a dinosaur with type 1.

**22,500
STEPPERS**

raised a whopping £1,956,581 in our One Million Step Challenge. Raising more than double last year!

ABDUL RAIS

Having been diagnosed with type 2 diabetes 20 years ago, Abdul now dedicates his time to being one of our Community Champions, giving talks about how to reduce your risk of diabetes. He's passionate about raising awareness about diet and diabetes in general. He's also raised over £1,000 for our One Million Step Challenge. Thanks Abdul!





LESLEY HAMILTON

As a diabetes dietitian and a Diabetes UK Clinical Champion, Lesley devotes her professional and personal time to helping people with diabetes. She's also a Diabetes Network Manager, driving forward several Diabetes UK Northern Ireland projects and educating staff and patients about diabetes, including patients with hearing difficulties.

SIOBHAN ARGYLE

Siobhan, a Diabetes Scotland supporter, has been keeping herself busy during lockdown by writing and performing songs. She even dedicated a song to us, reminding listeners that Diabetes UK is always there for people with diabetes and their loved ones. Nice work, Siobhan!



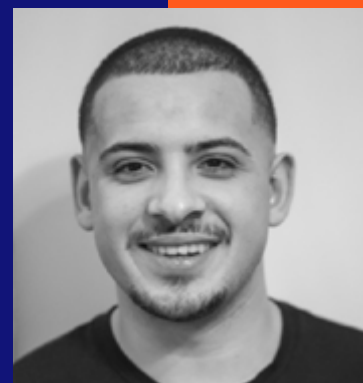
LES AND MARGARET ELLYATT

Les has type 1 diabetes and his wife, Margaret is a type 2 insulin user. While Les got a flash glucose monitor on the NHS, Margaret had to buy her own. Together, they've been raising awareness of the importance of this life-changing tech and sharing their story with MPs as part of our Cheque for Tech campaign.

OVER 3,000 people took part in our Cheque for Tech campaign, calling on the government to provide more funding for diabetes technologies.

DUKE AL DURHAM

Duke started writing raps and poems at 11-years-old. After being diagnosed with type 1 at 23, diabetes became a huge part of his creative process. He now supports Diabetes UK Cymru to raise awareness about the need for more mental health support.



THANK YOU

Trusts and Foundations

The Albert Gubay Charitable Foundation

The Charles Wolfson Charitable Trust

Chellaram Foundation

Coronavirus Community Support Fund,
distributed by The National Lottery
Community Fund

E B M Charitable Trust

Edwin George Robinson Charitable Trust

Eveson Charitable Trust

The Foster Wood Foundation

G J W Turner Trust

Garfield Weston Foundation

Kilpatrick Fraser Charitable Trust

The Lidbury Family Trust

London Community Response Fund

Masonic Charitable Foundation

Moondance Foundation

The National Lottery Community
Fund Northern Ireland

The National Lottery Community
Fund Scotland

Rosetrees Trust

Scottish Government Wellbeing Fund

The Simon Gibson Charitable Trust

Sport England



Individuals

Kip and Alison Bertram

Shaun and Jennie Bowler

Donald Burt

David Dupont

Michael Findlay

Trevor and Evie Pitman

Mike and Angie Rutherford

Francois Tarrisse

David and Christine Thorp



Corporate partners

Abbott

AstraZeneca

Boehringer Ingelheim

Boots UK Limited

Britvic PLC

Eli Lilly

Florette

Next PLC

Novo Nordisk Limited

Roche Diabetes Care

Sanofi

Saladmaster UK

Simplyhealth

Tesco PLC

Thornton & Ross Limited

OUR PLANS FOR 2021

The pandemic taught us a lot. In 2021, we'll build on this to respond to the changing needs of people affected by diabetes, ensuring we're making a difference when and where it's needed the most.

As we move into the second year of our new strategy, we're determined to reflect on what we've learned as well as look forward. With the impact of the virus still being felt around the world, this is a crucial moment for us as a charity.

Now, more than ever, there's a huge opportunity to make an impact. There are three key areas we want to focus on over the next year to help us change the future for people with and at risk of diabetes.

RESPOND TO CORONAVIRUS

We'll continue to adapt to the emotional and psychological needs of people affected by diabetes as they change rapidly due to the virus.

We had to swiftly adapt to remote working in 2020. Now, we'll build on what we've learned and use new technology to enable us to be effective and agile in this changing environment.

And the virus has changed the way we fundraise. So we'll continue to inspire more people – even if it can't be face-to-face – to support our work and help us achieve our ambitious goals.



RESTORE AND BUILD FOR THE FUTURE

We'll work in partnership with others to improve diabetes care – looking at access to technology, mental health support and weight management services. And we'll drive forward care standards, putting diabetes on the national and local agendas.

2021 is a pivotal year for turning research into reality. We're a step closer to the biggest shift in treating type 1 diabetes since insulin was first discovered – immunotherapies. Now we'll work with our partners to bring these treatments to people, sooner.

DRIVE INCLUSION AND EQUALITY

The pandemic has shone a spotlight on the inequalities that already exist in relation to diabetes. We will work with others and add our voice to the fight to address social factors that lead to health inequality and a heightened risk of type 2 diabetes.

We will grow our knowledge, understanding and capacity as an organisation to ensure tackling inequality is at the heart of how we fight diabetes. We'll work to reach and represent more diverse voices, and report openly about our progress and learning.

And we've made great progress in bringing remission programmes into the NHS, to help more people be free of type 2 diabetes. We'll keep striving to ensure more people, wherever they live, get access to this life-changing programme.



GET INVOLVED

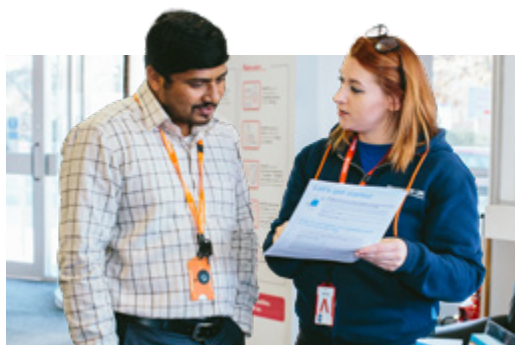
Without you, we couldn't achieve our vision of a world where diabetes can do no harm. Here are some of the ways you can be part of our fight.



YOUR DONATIONS

Donations help us fund everything from campaigns and support spaces to our helpline. Thank you.

diabetes.org.uk/donate



CORPORATE PARTNERS

Help raise awareness of diabetes and provide vital support to those affected by or at risk from it.

If you'd like to team up, get in touch at partnershipenquiries@diabetes.org.uk



PHILANTHROPISTS, CHARITABLE TRUSTS AND FOUNDATIONS

To find out how you, your Trust or Foundation can help us, get in touch at philanthropy@diabetes.org.uk



CHALLENGE YOURSELF

Take part in our fundraising events. Whether it's walking, running or cycling, we have a range of activities to get involved with, even when we can't physically be together.



BECOME A MEMBER

Help us make sure more and more people get the support and care needed to live confidently with diabetes.



LEAVE US A GIFT IN YOUR WILL

More than a third of our income is from gifts people leave us. It makes so much of our work possible.



VOLUNTEER YOUR TIME

Join us and run events, raise awareness in local communities or provide advice at one of our local groups. Our volunteers are the backbone of our organisation.



JOIN OUR CAMPAIGNERS

You could be fighting to secure government changes at a national level one day and pushing for local care improvements the next.

For more on any of these, go to diabetes.org.uk/how-to-help

GET SUPPORT

Talk to us

We have a dedicated helpline for anyone living with diabetes, their family or friends, and people who are worried they might be at risk.

Our team can provide you with advice on practical issues like driving or problems at work, or they can talk through any social, emotional or psychological difficulties you might be facing. If you're having a bad day and simply need to chat with someone who understands diabetes, we're here for you.

Call **0345 123 2399**

Monday to Friday, 9am to 6pm

Email **helpline@diabetes.org.uk**

Go online

Our website is bursting with useful information and tips to help you learn about diabetes. More advice and help is available from our interactive Learning Zone, online support forum and Facebook and Twitter communities. They're ready and waiting to answer your questions and point you in the right direction.

diabetes.org.uk

learningzone.diabetes.org.uk

forum.diabetes.org.uk

 **/diabetesuk**

 **@DiabetesUK**

Join a local group

If you love to meet like-minded people, check out your local support group. We run more than 330 of them up and down the UK, with many of them meeting online. Our groups are filled with people who've been there, done that and got the Diabetes UK t-shirt. Along with providing support and understanding they also raise awareness, campaign, fundraise and organise social events.

Find your nearest group:

Go to **diabetes.org.uk/groups**

Call **0345 123 2399**

Email **info@diabetes.org.uk**



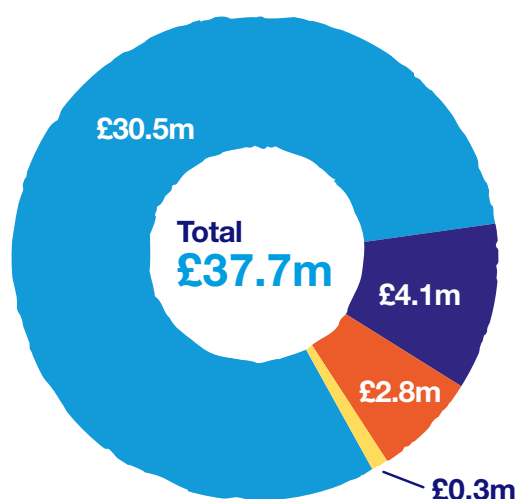
OUR FINANCES AND HOW WE'RE RUN



Overall

2020 was a hugely unpredictable year and we ended it with a surplus of £0.7 million due to a combination of factors. We had planned to make a deficit in 2020, but lockdown and social distancing measures had a significant impact on our ability to deliver many activities and events in the usual way. While we managed to ensure we supported people living with diabetes through the challenges of the pandemic, we had to move away from face-to-face and physical activities, which reduced our expenditure.

We expected to see a similarly significant reduction in our income, but through a huge amount of hard work and the incredible generosity of our supporters our income was only £1.2m less than what we achieved in 2019. This result was aided by the receipt of a particularly large legacy, along with several other significant legacies at the end of the year. We plan to re-establish many activities impacted by the pandemic in 2021, applying what we've learned about new ways of working, but are also monitoring the ongoing financial risks and will pay particular attention to our income prospects and spending into the new year and beyond.



- Donations and legacies
- Other trading activities
- Income from charitable activities
- Income from investments

Income

In 2020 our total income was £37.7 million, a decrease of £1.2 million compared to 2019. Our legacy income increased to £16.2 million in 2020, £0.8 million higher than 2019, and we continue to be grateful to the many supporters who choose to leave us a gift in their Will. Other donations fell to £14.3 million, £1.2 million less than in 2019. This was a positive result given the pressures of the pandemic, but reflects challenges in some areas, such as community fundraising where social distancing restrictions impacted our activities.

