Message from Stewart Wallis, Executive Director

What a fantastic year for nef. From tackling inequality to protecting our oceans, from reforming banks to busting economic myths, across all our work we are making significant progress in driving the transition towards a fair economic system that works for people and for the planet.

Going through all of our work last year would fill this review several times over, so I will mention just one particular success. Our victory on reform of the Common Fisheries Policy (see page 16) is a perfect illustration of how nef’s unique approach can transform thinking on a pressing issue and change things for the better.

Our research overturned the conventional wisdom – pushed by the industrial fishing lobby – that protecting the oceans means damaging the economy. We built partnerships with Europe’s leading NGOs to push for change. And over 31,600 adults and children took part in our Paint a Fish campaign, sending their pictures of fish to MEPs and fisheries ministers in the run-up to the crucial votes.
This, along with everything else you will read about in this review, was only possible thanks to the support of the organisations and the thousands of individuals that share our vision of a fair and sustainable future, that work alongside us to make that vision a reality, that participate in our campaigns and events, and, of course, that so generously fund our work. You enable nef to stand up against wealthy vested interests to ensure people and the planet have a powerful voice in decision-making — thank you!

Stewart

P.S. It’s not too late to paint a fish. Get creative at www.paintafish.org
JULY 2012

Working with the TUC, we show that local public sector pay deals would cost the economy £10bn.

Our Measuring well-being handbook enables charities to calculate their well-being impact.

AUGUST 2012

In partnership with Care and Kenyan farmers, Counting on uncertainty evaluates community adaptations to climate change.

Cutting it in Birmingham highlights austerity’s impact on the city’s third sector.

Fish dependence 2012 reveals the EU’s reliance on seafood imports.

SEPTEMBER 2012

As we explain on Radio 4’s Today, No catch investment shows that protecting the oceans is good for the economy.

Unburnable carbon examines the dangers of overpriced fossil fuel reserves.

National gardening leave makes the case for a shorter working week.
MPs from all major parties attend our debate
Examining the value of HS2

Our Haringey Carbon Commission research outlines how the borough can reduce CO2 emissions by 40% by 2020

Alongside Scope, in Doing services differently we showcase ideas that give disabled people more control of their services

Well-being patterns uncovered explores the UK’s first set of national well-being statistics

The economics of oil dependence shows that oil prices place a ceiling on economic recovery

Everyday insecurity exposes the human cost of austerity

In Beyond Beveridge, we mark the report’s 60th anniversary by proposing a new social settlement
DECEMBER 2013

We publish a new edition of our sold-out book *Where does money come from?* explaining how the monetary system works.

Our criminal justice programme launches by showing how community services support vulnerable women and reduce reoffending.

We expose the growing risks posed by Exchange traded funds.

JANUARY 2013

One track mind? uncovers the government’s failure to evaluate alternatives to HS2.

Our Prevention papers explain how early action on societal problems would reduce harm and save money.

MARCH 2013

A dozen leading figures address one of the defining issues of our time at our major conference, *What next for tackling inequality?*

Our Stakeholder banks analysis of national banking systems warns the UK’s is structurally flawed.

FEBRUARY 2013

We link the monetary and ecological systems in *Energising money*.
APRIL 2013

Our briefings Sustainable fisheries make economic sense and Fish dependence 2013 reiterate the urgency of restoring fish stocks

Why we need a new macroeconomic strategy sets out a path to escape our high-carbon, high-debt economy

We launch our Mythbusters series to counter popular economic untruths

MAY 2013

Towards a Welsh industrial strategy outlines how the Welsh economy can thrive despite growing disparity between London and the rest of the UK

Our Economics in policymaking series helps NGOs harness economics to further their missions

We train hundreds of social justice and environmental campaigners through our Mythbusters online course

Buying things together evaluates approaches to pooling personal budgets in care and support

JUNE 2013

The parliamentary launch of The best we can do? proposes five projects that would better deliver HS2’s aims with its (then) £33bn budget

12 politicians outline visions for the future of banking in our book, Banking 2020

Over the following pages we look at a few highlights in detail. You can find out more about all of our work at www.neweconomics.org
A red light for runaway decision-making

The UK’s transport system is crying out for major investment. Railways require upgrading and we need more low-carbon ways of getting around. But that doesn’t mean we can afford to let prestige veer spending away from the most beneficial projects.