The health and fundraising partnership between ourselves, Tesco, the British Heart Foundation and Cancer Research UK raised £2.5 million for Diabetes UK in 2020, down slightly from £2.9 million in 2019, despite the pandemic meaning that the major Dance Beats fundraising event couldn't go ahead.

Activities that generate income and also help us to meet our charitable objectives brought in £2.8 million in 2020, down from £3.1 million in 2019. The reduction was mainly due to the cancellation of our Diabetes UK Professional Conference, which was due to take place just as the government imposed restrictions on non-essential travel and contact with others in March 2020. The pandemic also meant that activities such as our in-person Type 1 Family Weekender events couldn't run, although we were still able to support families through new online services. The reduced income in these areas was offset to some extent by reductions in cost.

We received £0.8 million from pharmaceutical companies in 2020 – made up of £0.7 million through our trading subsidiary relating to event sponsorship, and £0.1 million in support of other charitable activities including work such as our new online professional development course for healthcare professionals (see page 23).

We claimed £0.5 million under the Coronavirus Job Retention Scheme, as shown in note 7 to the accounts. Our priority through the pandemic has been to ensure that we continue to provide support to people living with diabetes, and we only used the scheme where employees both could not fulfil their role due to restrictions imposed to control the virus, and could not be redeployed to meet demand for services elsewhere. As we adapted to the constraints of the pandemic and part-time furlough became an option, we were able to redeploy to a greater extent and successfully reduced the number of staff furloughed from 54 full-time equivalent roles in May 2020 to just 4.5 by the end of the year.

Expenditure

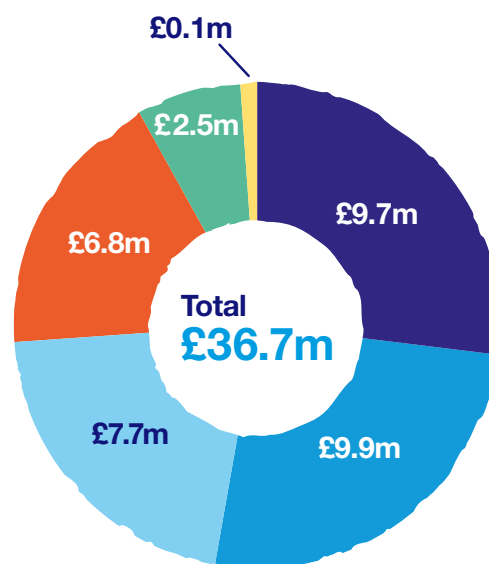
We spent £36.7 million in 2020, £2.8 million down on 2019. We saw a general reduction in spend across all areas of our work as the pandemic meant that we were unable to operate as planned and had to rethink how we delivered activity, affecting everything from our family weekend events to our conferences, face-to-face fundraising and general travel budgets.

Spend on our work to cure or prevent diabetes reduced by £0.5 million, to £9.9 million in total. This is where the majority of our research investment sits and the considerable disruption of the pandemic meant that we considered a reduced number of applications in the year, spending £5.9 million on research grants in 2020 compared to £6.6 million in 2019. We are planning to restore our research investment to pre-pandemic levels in 2021.

Similarly, our spend on programmes to help people live well with diabetes reduced by £0.5 million to £6.8 million, reflecting the cancellation of our in-person family weekend events and other changes to our plans.

We are striving for better care for people living with diabetes by working with the NHS, national governments and healthcare professionals. Within this area, the cancellation of the Diabetes UK Professional Conference had an impact on expenditure with spend dropping by £0.7 million to a total of £7.7 million overall in 2020. Similarly, spend on the prevention of type 2 diabetes fell by £0.4 million to £2.5 million, reflecting changes to our planned activities here. We continue as the lead partner for the Obesity Health Alliance, who are included in the figures for this area.

Our spend on remission also reduced in 2020, with a significant investment in this area being our Diabetes Remission Clinical Trial (DiRECT). The results from this study have inspired the NHS to offer a low-calorie diet programme to 5,000 people across England recently diagnosed with type 2 in the hope of helping them put their diabetes into remission.



- Expenditure on raising funds
- Expenditure on charitable activities:**
- Cure or prevent
- Better care
- Living well
- Prevention
- Remission

Our strategic outcomes are supported by our drivers – fighting diabetes with you, addressing and fighting inequality, harnessing technology and learning and improving together. We have apportioned these costs across the outcomes above as they directly support their work.

Our expenditure on raising funds decreased by 7% compared to 2019, standing at £9.7 million in 2020, but we're continuing to ensure that our investment here is used effectively. This change was driven by the cancellation of events including the London Marathon and other face-to-face fundraising events, as well as not being able to recruit more members and donors through in-person engagement which led to lower costs.

Our approach to reserves management

Reserves are held for a number of practical reasons, including:

- So that we can provide continuity of our medical research, services and advocacy to benefit people living with or at risk of diabetes should our fundraised income fall unexpectedly.
- To provide working capital to meet upfront expenditure during the year before income is received.
- To provide resource for investment, for example, updating technology, developing services and ensuring we maximise our reach.

As at 31 December 2020, Diabetes UK total reserves were £17.8 million, of which £0.3 million were restricted under trust law to specific use (see below). In line with the Charity Commission definition, unrestricted funds excluding tangible fixed assets, our general reserves stood at £17.8 million. As shown in note 25 to the financial statements, Diabetes UK has £9.9 million research grant commitments which are not deducted from this measure of reserves. Due to the longer-term nature of our research commitments, we operate a liquidity measure, defined as unrestricted cash plus investments, to ensure we have sufficient reserves and currently have a minimum tolerable level of £12 million. While cashflow can be volatile and we have significant research commitments, our current liquidity level of £26.3 million supports our approach to invest strongly in research, services and reaching people with diabetes in 2021. We want to move out of the pandemic in a strong position so that we can maximise the support we give to everyone who needs it and meet the ambition of our strategy A generation to end the harm.

Our approach to investments

We manage our reserves as a combination of cash and investments. Cash reserves can be accessed quickly if we need them, while investments should grow our reserves over the long term and guard them against being eroded by inflation. Reserves that we don't expect to draw down for several years are held in securities as part of an investment portfolio. We review the amount of reserves held in our portfolio annually as part of our budget process. Our Finance Committee reviews the underlying principles of our investments at least annually. The investment portfolio is managed on our behalf by Smith and Williamson who are asked to choose a portfolio to give us the best financial return within an acceptable level of risk. They provide us with regular updates and we assess their performance throughout the year.

In May 2020 we made the decision to redeem £4 million from our investment portfolio after an assessment of our medium-term cash requirements and what we judged to be an increase risk of volatility in our investments due to the pandemic. We also took the decision to reduce the amount of risk within our investment approach given the level of uncertainty in the wider global economy. Overall, we made a loss on investments of £0.3 million (2019: £1.4 million gain) which we consider acceptable given the longer-term objectives of the portfolio. We are currently reviewing our existing long-term target return of Consumer Price Index (CPI) plus 3% (measured on a total return basis net of all fees) as we understand the emerging impact of Covid-19 on our finances.

We only hold cash with creditworthy financial institutions and deposits are sufficiently diversified to manage risk. We aim to place no more than £5 million in an individual institution, and we do not commit funds for more than 12 months. Placement in any new institutions must be approved by the Finance Committee.

Pensions

Diabetes UK provides employees with the opportunity to participate in a defined contribution pension scheme.

In the past, we also provided a defined benefit scheme. It closed to new entrants and further accruals in August 2004. The scheme remains subject to a formal triennial funding valuation, with the most recent completed on 31 December 2019. This showed a funding surplus of £0.4 million. The next valuation on 31 December 2022 will be available in 2023. For financial reporting purposes, the actuary carries out a separate annual valuation in accordance with FRS 102: Employee Benefits, in which different funding assumptions are applied. The FRS 102 valuation on 31 December 2020 showed a deficit of £1.7 million (2019: £1.4 million) and is further explained in note 30 to the financial statements.

The Directors of the charity work closely with the Trustee Board of our pension scheme and their fiduciary advisers to review valuation reports, review sponsor risks and build the impacts of these into our financial modelling. This enables us to understand any risks to our finances and manage them such that we remain able to achieve our charitable objectives.

Going concern

The Board of Trustees has reviewed Diabetes UK's activities, financial position and risk management policies together with factors likely to affect future development, including the impact of economic uncertainty on voluntary income. The financial impact of the pandemic was central to these assessments, applying what we learned in 2020 and considering the ways in which 2021 and future years might present a different experience. The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Audit

Crowe UK LLP have expressed their willingness to continue in office, and will be reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Risks and uncertainties

We are committed to effective risk management and have adopted the Three Lines of Defence Model. We call it Keeping Safe, Legal and Healthy. This is a tried and tested framework, which ensures significant risks associated with our work and services are appropriately managed. This approach was reviewed in 2018 by our auditors, and we implemented their recommendations in 2019, to ensure we are managing risks as effectively as possible.

Risk management also forms an integral part of our planning processes and project methodology, including how we organise our many events.

We encourage our employees and volunteers to notice and report risks as a normal part of their work.

The Executive team discusses new risks, and changes to existing risks, on a regular basis, and holds in-depth quarterly reviews of our corporate risk register. Our Audit and Risk Committee, and the Board of Trustees, have overall responsibility for ensuring we have appropriate systems and processes in place to manage risks. They review our most significant risks regularly.

The onset of Covid-19 intensified key existing risks on our register, notably a potential significant fall in income due to a recession and the ability of the healthcare system to deliver good quality care to people with diabetes. The pandemic has introduced new risks associated with the impact of the virus on people with diabetes, and disruption to some of the ways in which we provide support to people.

Our key risks in 2020, and our mitigations for those risks are:

- **Not making the best strategic choices and losing sight of our strategy vision whilst responding to the pandemic crisis.** If we do not do the right things at the right times, our ability to improve the lives of those affected by diabetes will be limited. This area has become even more critical for us since the pandemic has shifted our areas of focus and changed the way in which we work and engage with people living with or affected by diabetes. Our decision to adopt an outcomes focus for our 2020 to 2025 strategy has provided us with clear direction for 2020 and beyond, and a focus on the goals of our strategy has helped us to be responsive to new needs while maintaining a longer term vision in these challenging times. The approach also provides us with regular opportunity to review our plans and ways of working, ensuring we make the best use of our assets to maximise the impact of our work.

- **Not engaging sufficiently with those affected by diabetes.** To be viewed as a reliable advocate, and meet the needs of people with diabetes, we need to engage with their experiences, insights and aspirations. A key part of planning and developing our work is ensuring we focus on how we can better engage, work with and build communities for people with diabetes. This has been a key focus for 2020 as the increasing numbers of people approaching us for support in the pandemic has enabled us to understand and quickly respond to needs. We have also focused on how our use of technology can strengthen, broaden and deepen our links to people with diabetes, so that our work continues to reflect their views and challenges. The coronavirus crisis has presented us with an acute need to support and we have and continue to respond to this by ensuring our helpline can effectively work remotely, adapting our face-to-face support offers, working closely with key partners such as the NHS, and further developing our digital service offers.
- **Not working effectively with other agencies.** We cannot create a world where diabetes can do no harm alone. It is vital that we have close links with key organisations, such as the NHS, and are able to drive forward the needs of people with and at risk of diabetes in a way that recognises the financial and capacity pressures it faces, particularly in the wake of the coronavirus pandemic. Building partnerships and working with others to increase our efficacy and impact is a key aspect of our strategy and will drive our ambitious plans in 2021 and beyond.

- **Income targets not being met.** Without income growth it will be more difficult to deliver our ambitious strategy and we have already experienced fresh challenges in fundraising as a result of the pandemic. A key element of our strategy focuses on how we can engage and mobilise people to increase our income including developing new and innovative ways to generate income. We continue to invest in fundraising, with additional caution around expected return, and undertake reviews of our plans to grow engagement and income, ensuring we are focusing on the activities that will accelerate our progress at this critical time.

Assurance reviews of controls and processes within key areas of risk management take place each year. In 2020 these have particularly focused on ensuring that controls and processes respond to challenges related to remote working and other impacts of the pandemic, as well as taking forward the recommendations from an independent review into our safeguarding practice. Our auditors also make recommendations for improvement – which we have either implemented, or are in the process of implementing. Our progress in implementation is regularly reviewed by the trustees. The Board of Trustees considers that the systems, processes and controls that we have in place are appropriate for the management of the charity’s exposures to the major risks identified, including those related to coronavirus.

Our approach to modern slavery and our supply chain

We remain committed to continuously improving our processes to combat slavery and human trafficking in our business and supply chain. We carry out due diligence on our suppliers and have continued to embed a refreshed procurement approach this year with additional procedures for suppliers considered to be higher risk. This will ensure we continue to only select suppliers who comply with our high standards and policies. Our full statement is available on our website.

How we're organised and governed

The Diabetic Association was set up in 1934 by the novelist HG Wells and Dr RD Lawrence, who both lived with diabetes. We changed our name 20 years later to The British Diabetic Association and this remains our legal name, although since 2000 we have operated as Diabetes UK.

Diabetes UK is a company limited by guarantee and is registered with the Charity Commission in England and Wales. This means our trustees are also company directors, so subject to company as well as charity law. We are also registered with the Office of the Scottish Regulator in Scotland. We work across all four nations, adapting our services to relevant regional and local circumstances and need.

Our Board of Trustees

Our Board of Trustees – referred to as the Board from now on – has collective responsibility for everything we do and is responsible for:

- our overall strategic direction, including evaluating progress against our strategic plans
- ensuring our financial stability
- acting in the best interests of our organisation
- ensuring that we comply with our governing documents, and any other relevant legislation.

The maximum number of trustees permitted under our Articles of Association is 14. We began 2020 with 12 trustees, until the retirement of trustee Noah Franklin in July.

Our trustees bring a broad range of skills, expertise, and experience to the Board. Some are living with diabetes or caring for someone with diabetes, and some are healthcare professionals. They all work with us on a voluntary basis to ensure that we are doing everything we can to create a world where diabetes can do no harm.

Trustees usually serve an initial term of up to three years. They can be re-appointed for two further terms of up to three years but cannot serve for a continuous period of more than nine years. We recruit trustees through a variety of means, including open advertising, using targeted recruitment searches when necessary to ensure that we have the right balance of skills and experience. A sub-committee of the Board – our Governance and Nominations Committee (GNC) – is responsible for overseeing the recruitment and appointment process.

Upon appointment, trustees complete an induction programme and all trustees meet the Chair of the Board on a one-to-one basis.

Our Board adopted the Charity Governance Code in 2018, following comments and recommendations from GNC. GNC considered the Code again in 2019, and the Board concluded that the current arrangements with our trading subsidiary were satisfactory according to the Charity Commission's guidance.

The Board recognises that some of the detail of the recommended practice in Principle 6 – Equality, Diversity and Inclusion, continues to be aspirational. Planned trustee recruitment was paused earlier in the year as a result of the pandemic, but when resumed in the last quarter of 2020, GNC identified increasing diversity as a key priority. This was reflected in the appointment of a new trustee based in Wales, who will take up trusteeship in January 2021. GNC will review the recent updates to the Charity Governance Code at its first meeting of 2021 and make recommendations to the Board.

Board meetings

Our Board usually meets six times a year, holding one meeting as an annual away day where trustees and the Executive team (the Chief Executive and senior staff colleagues) can together explore key strategic issues.

During 2020, our Board held two face-to-face meetings in January and mid-March, and then by video-conference on a further five occasions. Unsurprisingly, the Board had to focus on the impact of the pandemic on our financial position and our strategic plans. Given the unprecedented challenges of the pandemic, our Board also received regular updates from the Chief Executive outside the meeting cycle.

Sub-committees of the Board

The Board delegates some areas of its work to sub-committees, which usually meet three or four times a year. In 2020, our Finance Committee held two additional remote meetings to review our financial progress in more detail. The sub-committees of the Board are:

BOARD OF TRUSTEES

Audit and Risk

Oversees the financial audit and reporting process; reviews the effectiveness of the independent audit process; leads on reviewing risk and monitors compliance with external requirements and internal policies.

Finance

Oversees and reviews all financial aspects and advises the Board accordingly; evaluates the annual budget before board approval.

Governance and Nominations

Ensures that we have sound governance arrangements so we can achieve our charitable aims and the highest possible standards of governance; leads on trustee recruitment.

Remuneration

Considers the total rewards policies, including remuneration and benefits, of the whole organisation as well as considering broader staff satisfaction and people metrics, and recommends organisation-wide pay increases for Board approval.

Research

Assesses and approves applications for funding for basic, clinical and health services research, within the guidelines set by the Board and in accordance with the Association of Medical Research Charities' recommended best practice.

Membership of our sub-committees is made up of trustees, with most serving on at least one. Exceptions are our Governance and Nominations Committee – there are three non-trustee members including the independent committee chair as well as trustee members; and our Research Committee, which is made up of non-trustee members who have specialist expert knowledge across all our varied areas of research.

Key stakeholders – our advisory groups

We are very grateful to the following advisory groups, who help us enormously, and whose meeting minutes are circulated to the Board:

- **The Council of People Living with Diabetes (CPD)** helps us to focus on what really matters to people living with diabetes. There are around 25 members, drawn from all four nations, including people with direct experience of type 1 and type 2 diabetes as well as carers and parents of children with diabetes.
- **The Council of Healthcare Professionals (CHP)** helps us provide effective support and advice to the wider community of healthcare professionals working with people with diabetes in a range of disciplines and settings. There are around 20 members drawn from all four nations.
- **National Advisory Councils** in Scotland, Wales and Northern Ireland. Our national directors have the support of advisory councils with experience and expertise on specific issues. Council members include healthcare professionals and those living with or affected by diabetes.
- **The Science and Research Advisory Group** is made up of both professional and lay members who help us review research in our field. It makes recommendations to the Board on the strategic areas that will have the most impact.

How we organise our work

The Board delegates responsibility for operational management to our Chief Executive, who leads the Executive team. We have seven directorates, each led by a member of the Executive team.

CHIEF EXECUTIVE



Subsidiaries and related parties

We have a wholly owned trading subsidiary – Diabetes UK Services Limited. Its principal activities relate to corporate sponsorship, fundraising events, sales of goods including Christmas cards, and income from promotional activities. The accounts for the subsidiary are consolidated in the accounts presented on pages 60 to 85.

The company's performance continues to be satisfactory and the taxable profit of £1.3 million (2019: £1.3 million) will be donated to Diabetes UK under Gift Aid.

How our work delivers public benefit

We have a duty to report on the public benefit that we deliver under section four of the Charities Act 2011. Taking the Charity Commission's guidance into consideration, the Board is satisfied that our public benefit requirements have been met.

- We provide a range of direct services and practical support to people affected by diabetes or at risk of diabetes.
- We train and support healthcare professionals from a wide range of disciplines to improve diabetes services in their local areas.
- We continue to commit more of our own funds to research – building our knowledge of diabetes, developing improved treatments and, one day, finding a cure.

How we fundraise

We're almost entirely reliant on donations to fund our work. Without the public's generosity we wouldn't be able to support people with or at risk of diabetes or make research breakthroughs.

We are registered with the Fundraising Regulator and are open about how we raise our funds. We continually strive to adhere to the Code of Fundraising Practice and are committed to the Fundraising Promise. We are also a member of the Chartered Institute of Fundraising and the Direct Marketing Association. This report covers the requirements charities must follow as set out in the Charities Act 2016.

We seek to minimise the risk of breaches of fundraising compliance through training and inductions for new employees and implementing compliance policies. We will proactively engage with the Fundraising Regulator and other bodies as needed to ensure that any concerns raised are addressed as a priority.

Our generous supporters raise money for us in many different ways including fundraising in their local communities and through our local groups. In March, the start of the Covid-19 pandemic and the subsequent lockdown caused us to cancel or pause a number of our fundraising activities. Mass participation events were postponed or cancelled including the London Marathon, as were our own events such as our summer series of walks including our London Bridges walk. As the weeks progressed, we were able to adapt or recommence some of our paused activities like Swim 22 as the first lockdown eased.

We have partnerships with a number of organisations, including some commercial participator agreements and see partnership working as a crucial route to achieving our mission. We have safeguards in place with our partners to ensure that we do not compromise our independence in any way. We're also supported by a number of charitable Trusts and Foundations, as well as philanthropic gifts from donors.

People can sign up to make a regular donation, play our lottery, or become a member through a variety of routes. These normally include fundraising door-to-door or on privately owned sites such as shopping centres, although all of this activity was paused in March. We also ask people to give to us through our regular appeals, our raffles or by leaving a gift in their Will.

Some of our fundraising activity is conducted on our behalf by carefully selected fundraising agencies who ask people if they would like to take part in our weekly lottery or become members. Due to the pandemic most of this activity has taken place over phone this year where we've had permission to talk to people.

We work very closely with our agencies to ensure they represent our work and our organisation to the very highest standards. We monitor our agencies regularly, using a range of methods, to ensure that everyone who works on our behalf adheres to our high standards. Monitoring methods include call listening, shadowing and mystery shopping.