This year nef changed the course of public debate around HS2. The new rail line is set to become the biggest transport investment in UK history but, as our report One track mind found out, the official government appraisal of the scheme is full of gaps and unanswered questions. Putting aside whether or not HS2 will actually help us save carbon or close the North-South divide (we have our doubts), at no point in the process has the government explored other comparable options for how the budget of tens of billions could be invested.

nef stepped in to subject HS2 to the scrutiny the government has failed to give. Our report High Speed 2: The best we can do? caught the eye of media and politicians alike by mapping out just what £33 billion (the original projected cost of HS2) could buy us if invested differently. We showed how it could be spent to benefit all of Britain. It could upgrade our existing North–South mainlines; pay for better busses, trams, and bike routes around the country; and bring super-fast
broadband to rural areas. Essentially, it proved that big and flashy is not always better – making smart targeted investments around the country could benefit more people, save carbon, and far outstrip HS2 on value for money.

Now major players are calling for the brakes to be put on HS2. The Commons Treasury Select Committee has demanded reassurance that the scheme’s benefits will outweigh those of other potential schemes and the Shadow Chancellor has insisted that he will not offer HS2 a blank cheque.

Our huge thanks go to the Hadley Trust for its generous support of this work and to everyone who helped get the message across.
The unemployed are lazy, worthless scroungers, right?

From parliament to the pub, myths about our economy are everywhere. Typically they are used to justify privilege and attack the environment and most vulnerable. Often cloaked in authoritative-sounding statistics and value-laden language, they can be tricky to rebut. Unless you know how.

nef teamed up with the Tax Justice Network to take on the most common myths that prop up the old economy. In a series of blogs and essays written by top economists and journalists, including Owen Jones, Heather Stewart, and Professor Simon Wren-Lewis, we revealed how to dismantle arguments that those fighting for a fairer system come up against every day.

Focusing on key economic battlegrounds — from the notion that social welfare is simply a question of hardworking strivers and lazy skivers, to the idea that we can’t raise corporation tax or big business will leave — our nine mythbusters had a huge reach. They were published weekly on the

“It’s been an excellent tool to debunk myths around austerity and lay the groundwork for more progressive ideas. Tax competition came up in a Sky debate just days after my Mythbuster. It was invaluable in giving me the confidence to take on my opponent.”

Ellie Mae O’Hagan, journalist and activist
Guardian, and shared over 10,000 times on social media. The response was so positive we ran an online course on the topics, training hundreds of social justice and environmental activists.

We are very grateful to the Network for Social Change, Artists Project Earth, and all of our supporters whose donations helped fund Mythbusters.
There’s a hole in our banks

It’s easy to attack the banks these days. But laying out a different path for finance so that it supports a productive and sustainable economy is another matter. This year, thanks to our supporters, we were able to do this, and cement our position as the leading voice on bank reform.

nef’s experts were at the heart of the action, calling for radical change to make the banking system serve people and the planet as well as profit. We presented to the Parliamentary Commission for Banking Standards and made frequent appearances in the national media. The packed-out parliamentary launch of Banking 2020 — a book challenging politicians to think outside the box on the future of banking — helped draw even more attention to our mission.

Our report Stakeholder banks highlighted the gaping hole in the UK’s banking sector where other countries have credit unions, cooperatives, and all kinds of local banks. Driven by social needs as well as profit, stakeholder banks are superior

“[nef’s Finance & Business Team] bring to their research a clear and well-reasoned methodology that is matched by the expertise of key researchers who have actually worked in banks. The combination is rare, and maybe unique, but what it means is that when nef talks about banking, those interested in the future of the sector have to sit up and take notice.”

Richard Murphy, Director, Tax Research UK
at getting small businesses off the ground. They weather financial downturns much better than big speculative lenders and are more tuned in to the environmental and the social impact of their investing.

As our calls for greater banking diversity are being echoed by Westminster and industry alike, we’ve also made headway in the fight for local economies. Leading a European network of organisations, we’ve been working to share the know-how about local currencies like the Brixton Pound across the continent, engaging with NGOs, municipalities and credit unions in six different countries.

This work was made possible by generous donations from our individual supporters, The Tudor Trust, the Joseph Rowntree Charitable Trust and with financial assistance from the European Union.

“The new economics foundation is among foremost voices for change, under its head of finance, Tony Greenham.”

Polly Toynbee, writer and Guardian columnist
A sea change in environmental protection

We are told that protecting the environment is a luxury we can’t afford. But in reality it makes perfect economic sense. This year nef had a historic opportunity to address misconceptions at the heart of how natural resources decisions are made. And we did it!