Our website outlines our complaints process clearly. In 2020, 38 complaints about fundraising were received. We have responded to every complaint and ensure we resolve, learn and take action to prevent issues happening again. We report the number of complaints we receive each year to the Fundraising Regulator. We also publish an internal complaints report that is shared with our directors.

We train and support our staff and agencies to identify and protect people in vulnerable circumstances in accordance with our Vulnerable People Policy. All of our direct marketing communications contain clear instructions of how a supporter can easily opt out of receiving any further communication should they wish to. We are also signed up to the Fundraising Preference Service to enable people to let us know that they do not wish to receive fundraising communications from us. We received 21 requests from this service last year.

A controls framework is in place for effective internal governance of our fundraising. The Board receives regular reports on performance, compliance and plans. Our Audit and Risk Committee considers our fundraising compliance in more detail and the Finance Committee looks closely at our financial performance. In addition, we have reviewed in detail and reported on the controls we have in place relating to each area of accountability covered in the Charity Commission's guidance set out in CC20 Charity fundraising: a guide to trustee duties.

Our staff

Our aim at Diabetes UK is for colleagues to thrive and be at their best while working here. This has been especially important during a year when the coronavirus pandemic has significantly affected how we work.

The wellbeing of our staff was a particular focus. We provided additional training, online resources and opportunities for colleagues to come together, virtually, formally and informally. This was on top of our existing Employee Assistance Programme and team of Mental Health First Aiders.

Equality

We are committed to equality of opportunity for all employees. Our employment practices, policies and procedures aim to ensure that no employee or potential employee receives less favourable treatment as a result of protected characteristics. During 2020 we reviewed all our recruitment processes and procedures and will introduce anonymised shortlisting early in 2021.

We are committed to making reasonable adjustments required by colleagues, where it is reasonable and possible to do so. This includes asking job applicants how we can best support them to participate in our recruitment and selection processes. This was especially important in 2020, as we adapted to using video conferencing for interviews. We offer a range of flexible working options and support colleagues who have agreed Access to Work contracts.

Training and development

Every new colleague attends a two-day induction event where they learn about the charity's work and strategy, meet our Chief Executive, and learn more about diabetes. This has continued in 2020 as an online learning event. This is supplemented by a local induction plan of meetings, e-learning and events, such as monthly 'knowing diabetes' sessions.

After this initial induction training, we encourage all colleagues to agree a personal development plan with their managers. Our learning and development offer includes a range of in-house opportunities, as well as opportunities to apply for funding to take part in external courses, conferences and qualifications. Our funding decisions are based on relevance to a colleague's role and the needs they have identified. In 2020, we moved our training programme online so that it remained accessible to colleagues, wherever they were working.

Consultation and communication

At Diabetes UK we have regular meetings with trade union representatives, through our Joint Consultative Committee, and our Colleague Forum. The Colleague Forum is made up of staff representatives from each of our directorates. These meetings are opportunities to talk with colleague representatives on charity-wide matters and proposed changes, and to learn more about topics that are important to them. This year the Forum played a vital role in helping us to connect with colleagues, especially when considering our plans for returning to offices (when this is possible) and thinking about what our future ways of working will be.

Our annual staff survey is an opportunity for everyone to feed back on their experience working at Diabetes UK. We ran additional pulse surveys in 2020 to keep in touch with how colleagues were experiencing the impact of the pandemic.

Colleagues have regular 1:1 meetings with their managers and we encourage managers to run regular team, department and directorate meetings. These help individuals and teams understand how they contribute to our work and the progress their directorate is making against agreed plans.

Across the charity, staff are kept up-to-date in a variety of ways. The intranet is a hub of organisational news and information, and a summary of key articles is distributed to all staff in a weekly e-newsletter. Our directors and assistant directors run quarterly townhall events to report on progress against the annual plan. In 2020, we introduced more ways of updating colleagues about our strategy, projects and key pieces of work through shorter online conversations, presentations and vlogs.

Pay and benefits

Our approach to remuneration is designed to ensure we can attract and retain talented and motivated people with the right experience and skills. We aim to pay competitively, within the context of affordability, and benchmark our salaries and benefits against other similar organisations.

We have a simple and transparent job evaluation process, using an externally recognised benchmarking tool, to set our pay bands. We also have a recognition scheme in place and a range of benefits.

Our trustees have overall responsibility for our pay policy including the salaries of our Chief Executive and other Executive team members. Our Remuneration Committee – comprising the Chair, Vice-Chair, and Treasurer of the Board – approve any organisation-wide increases, as well as the remuneration for our Executive team.

Furlough

Our mission is always our priority and we remain committed to serving those living with or at risk of diabetes. In 2020, during the coronavirus pandemic, our colleagues pulled together to make adjustments in many areas of our work in order to continue delivering our services. However, during the crisis it was unavoidable that some of our staff were unable to complete the jobs they are employed to do. Following a full review of the impact on our work, consideration of government guidelines, and staff consultation, we used the coronavirus Job Retention Scheme to furlough a number of staff on a full – or part-time basis. We will continue to monitor the situation as things change in 2021.

Our approach to grant making

Our research strategy and objectives are set by the Science and Research Advisory Group, underpinned by priorities developed in partnership with the Diabetes Research Steering Groups. Decisions about funding of specific projects are delegated to the Research Committee. We invite applications for funding of research projects, early-career small grants, fellowships and studentships by advertising to the research community via email, on relevant websites and through partners. Applicants based at not-for-profit UK-based academic or NHS institutions may submit proposals. Applications are reviewed by a minimum of three external peer reviewers against criteria such as relevance to diabetes, scientific merit, feasibility and value for money. The reviewers' assessments are then submitted to the Research Committee, or the Fellowship and Studentship Panels. Applicants for fellowships are invited for interview by an expert panel who make the funding decision. At least one member of the Research Committee sits on each fellowship panel. Funding decisions for studentships are decided by an expert panel, including Research Committee members.

How we work to promote success

In order to be successful in our mission, we need to hear the voices of people with diabetes, our volunteers, healthcare professionals, partners and our staff in everything we do. Section 172 of the Companies Act requires our directors to act in a way they consider to be mostly likely to promote the success of the charity to achieve our outcomes. To do this we consider:

The long-term consequences of our decisions

We are grateful for the support of our advisory groups who enable us to consider the impact of the decisions we take over the medium and long term. You can read about the main ones on page 43. In 2020 we consulted with these groups on topics including new partnerships, progress against our strategy and future plans, fundraising products, and how we engage with volunteers using technology.

Our strategy sets out the change we want to see for people with diabetes in five outcomes (page 8) – and we have developed route maps that show us the best way to achieve these, meaning that we understand what our short term actions will achieve over the long term. We also pay close attention to the external context so that we can adapt and respond as needed.

The interests of our employees

Our aim is for colleagues to thrive and be at their best while working here, and we have a very active Colleague Forum who influence key decisions including our future ways of working. The wellbeing of colleagues has been a particular focus through the pandemic with new and different types of support offered while we've been working from home. We take part in the Best Companies survey and run regular 'pulse checks' to gauge employee satisfaction, as well as having a number of employee networks which are run and owned by colleagues.

The need for good relationships with partners, suppliers, customers and others

Our partners and suppliers are key to much of the work we do, and we work hard to build great relationships with them. We have clear policies on open and fair procurement and expectations of effective contract management. You can read about some of our work with partners on page 22. We use feedback to improve our customer service and are committed to an ongoing programme of work aimed at ensuring excellent customer experience in all our interactions.

The impact of what we do on the communities we work in and the environment

We take care to consult the communities we work in, with the two Councils mentioned above being examples of this. We recognise our responsibility to minimise our environment impact and have implemented all practical recommendations from our Energy Savings Opportunity Scheme report, which you can read about on page 51.

The benefits of maintaining a reputation for high standards of conduct

Our reputation is very important to us and to the people we support. We want to be trusted to inform and advise those who need our support and have clear standards of expected conduct for staff and volunteers, underpinned by our values which you can read about on page 6.

The need to act fairly

Fairness is key to achievement of these aspirations and our organisation policies reflect a consistently fair and transparent approach. We are also committed to equality in our workforce and are actively ensuring the fair treatment of colleagues which you can read about on page 46.

Statement of trustees' responsibilities

The trustees (who are also directors of The British Diabetic Association for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Board of Trustees is responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose (with reasonable accuracy) at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 55 Contents 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as each of the trustees is aware:

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

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

Approved by the Board of Trustees of Diabetes UK on 27 May 2021 including in their capacity as company directors, the strategic report contained therein, and signed on its behalf by:



Sir Peter Dixon
Chair

Streamlined Energy and Carbon Reporting

Executive summary

This report summarises the energy usage, associated emissions, energy efficiency actions and energy performance for Diabetes UK, under the government policy Streamlined Energy and Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. It also summarises, in the appendix, the methodologies used for all calculations related to the elements reported under Energy and Carbon.

During the reporting process all emissions that are produced as part of our charitable mission have been considered including details of electricity and gas usage from all nine offices located in the UK and mileage data submitted through our accounting system. To complete the full data required, 15% of the data included in this report has been estimated. As this is our first year reporting, an intensity metric of tonnes of carbon dioxide equivalent (tCO₂e) per full time equivalent (FTE) was chosen to give the most comparable measure for future reports.

Year 1

Diabetes UK's Scope 1 direct emissions (combustion of natural gas and transportation fuels) for this first year of reporting are 28 tCO₂e, resulting from the direct combustion of 132 MWh of fuel.

Scope 2 indirect emissions (purchased electricity) for this first year of reporting are 261 tCO₂e, resulting from the consumption of 1.1 GWh of electricity purchased and consumed in day-to-day business operations.

Diabetes UK's operations have an intensity metric of 0.73 tCO₂e per FTE for this reporting year.

Annual reporting figures

The total consumption and emissions figures for energy supplies reportable by Diabetes UK.

Consumption (kWh) and Greenhouse Gas emission (tCO₂e) total

The following figures make up the baseline reporting for Diabetes UK, as 2020 is the first year that we were required to report this information.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets, and grey fleet.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Totals

The total consumption (kWh) figures for energy supplies reportable by Diabetes UK are as follows:

Utility and Scope	2020 consumption (kWh)
Grid-supplied electricity (Scope 2)	1,118,647
Gaseous and other fuels (Scope 1)	56,772
Transportation (Scope 1)	75,586
Total	1,251,006

The total emission (tCO₂e) figures for energy supplies reportable by Diabetes UK are as follows. Conversion factors used in these calculations are detailed in the appendix:

Utility and Scope	2020 consumption (tCO₂e)
Grid-supplied electricity (Scope 2)	261
Gaseous and other fuels (Scope 1)	10
Transportation (Scope 1)	18
Total	289

An intensity metric of tCO₂e per FTE has been applied for the annual total emissions of Diabetes UK. The methodology of the intensity metric calculations are detailed in the appendix, and results of this analysis is as follows:

Intensity metric	2020 Intensity metric
tCO ₂ e / FTE	0.73

Energy efficiency improvements

Diabetes UK are committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to Diabetes UK has been compiled, with a view to implementing these measures in the next five years.

Measures ongoing and undertaken through 2020

Diabetes UK have worked through some of the recommendations from our ESOS phase 2 report implementing as many changes as practicable. This included:

- Gaining better control of the building management system (BMS) thereby reducing the duration that HVAC systems are operational.
- Improving the control of non-BMS controlled heating, ventilation and air conditioning (HVAC) systems by adding additional checks to the roles of our security guards, which includes checking localised heaters to ensure they are inoperative overnight.
- Rearranging lighting controls to ensure they are in a prominent usable location so that lighting in plant rooms are only in use when an engineer is present.

We are constantly pushing for the further use of video conferencing instead of face-to-face meetings but with nationwide lockdowns we have been unable to measure the real change in mileage during 2020.

Appendix

Reporting Methodology

Scope 1 and 2 consumption and CO₂e emission data have been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO₂e relevant for reporting year [01/01/2020 – 31/12/2020]: Database 2020, Version 1.01.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Diabetes UK were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 15% of reported consumption.

Intensity metrics have been calculated using the 2020 reportable figures for the following metrics, and tCO₂e for both individual sources and total emissions were then divided by this figure to determine the tCO₂e per metric: Full time equivalents (FTE) 396.

Patrons, trustees, officers and professional advisors

Patron

Her Majesty The Queen

Ambassadors

Richard Lane OBE

Professor Sir George Alberti

Mrs Anne Felton

Mr John Grumitt

Dr Michael Hall

Sir Michael Hirst

Professor Simon Howell

Mrs Judith Rich OBE

Board of Trustees and membership of sub-committees

Sir Peter Dixon, Chair

Governance and Nominations

Remuneration (Chair)

Janice Watson, Vice-Chair

Finance

Remuneration

Noah Franklin, Treasurer

(Retired 19 July 2020)

Audit and Risk

Finance (Chair)

Remuneration

Ian King, Treasurer

(From 20 July 2020)

Audit and Risk

Finance (Chair)

Remuneration

Professor Sir Harry Burns

Rosie Cunningham-Thomas

Finance (From 20 July 2020)

Professor Wasim Hanif

Governance and Nominations

Gareth Hoskin

Audit and Risk (Chair)

Helen McCallum

Audit and Risk

Governance and Nominations

Bob Swindell

Professor Wendy Thomson CBE

Audit and Risk

Dr Bob Young

Our warmest thanks go to Noah Franklin, who retired from the Board this year, and who made a significant contribution to our work during his tenure as trustee, Treasurer and chair of our Finance Committee.

The Board thanks all the members of the Research Committee for the expert advice they provide and the following non-trustee members of the Governance and Nominations Committee:

Anne Heal (Chair)

Julian Baust

Caroline Lor (member) who retired on 31 December 2020

We also thank the trustees of the British Diabetic Association Pension and Life Assurance Scheme:

Simon Hartley (Chair)

Colette Marshall

Simon O'Neill

Peter Shorrick

Senior management (the Executive team)

Chief Executive

Chris Askew OBE

Director of Engagement and Fundraising

Kath Abrahams

Director of Health Intelligence and Professional Liaison

Simon O'Neill

Director of People and Organisational Development

Adrian Blair

Director of Operations

Colette Marshall

Director of Corporate Services

Graham Galvin*

Director of Policy, Campaigns and Improvement

Bridget Turner

Director of Research

Dr Elizabeth Robertson

**Company secretary*

Bankers and professional advisors

Bankers

Barclays Bank Plc
One Churchill Place
London E14 5HP

Auditor

Crowe UK LLP
55 Ludgate Hill
London
EC4M 7JW

Investment managers

Smith & Williamson Investment
Managers LLP
25 Moorgate
London EC2R 6AY

Legal advisors

Bates Wells & Braithwaite LLP
10 Queen Street Place
London EC4R 1BE

Wilson's Solicitors LLP
4 Lincoln's Inn Fields
London WC2A 3AA

Withers LLP
20 Old Bailey
London EC4M 7AN

Diabetes UK is the operating name of The British Diabetic Association, a company limited by guarantee, registered in England and Wales (company no: 339181) and a charity registered with the Charity Commission for England & Wales (registered charity no: 215199) and with the Office of the Scottish Charity Regulator (registration no: SC039136).

Diabetes UK

Registered office address

Diabetes UK

Wells Lawrence House
126 Back Church Lane
London E1 1FH
0345 123 2399
info@diabetes.org.uk

National and regional offices

Diabetes UK Cymru

Wing A, Global Reach
Dunleavy Drive, Cardiff
CF11 0SN
029 2066 8276
wales@diabetes.org.uk

Diabetes UK Northern Ireland

Suite 1 1st Floor
Lisburn Square House
Lisburn
BT28 1TW
028 9066 6646
n.ireland@diabetes.org.uk

Diabetes UK Scotland

The Venlaw
349 Bath Street
Glasgow G2 4AA
0141 332 2700
scotland@diabetes.org.uk

Diabetes UK London

Wells Lawrence House
126 Back Church Lane
London E1 1FH
london@diabetes.org.uk

Diabetes UK Eastern

8 Atlantic Square
Station Road
Witham
Essex CM8 2TL
01376 501390
eastern@diabetes.org.uk

Diabetes UK Midlands

Suite 2C, St David's Court
Union Street, Wolverhampton WV1 3JE
01922 614500
w.midlands@diabetes.org.uk

Diabetes UK North West

Suite C, 2nd Floor
Dallam Court, Dallam Lane
Warrington WA2 7LT
01925 653281
n.west@diabetes.org.uk

Diabetes UK South East

Ground floor, Blenheim House, Blenheim Road
Longmead Industrial Estate
Epsom KT19 9AP
0208 549 5418
south.east@diabetes.org.uk

Diabetes UK South West

Victoria House, Victoria Street
Taunton TA1 3FA
01823 448260
south.west@diabetes.org.uk

Independent Auditor's Report to the Trustees of The British Diabetic Association (Diabetes UK)

Opinion

We have audited the financial statements of The British Diabetic Association ('the charitable company') and its subsidiary ('the group') for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, the consolidated and charitable company balance sheets, the consolidated cash flow statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Company Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 49, the trustees (who are also the directors for the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the group and charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the group's and charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the group and charitable company for fraud. The only other laws and regulations we considered in this context are General Data Protection Regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi

Senior Statutory Auditor

For and on behalf of Crowe UK LLP
Statutory Auditor, London

Date: 29 June 2021

FINANCIAL STATEMENTS 2020

Consolidated statement of financial activities (incorporating income and expenditure account and statement of total recognised gains and losses) for the year ended 31 December 2020.

	Notes			2020		2019	
		Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Income from:							
Donations and legacies	3	27,691	2,772	30,463	28,379	2,423	30,802
Other trading activities	4	4,113	-	4,113	4,524	-	4,524
Investments	5	291	-	291	395	-	395
Charitable activities	6	2,655	133	2,788	2,123	997	3,120
Total income		34,750	2,905	37,655	35,421	3,420	38,841
Expenditure on:							
Raising funds	8	9,662	27	9,689	10,290	127	10,417
Charitable activities							
Cure or prevent	9	7,490	2,358	9,848	7,190	3,222	10,412
Living well	9	6,602	170	6,772	6,424	802	7,226
Better care	9	7,390	317	7,707	7,678	684	8,362
Prevention	9	2,301	183	2,484	2,477	395	2,872
Remission	9	161	-	161	147	-	147
Total expenditure	9	33,606	3,055	36,661	34,206	5,230	39,436
Net (loss)/gains on investments	17	(282)	-	(282)	1,350	-	1,350
Net income/(expenditure) for the year		862	(150)	712	2,565	(1,810)	755
Transfers between funds	22	-	-	-	162	(162)	-
Other recognised gains							
Actuarial (loss)/gain on defined benefit pension	30	(313)	-	(313)	6	-	6
Net movement in funds		549	(150)	399	2,733	(1,972)	761
Fund balances at the beginning of the financial year		16,891	475	17,366	14,158	2,447	16,605
Fund balances at the end of the financial year	22/23	17,440	325	17,765	16,891	475	17,366

There are no unrealised gains or losses which do not appear on the Statement of Financial Activities (SOFA). All the above results are derived from continuing activities. The notes on pages 63 to 85 form part of these accounts.

Balance sheet at 31 December 2020

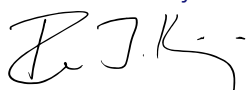
	Notes	Group		Diabetes UK	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fixed assets					
Tangible assets	16	1,360	1,576	1,360	1,576
Investments in subsidiary undertakings	26	–	-	40	40
Other investments	17	19,340	21,393	19,340	21,393
		<u>20,700</u>	<u>22,969</u>	<u>20,740</u>	<u>23,009</u>
Current assets					
Stock		119	53	20	-
Debtors	18	2,059	3,699	3,490	4,950
Cash at bank and in hand		7,338	3,683	6,185	2,886
		<u>9,516</u>	<u>7,435</u>	<u>9,695</u>	<u>7,836</u>
Creditors: amounts falling due within one year	19	(10,458)	(11,377)	(10,677)	(11,818)
Net current liabilities		<u>(942)</u>	<u>(3,942)</u>	<u>(982)</u>	<u>(3,982)</u>
Net assets before provisions		19,758	19,027	19,758	19,027
Provision: for liabilities and charges	21	(247)	(255)	(247)	(255)
Provision: defined benefit pension scheme liability	30	(1,746)	(1,406)	(1,746)	(1,406)
Net assets		<u>17,765</u>	<u>17,366</u>	<u>17,765</u>	<u>17,366</u>
Funds					
Restricted funds	22/23	325	475	325	475
Unrestricted funds					
General funds		19,186	18,297	19,186	18,297
Pension reserve deficit	30	(1,746)	(1,406)	(1,746)	(1,406)
Unrestricted funds including pension liability		<u>17,440</u>	<u>16,891</u>	<u>17,440</u>	<u>16,891</u>
Total funds		<u>17,765</u>	<u>17,366</u>	<u>17,765</u>	<u>17,366</u>

The notes on pages 63 to 85 form part of these accounts. The net movement in funds for the financial year dealt with in the financial statements of the parent company was £549k (2019: £761k).

Approved by the Board of Trustees on 27 May 2021 and signed on their behalf by:



Sir Peter Dixon
Chair



Ian King
Treasurer

Registered company no: 339181

Consolidated statement of cash flows for the year ended 31 December 2020

	2020	2019
	£'000	£'000
Cash flows from operating activities:		
Net cash used in operating activities (note 1 below)	1,777	(403)
Cash flows from investing activities:		
Dividends and interest from investments	291	395
Proceeds from the sale of tangible fixed assets	–	–
Purchase of tangible fixed assets	(184)	(242)
Proceeds from the sale of investments	8,103	2,579
Purchase of investments	(4,326)	(3,170)
Purchase of cash deposits	(2,006)	(2,707)
Net cash provided by investing activities	1,878	(3,145)
Change in cash and cash equivalents in the reporting period	3,655	(3,548)
Cash and cash equivalents at 1 January	3,683	7,231
Cash and cash equivalents at 31 December	7,338	3,683

Note 1 to the consolidated statement of cash flows	2020	2019
	£'000	£'000
Reconciliation of changes in resources to net cash (outflow) from operating activities		
Net income for the year per the SOFA	712	755
Adjustments for:		
Depreciation charges	400	454
(Gain)/loss on investments	282	(1,350)
Dividends and interest from investments	(291)	(395)
Loss/(gain) on the sale of fixed assets	0	12
Decrease in stock	(66)	8
(Increase)/decrease in debtors	1,640	(132)
Increase/(decrease) in creditors	(919)	176
Increase in provisions	(8)	32
Difference between payments to defined benefit pension scheme and amount charged to expenditure	27	37
Net cash used in operating activities	1,777	(403)

The charity has taken advantage of the exemptions in FRS 102 from the requirement to present a charity only cash flow statement.

Notes to the financial statements

1. Charity information

The charity is a private company (registered number 339181), which is incorporated and domiciled in the UK. The address of the registered office is Wells Lawrence House, 126 Back Church Lane, London E1 1FH.

2. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, and UK Generally Accepted Practice as it applies from 1 January 2015. The charity has taken advantage of exemption 408 of the Companies Act and as such a separate parent income statement has not been prepared.

Diabetes UK meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Basis of consolidation

The consolidated financial statements comprise Diabetes UK and its local groups (“Diabetes UK”) together with its subsidiary, Diabetes UK Services Limited (“the Group”). A summarised profit and loss account and balance sheet for the subsidiary is given in note 26. The results of the subsidiary have been consolidated on a line by line basis.

Diabetes UK includes the income and expenditure of local groups where returns have been received prior to the preparation of the consolidated financial statements.

Going concern

We consider the going concern basis of accounting to be appropriate following careful consideration of our financial position and a commitment to close management of the ongoing financial and operational risks. The financial impact of the pandemic was central to these assessments, both regarding delivery plans and

our ability to continue to raise voluntary income in a period of economic uncertainty.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the charity’s accounting policies the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are pensions liabilities where the charity recognises its liability to its defined benefit scheme which involves a number of estimates as disclosed in note 30, and legacies which are recognised when evidence of entitlement exists and the charity is able to measure reliably. Recognition is therefore sometimes in advance of receiving the cash.

Income

All income is accounted for when the charity has entitlement, there is probability of receipt and the amount is measurable.

Legacies

Income from legacies is recognised where evidence of entitlement exists, the value is measurable with sufficient reliability, and on the earlier of the date of receipt of finalised estate accounts, the date of payment or where there is sufficient evidence that the legacy will probably be received. In addition, full provision is made for any clawback of legacy payments when notification of such clawbacks is received.

Donations

Where donations have been collected by a third party, these are recognised when the value is measurable with sufficient reliability through the third party systems.

Membership subscriptions

In general, subscriptions, including life membership subscriptions are credited to income on receipt, as these are considered to be in the nature of donations.

Donated goods, services and facilities

These are included at the value to the charity where this can be quantified. In accordance with the Charities SORP (FRS 102), no amounts are included in the financial statements for services donated by volunteers.

Where possible, gifts in kind are valued at their market value on the date of receipt. If no market value is available, gifts in kind are valued at their estimated value to the charity.

Grants receivable, including government grants

Grants receivable are credited to income as these become receivable, except in situations where they are related to performance, in which case these are accrued as the charity earns the right through performance.

Expenditure

All expenditure is accounted for on an accruals basis and includes irrecoverable VAT where applicable.

Costs of raising funds

Costs of raising funds comprise the costs incurred in fundraising, commercial trading activities and investment management.

Fundraising costs include salaries, direct costs and an appropriate allocation of central overhead costs.

Charitable activities

Expenditure is allocated to the relevant charitable activities on a basis consistent with resource use against the strategic plan and includes salaries, direct costs and an appropriate allocation of central overhead costs.

Research grants

Diabetes UK contracts with a range of institutions to fund specific research projects. Payment is conditional on the performance of key tasks and where such tasks remain incomplete, payment is withheld. Diabetes UK operates an annual review process whereby grants are reviewed to ensure progress is being made and the research programme complies with expectations before continuing payment is confirmed. As a result of this, the first year of each research grant is recognised upfront, except where the grant is for one year only, when the final payment for that first year is not recognised until the final report is received.

Support and governance costs reallocation

Support costs consist of central team costs including governance, information technology, human resources, finance and office management functions.

Governance costs are made up of the staff costs for the governance team, Board of Trustee costs, and audit fees.

Support and governance costs are allocated to activities based on the number of staff involved in each activity.

Retirement benefits

For the defined benefit scheme the amount charged to the SOFA in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. Current service costs, interest costs and expected return on assets are included within charitable expenditure, allocated on a headcount basis by department.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the SOFA under the heading of actuarial gains and losses on defined benefit pension scheme.

For defined contribution schemes the amount charged to the SOFA in respect of pension costs and other post retirement benefits is the contributions payable in the year, allocated between activities and to unrestricted and restricted funds on the same basis as other employee-related costs. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Diabetes UK has charitable status and is thus exempt from taxation of its income and gains falling within Section 478 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No material tax charges have arisen in its subsidiaries and no provision is required for deferred taxation.

Assets and Liabilities

Tangible fixed assets

All expenditure on fixed assets in excess of £2,000 is capitalised.

The charge for depreciation is calculated to write off fixed assets by equal instalments over their expected useful lives. These are estimated to be:

Leasehold improvements: 10 years

Office equipment, fittings and furniture: 7 to 10 years

Computer hardware: 3 to 5 years

Computer software: 3 to 8 years

Motor vehicles: 5 years

Where any assets are impaired in value, provisions are made to reduce the book value of such assets to the recoverable amount.

Investments

The investments in the subsidiary undertakings are stated at cost less impairment; all other investments are stated at market value.

The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. Investment cash is held for investment purposes only. It is the intention of the trustees that fixed asset investments will not be drawn upon within the following year.

Stocks

Stocks are valued at the lower of cost and net realisable value. Stock is reviewed at year end to identify any impairment with reference to sales activity and other changes in the environment. The cost of publications held for charitable purposes is expensed as incurred.

Operating leases

Rental payments under operating leases are charged against income on a straight line basis over the term of the lease.

Pension liability

The charity recognises its liability to its defined benefit pension scheme, to the extent that the charity has a legal or constructive obligation to settle the liability, which involves a number of estimations as disclosed in note 30.

Provision is made in full for the estimated cost of unfunded pensions payable to a small number of retired former employees. The provision is re-estimated each year, based on the pensions in payment, estimated future increments and changes in the pensioners' circumstances.

Funds

The funds of Diabetes UK consist of unrestricted and restricted amounts. Diabetes UK may use unrestricted amounts at its discretion.

Restricted funds represent income contributions which are restricted to a particular purpose in accordance with the wishes of the donor.

Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

Financial assets held at amortised cost comprise cash at bank and in hand, together with trade debtors, other debtors and accrued income.

Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

Investments, including bonds held as part of an investment portfolio are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

3. Donations and legacies

	2020	2019
	Total	Total
Incoming resources	£'000	£'000
Legacies	16,171	15,337
Donations	14,292	15,465
Total	30,463	30,802

4. Other trading activities

	2020	2019
	Total	Total
Incoming resources	£'000	£'000
Lotteries	1,802	1,779
Advertising	117	218
Corporate sponsorship	1,589	1,860
Merchandising	563	621
Commercial research	–	4
Service charges	42	42
Total	4,113	4,524

5. Income from investments

	2020	2019
	Total	Total
	£'000	£'000
Dividends from listed securities	246	320
Interest on cash at bank	45	75
Total	291	395

6. Income from charitable activities

	2020	2019
	Total	Total
	£'000	£'000
Conferences	189	533
Service delivery	1,748	1,807
Care holidays	–	18
Professional membership	148	165
Publications	568	462
Rental	135	135
Total	2,788	3,120
Cure or prevent	329	311
Living well	433	316
Better care	1,584	1,960
Prevention	442	533
Total	2,788	3,120

7. Government grants

	2020	2019
	Total	Total
	£'000	£'000
Significant government grants used to fund diabetes projects and recognised in the accounts are:		
Short Breaks Fund (with funding from Scottish Government)	–	19
Coronavirus Job Retention Scheme	478	–
National Lottery Community Fund Northern Ireland	140	43
National Lottery Community Fund England	94	10
Sport England	122	68
	834	140

There are no unfulfilled conditions and other contingencies attaching to government grants.

8. Expenditure on raising funds

	2020	2019
	Total	Total
	£'000	£'000
Voluntary income		
Legacies	398	377
Donations	6,739	7,184
	7,137	7,561
Fundraising trading		
Lotteries	1,256	1,035
Advertising	182	161
Corporate sponsorship	306	980
Merchandising	733	605
	2,477	2,781
Investment management costs	75	75
Total	9,689	10,417

9. Analysis of total expenditure

	Activities undertaken directly	Activities undertaken by grant funding	Support and governance costs	2020 Total	2019 Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds	8,564	–	1,125	9,689	10,417
Expenditure on charitable activities					
Cure or prevent	3,301	5,785	762	9,848	10,412
Living well	5,395	–	1,377	6,772	7,226
Better care	6,101	–	1,606	7,707	8,362
Prevention	2,022	–	462	2,484	2,872
Remission	29	129	3	161	147
Total	25,412	5,914	5,335	36,661	39,436

10. Support costs allocations

	Governance £'000	Facilities £'000	Finance £'000	Human resources £'000	IT £'000	2020 Total £'000	2019 Total £'000
Expenditure on raising funds	35	204	201	242	443	1,125	1,286
Expenditure on charitable activities							
Cure or prevent	24	138	136	164	300	762	301
Living well	42	249	247	296	543	1,377	1,338
Better care	49	291	288	345	633	1,606	1,649
Prevention	15	84	82	99	182	462	612
Remission	0	0	1	1	1	3	1
Total	165	966	955	1,147	2,102	5,335	5,187

11. Governance costs

	2020 £'000	2019 £'000
Trustee costs	1	8
Advisory council expenses	3	11
Governance and stakeholder support costs	113	99
External audit	48	47
Total	165	165

12. Grant funding

	2020
	£'000
The institutions receiving grant funding in the year in excess of £100,000 were:	
University of Exeter	549
University College London	448
The University of Manchester	383
King's College London	336
Cardiff University	292
University of Bristol	288
Imperial College London	267
University of Glasgow	256
University of Edinburgh	235
University of Cambridge	220
University of Oxford	198
University of Birmingham	197
Academy of Medical Sciences	184
University of York	169
University of Dundee	140
University of Strathclyde	127
University of Ulster	121
University of Birmingham	115
University of Manchester	110
Queen Mary University of London	110
Queen's University Belfast	106
University of Southampton	103
	<hr/>
	4,954
Grants to other institutions	1,021
Write back of grant creditor to reflect underspends	(61)
	<hr/>
Total grants to institutions	5,914
Direct administration costs	738
Support costs	160
	<hr/>
Total	6,812
	<hr/>

	2020	2019
	£'000	£'000
Grants reconciliation		
Creditor at the beginning of the year	8,132	7,832
Grants awarded in the year	1,409	2,584
Liabilities arising on existing grants	4,566	4,079
Write back of grant to reflect underspends	(61)	(35)
Payments in the year	(6,268)	(6,328)
	<hr/>	<hr/>
Creditor at the end of the year	7,778	8,132
	<hr/>	<hr/>

13. Net incoming resources for the year is stated after charging

	2020	2019
	£'000	£'000
Depreciation (see note 16)	400	454
Auditors remuneration		
external audit: group statutory audit	43	43
external audit: other	5	4
tax advice	4	7
additional assurance	4	10
Non-recoverable VAT	1,015	1,180
Operating leases		
property	1,247	1,247
other	8	8

14. Transactions with trustees

Trustees have not been remunerated for their work as trustees during the year (2019: £NIL). However, Dr Bob Young worked as an independent contractor as a National Diabetes Audit Clinical Lead for which he received payment of £20,396 (2019: £24,096). This was paid under the statutory power to pay trustees as set out at s185 of the Charities Act 2011. The payment satisfied the conditions under the Act and was also in line with Charity Commission Guidance 'Trustee Expenses and Payments' (CC11).

A total of 2 trustees (2019: 7) have been reimbursed directly for expenses or had such expenses met by payments made to third parties at a total cost of £696 (2019: £4,459). All amounts were for reimbursement of travel and subsistence costs in relation to Board of Trustee and Advisory Council duties.

15. Staff costs

	2020	2019
	£'000	£'000
Salaries	14,912	14,078
Social security costs	1,493	1,425
Other pension costs	962	755
Redundancy and termination payments	–	22
Total	17,367	16,280

Redundancy and termination payments include £NIL (2019: £18,500) of ex-gratia payments which were agreed as part of severance packages to no (2019: two) individuals. As at the year end no (2019: £NIL) redundancy and termination payments were unpaid.

Average headcount	2020	2019
	number	number
Fundraising	71	79
Charitable activity	268	273
Support	59	48
Governance	2	2
Total	400	402

Pension costs

Pension costs comprise £961,726 (2019: £755,409) in respect of defined contribution pension schemes and £NIL (2019: £NIL) in respect of the defined benefit pension scheme.

Number of employees whose remuneration fell within the following ranges:	2020	2019
	number	number
£60,001 – £70,000	10	13
£70,001 – £80,000	6	2
£80,001 – £90,000	–	–
£90,001 – £100,000	3	4
£100,001 – £110,000	2	–
£110,001 – £120,000	1	1
£130,001 – £140,000	–	1
£140,001 – £150,000	1	–

The key management personnel (of the charity) comprise the trustees (unremunerated for their role as trustees, see note 14), the Chief Executive Officer, and the Executive Team. The total employee benefits of the key management personnel (of the charity) were £1,005,423 (2019: £940,047)

16. Tangible fixed assets

Group and Diabetes UK	Leasehold improvements £'000	Office equipment fittings & furniture £'000	Computer equipment & software £'000	Total £'000
Cost				
At 1 January 2020	1,106	332	1,496	2,934
Additions	–	6	178	184
Disposals	–	(1)	–	(1)
At 31 December 2020	1,106	337	1,674	3,117
Depreciation				
At 1 January 2020	(349)	(126)	(883)	(1,358)
Charge for the year	(111)	(33)	(256)	(400)
Disposals	–	1	–	1
At 31 December 2020	(460)	(158)	(1,139)	(1,757)
Net book value				
At 31 December 2020	646	179	535	1,360
At 31 December 2019	757	206	613	1,576

All tangible fixed assets are used for or to support charitable purposes. At the year end there were no contracted capital commitments (2019: £NIL).

17. Investments

Group and Diabetes UK	2020 £'000	2019 £'000
Market value at 1 January	21,393	16,745
Acquisitions at cost	4,326	3,170
Disposal proceeds	(8,103)	(2,579)
Gain/(loss) on investments	(282)	1,350
Net movement in cash and short term deposits	2,006	2,707
Market value at 31 December	19,340	21,393
Represented by:		
Listed securities	6,329	10,415
Property funds	732	610
Bonds	1,797	1,892
Cash on deposits	10,482	8,476
	19,340	21,393
Historical cost of investments at 31 December	18,589	20,360

All investments are carried at their fair value. Investments in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market price, using the bid price.

There were no Investments which comprised more than 5% of the total market value of non-cash investments at 31 December 2020.

18. Debtors: amount falling due within one year

	Group		Diabetes UK	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	307	384	93	95
Donation due from subsidiary undertaking	–	–	1,318	1,266
Other amounts due from subsidiary undertakings	–	–	264	357
Other debtors	116	282	207	282
Prepayments	553	997	553	988
Accrued income	1,083	2,036	1,055	1,962
	<u>2,059</u>	<u>3,699</u>	<u>3,490</u>	<u>4,950</u>

19. Creditors: amount falling due within one year

	Group		Diabetes UK	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	420	994	399	918
Amounts due to subsidiary undertakings	–	–	366	636
Taxation and social security	423	378	387	378
Other creditors	29	–	29	–
Accruals	1,463	1,511	1,405	1,454
Deferred income	345	362	313	300
Research grants creditor	7,778	8,132	7,778	8,132
	<u>10,458</u>	<u>11,377</u>	<u>10,677</u>	<u>11,818</u>

20. Deferred income

	Group		Diabetes UK	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Balance as at 1 January	362	593	300	383
Income deferred in the current year	259	217	221	163
Release from prior year	(276)	(448)	(208)	(246)
Balance as at 31 December	<u>345</u>	<u>362</u>	<u>313</u>	<u>300</u>

Income received in advance to fund activities due to take place in 2021 has been deferred where this is consistent with the terms of the funding agreement.

21. Provisions for liabilities and charges

	Pensioner costs	Dilapidation provision	Total 2020	Total 2019
	£'000	£'000	£'000	£'000
Balance brought forward at 1 January	36	219	255	223
New provision	–	–	–	33
Increase to provision	–	5	5	53
Payments made	(9)	(4)	(13)	(54)
Release of provision	–	–	–	–
Balance carried forward at 31 December	27	220	247	255

The pensioner cost provision is for future pensioner salaries that are estimated to be fully utilised by 2023. The dilapidation provision provides for the expected cost of returning our rented offices to the condition in which Diabetes UK occupied the properties. This expenditure is a condition of the lease agreements and provisions are expected to be utilised at the end of the lease agreements which range from 2020 to 2027.

22. Funds

Group – current year

	At 1 January 2020	Incoming funds	Outgoing funds	Gains	Transfers	At 31 December 2020
	£'000	£'000	£'000			£'000
General funds	18,297	30,631	(30,778)	(282)	1,318	19,186
Diabetes UK Services Limited	–	4,119	(2,801)	–	(1,318)	–
Pension reserve (see note 30)	(1,406)	–	(27)	(313)	–	(1,746)
Total unrestricted funds	16,891	34,750	(33,606)	(595)	–	17,440
Restricted funds						
Research funds	279	2,176	(2,214)	–	–	241
Care and information funds	–	84	(80)	–	–	4
Geographical funds	103	629	(655)	–	–	77
Children funds	–	10	(7)	–	–	3
Prevention	93	6	(99)	–	–	(0)
Total restricted funds	475	2,905	(3,055)	–	–	325
Total of unrestricted and restricted funds	17,366	37,655	(36,661)	(595)	–	17,765

The research funds represent funds received and used to meet the direct costs of maintaining the research programme, this year it includes £76k received from the Albert Gubay Charitable Foundation to fund the development of diabetes immunotherapy drugs. The care and information funds are restricted to meeting the costs of providing care and information. The geographical funds are restricted to use in specified areas of the UK. The charity partnership funds are funds raised through our previous partnerships with Tesco which are currently being spent on agreed programmes. Our new partnership with Tesco generates unrestricted funds. The children funds are restricted funds to be used to meet additional cost of holidays, parent/child weekends and other youth activities.

The transfers from restricted to unrestricted represent expenditure on restricted fund projects which in the prior year were funded by general funds.

Group – prior year comparative

	At 1 January 2019 £'000	Incoming funds £'000	Outgoing funds £'000	Gains	Transfers	At 31 December 2019 £'000
General funds	15,533	31,017	(31,388)	1,350	1,785	18,297
Diabetes UK Services Limited	–	4,404	(2,781)	–	(1,623)	–
Pension reserve (see note 30)	(1,375)	–	(37)	6	–	(1,406)
Total unrestricted funds	<u>14,158</u>	<u>35,421</u>	<u>(34,206)</u>	<u>1,356</u>	<u>162</u>	<u>16,891</u>
Restricted funds						
Research funds	147	2,343	(2,077)	–	(134)	279
Care and information funds	94	232	(288)	–	(38)	–
Geographical funds	140	495	(532)	–	–	103
Children funds	19	59	(78)	–	–	–
Charity partnership	2,006	24	(2,030)	–	–	–
Prevention	41	267	(225)	–	10	93
Total restricted funds	<u>2,447</u>	<u>3,420</u>	<u>(5,230)</u>	<u>–</u>	<u>(162)</u>	<u>475</u>
Total of unrestricted and restricted funds	<u>16,605</u>	<u>38,841</u>	<u>(39,436)</u>	<u>1,356</u>	<u>–</u>	<u>17,366</u>

23. Total funds

Total funds are invested as follows:

Current year

Group	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	1,360	-	1,360
Fixed asset investments	19,340	-	19,340
Net current liabilities	(1,267)	325	(942)
Provisions	(1,993)	-	(1,993)
Total net assets	17,440	325	17,765

Diabetes UK	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	1,360	-	1,360
Investments in subsidiary undertakings	40	-	40
Fixed asset investments	19,340	-	19,340
Net current liabilities	(1,307)	325	(982)
Provisions	(1,993)	-	(1,993)
Total net assets	17,440	325	17,765

Prior year comparative

Group	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	1,576	-	1,576
Fixed asset investments	21,393	-	21,393
Net current assets	(4,417)	475	(3,942)
Provisions	(1,661)	-	(1,661)
Total net assets	16,891	475	17,366

Diabetes UK	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	1,576	-	1,576
Investments in subsidiary undertakings	40	-	40
Fixed asset investments	21,393	-	21,393
Net current liabilities	(4,475)	475	(4,000)
Provisions	(1,643)	-	(1,643)
Total net assets	16,891	475	17,366

24. Operating leases – commitments and contracted income

	Other		Property	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Total lease commitments due under non-cancellable operating leases:				
within one year	4	8	1,338	1,330
between two and three years	–	4	2,255	2,403
between four and five years	–	–	1,660	1,798
after five years	–	–	189	1,012
	<u>4</u>	<u>12</u>	<u>5,442</u>	<u>6,543</u>

		Property	
		2020	2019
		£'000	£'000
Total lease income due under non-cancellable operating leases:			
within one year		158	158
between two and three years		184	316
between four and five years		–	184
after five years		–	–
		<u>342</u>	<u>658</u>

The lease income relates to the rental, to a third party, of office space at our central office.

25. Commitments to spend – research grants

At 31 December 2020 Diabetes UK had entered into contracts in respect of expenditure on research amounting to £9,915,000 (2019: £12,309,000).

These contracts are subject to an annual review process at which future funding is determined. Diabetes UK recognises grant expenditure on an annual basis as explained in note 1.

	2020	2019
	£'000	£'000
within one year	4,882	5,594
between two and three years	4,445	5,971
between four and five years	588	744
	<u>9,915</u>	<u>12,309</u>

26. Subsidiary undertakings

Diabetes UK has two wholly owned subsidiaries, BDA Research Limited and Diabetes UK Services Limited which are incorporated in the UK and registered in England with registered office Wells Lawrence house, 126 Back Church Lane, E1 1FH. Their company registration numbers are 3339062 and 891004 respectively. The financial statements of Diabetes UK Services are audited and filed at Companies House. BDA Research Limited did not carry out any business activity in the year.

(a) Investment in subsidiary

	2020 £'000	2019 £'000
Investment in subsidiary undertakings	40	40

Diabetes UK's investment in BDA Research Limited is £2, being the whole of the issued share capital of that company. BDA Research Limited has net assets and called up share capital of £2 as at 31 December 2020 (2019: £2). Diabetes UK's investment in Diabetes UK Services Limited is 40,003 ordinary shares of £1 each, being the whole of the issued share capital of that company. Diabetes UK Services Limited has net assets and called up share capital of £40,003 as at 31 December 2020 (2019: £40,003).

(b) Summary of results of consolidated entities

	Diabetes UK 2020 £'000	Diabetes UK Services Limited 2020 £'000	Intercompany Transactions 2020 £'000	Total 2020 £'000
Income				
Donations and legacies	31,781	–	(1,318)	30,463
Other trading activities	258	4,119	(264)	4,113
Income from investments	291	–	–	291
Income from charitable activities	2,788	–	–	2,788
	35,118	4,119	(1,582)	37,655
Expenditure				
Expenditure on raising funds	(7,152)	(2,537)	–	(9,689)
Expenditure on charitable activities	(26,972)	–	–	(26,972)
Donation to Diabetes UK	–	(1,318)	1,318	–
Service charge	–	(264)	264	–
	(34,124)	(4,119)	1,582	(36,661)
Net loss on investments	(282)	–	–	(282)
Actuarial gains on defined benefit pension	(313)	–	–	(313)
Net movement in funds	399	–	–	399

(c) Financial position of consolidated entities

	Diabetes UK	Diabetes UK	Intercompany	Total
	2020	Services Limited	Balances	2020
	£'000	2020	2020	2020
		£'000	£'000	£'000
Fixed assets	20,740	–	(40)	20,700
Current assets	9,695	1,860	(2,039)	9,516
Creditors due within one year	(10,677)	(1,820)	2,039	(10,458)
Provisions	(1,993)	–	–	(1,993)
Net assets	17,765	40	(40)	17,765

27. Result for the year under the historical cost accounting convention

	2020	2019
	£'000	£'000
Net (expenditure)/income	994	(595)
Gain on sale of investments calculated under the historical cost accounting convention	45	150
(Deficit)/surplus under the historical cost accounting convention	1,039	(445)

28. Members

The legal members of the company are the trustees as explained in the annual report. The liability of the members is limited to £1 per member.

29. Legacies

The value of legacies notified to the charity but which do not meet the recognition criteria (and so are not accounted for within the financial statements) is approximately £16.8 million (2019: approximately £14.0 million).

30. Pensions

Defined contribution scheme

The charity contributes towards a defined contribution scheme. The cost of this scheme is charged to the SOFA and amounted to £961,726 (2019: £755,409). The scheme did not give rise to any provision.

British Diabetic Association Pension and Life Assurance Scheme

The Charity sponsors the British Diabetic Association and Life Assurance Scheme, a funded defined benefit arrangement which closed to future accruals on 31 August 2004. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for some 83 current and former employees with entitlements to preserved benefits. Pensions in payment are currently secured by annuity purchase at retirement. The level of retirement benefit is principally based on salary earned in the last three years of employment before accrual ceased and the length of service in the scheme.

The trustees of the scheme are required to act in the best interest of the scheme's beneficiaries. The appointment of the trustees is determined by the scheme's trust documentation.

A full actuarial valuation was carried out as at 31 December 2019 by a qualified independent actuary in accordance with the scheme funding requirements of the Pensions Act 2004. The funding of the scheme is agreed between the charity and the trustees in line with those requirements. These in particular require the funding position to be calculated using prudent, as opposed to best estimate, actuarial assumptions. This valuation revealed a funding surplus of £404,000.

Present value of scheme liabilities, fair value of assets and deficit

	2020	2019
	£'000	£'000
Fair value of scheme assets	15,090	13,685
Present value of scheme liabilities	(16,836)	(15,091)
Deficit in scheme	(1,746)	(1,406)

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme, using the projected unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above. The main factor contributing to the slight increase in the deficit is the lower discount rate due to falls in corporate bond yields, although this was broadly offset by the actual investment return achieved on the assets being higher than required to match the expected increase in the defined benefit obligation over the year.

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2020	2019
	£'000	£'000
Scheme liabilities at 1 January	15,091	13,489
Interest cost	285	361
Actuarial losses/(gains)	1,705	1,468
Benefits paid	(245)	(227)
Scheme liabilities at 31 December	<u>16,836</u>	<u>15,091</u>

Reconciliation of opening and closing balances of the fair value of the scheme assets

	2020	2019
	£'000	£'000
Fair value of scheme assets at 1 January	13,685	12,114
Interest income	258	324
Return on scheme assets, excluding interest income	1,392	1,474
Benefits paid	(245)	(227)
Fair value of scheme assets at 31 December	<u>15,090</u>	<u>13,685</u>

The actual gain on the scheme assets over the period ended 31 December 2020 was £1,650,000 (2019: gain of £1,798,000).

Total expense recognised in SOFA

	2020	2019
	£'000	£'000
Interest cost	285	361
Interest income	(258)	(324)
Total expense recognised in SOFA	<u>27</u>	<u>37</u>

Other comprehensive income

	2020	2019
	£'000	£'000
Actuarial loss on defined benefit obligation	(1,705)	(1,468)
Actual return on assets less interest income	1,392	1,474
Total gain recognised in other comprehensive income	<u>(313)</u>	<u>6</u>

Assets

	2020	2019
	£'000	£'000
Equities	2,769	2,455
Diversified growth funds	3,874	3,667
Liability driven investment	2,021	1,321
With profits policy	2,693	2,612
Annuities	3,538	3,381
Cash	195	249
Total assets	15,090	13,685

None of the fair values of the assets shown above include any of the charity's own financial instruments, any property occupied by the company or any other assets used by the company.

The With Profits fund value shown in the table includes £562,000 in respect of assets disinvested from the With Profits fund prior to the accounting date to purchase annuities for members reaching retirement, but where these members did not have an annuity in payment at the accounting date and so are not included in the value of annuities above.

It is the policy of the trustees and the charity to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the scheme investment strategy are documented in the scheme's Statement of Investment Principles.

Assumptions

	2020	2019
	% per annum	% per annum
Inflation (RPI)	3.20	3.20
Rate of discount	1.20	1.90
Allowance for pension in payment increases at the lower of RPI or 5%	3.10	3.10
Allowance for revaluation of deferred pensions at the lower of RPI or 5%	2.20	2.20
Allowance for commutation of pension for cash at retirement	80% of HMRC maximum	80% of HMRC maximum

The mortality assumptions adopted at 31 December 2020 are based on the 102% S3PMA and 110% S3PFA CMI Model 2019 [1.25%].

These imply the following life expectancies:

	2020	2019
Male retiring at aged 62 in 2020	24.5	24.4
Female retiring at aged 62 in 2020	26.4	26.3
Male retiring at aged 62 in 2040	25.9	25.9
Female retiring at aged 62 in 2040	27.9	27.8

31. Related party transactions

There have been no related party transactions that require disclosure other than transactions with the subsidiary company, Diabetes UK Services Limited. These are detailed below:

During the year the 2019 gift aid of £1,266k (2019: £1,138k) was remitted from the subsidiary to the charity, and at 31 December the subsidiary had a balance of £1,582k (2019: £1,623k) owing. This consists of the 2020 gift aid payment (£1,318k) and 2020 service charge (£264k). Diabetes UK also owed the subsidiary £366k, which is the balance on the general processing account.

32. Financial instruments

Financial assets measured at fair value through income and expenditure

	2020	2019
	£'000	£'000
Non cash investments	8,858	12,917

Financial assets measured at amortised cost

Cash	7,338	3,683
Cash investments	10,482	8,476
Trade debtors	307	384
Other debtors	116	282
Accrued income	1,083	2,036
	<u>19,326</u>	<u>14,861</u>

Financial liabilities measured at amortised cost

Trade creditors	420	994
Other creditors	29	–
Accruals	1,463	1,511
Research grant creditors	7,778	8,132
	<u>9,690</u>	<u>10,637</u>

The charity has taken advantage of the exemptions in FRS 102 from the requirement to present certain disclosures about the charity's financial instruments.

Diabetes UK
Wells Lawrence House
126 Back Church Lane
London E1 1FH

Call 0345 123 2399

Email info@diabetes.org.uk

 [/diabetesuk](https://www.facebook.com/diabetesuk)

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[diabetes.org.uk](https://www.diabetes.org.uk)

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