The common fisheries policy is the central rule book governing all fishing by EU fleets. Vital to the sustainability of our seas, it is reviewed and updated only once a decade. We’ve been gathering evidence to influence the 2013 reform for years – and for good reason. Two-thirds of assessed EU stocks are now over-exploited. As well as causing untold ecological damage, this is costing us millions in lost revenue and jobs. It was time to make a stand.

Our game-changing research into the economics of conservation was backed by our colourful Paint a Fish campaign. This prompted over 31,600 adults and children from every country in the EU to send paintings to their fisheries ministers and members of European parliament (MEPs), urging them to use their votes to restore fish stocks for future generations. New nef policy briefings helped activists and policy-makers understand and communicate the economic argument for sustainable fishing.
There is still a long way to go to save our seas. But thanks to our supporters and those who connected and campaigned with us, we’ve helped shape the common fisheries policy for the better. MEPs and fisheries ministers finally understand that sustainable fish stocks are good news for the fishing industry, and have voted to include the goal of restoring fish stocks to their full potential in the legislation. Future reforms should see more and more of the quota awarded to sustainable fishing fleets that create the most jobs, rather than the destructive trawlers that drain value from our seas.

With huge thanks to the funders of this work, the OAK Foundation Ltd, the Waterloo Foundation, Calouste Gulbenkian Foundation, the Pew Environment Group and all of you who took part in this campaign.

“The initiatives of your foundation contributed positively in raising awareness for the reform of the common fisheries policy”

Maria Damanaki, European Commissioner For Maritime Affairs And Fisheries
People can be marginalised in many ways, including in debate. But we can’t plan a new, fairer economy without listening to those at the receiving end of the problems with our current system. This year nef gave hard-hit communities a voice in the austerity debate.

Our Everyday insecurity report documented what it’s really like to be on a lower income in the face of austerity. The result of peer research, photojournalism, and fieldwork in some of the most deprived areas of Birmingham and London, this was about enabling the people behind the statistics to tell their stories.

Many of those who spoke to us described a growing feeling of powerlessness taking hold of their lives. They explained the everyday insecurity that comes with being in precarious, low-paid employment, and the deep-seated anxiety they feel over rising costs of living and an unravelling national social safety net.

But the story doesn’t stop there. As well as highlighting the issue in the national media, the project helped local people, community organisations, and council officers to explore ways to improve their well-being and make the most of local resources. Through workshops they identified...
what their communities did have to offer and how new approaches, like crowd-funding and time-banking, could help them use these resources to plug gaps in other areas.

This work was supported by the Barrow Cadbury Trust, City Bridge Trust, and LankellyChase Foundation.
nef has long been a pioneer of the idea that we need to look beyond GDP as measure of progress. The new economy will be built on well-being, and achieving this means learning to measure what really matters. That’s why this year we’ve worked with key number-crunching organisations around the world — including the Office of National Statistics (ONS), Eurostat, and the Organisation for Economic Cooperation and Development (OECD) — to help them collect and develop their data on well-being and quality of life.

And our efforts are continuing to pay off. This year the ONS published its first dataset on the UK’s national well-being levels – clearing the way for us to demonstrate just how valuable such information can be. Our Well-being patterns uncovered report made sense of the data to reveal the population groups currently thriving in the UK, and those who are unhappier with their lives. As well as grabbing the headlines, this proved the insufficiency of mainstream economic indicators like GDP as a basis for decision-making – with London, the richest part of the country, scoring lowest on well-being.

“Combination of rigorous academic work with powerful public dissemination.”
Professor Kate Pickett, Professor, Inequalities in Health at the University of York and co-author of The Spirit Level
The continuing challenge is for well-being to drive decision-making. In 2012/2013, along with our partners on the Good Jobs Taskforce, we worked out ways to integrate well-being into industrial strategy to support companies which are the best employers, the most environmentally sound, and the most useful to their regional economy.

We are very grateful to the AIM Foundation and the Joseph Rowntree Charitable Trust for their support of this work.
In 30 years the UK has moved from one of the most equal high-income countries to one of the most unequal. Many of the problems we see in society — from poverty and low well-being, to our inability to live within environmental limits — are intrinsically linked to and magnified by economic inequality.

Unfortunately, politically sensitive problems like this are easy to sideline and brush over by those who matter. This year, our supporters helped nef be one of the few organisations brave enough to call out the elephant in the room and think big on how to get it out of the door.

The inequality event we put on at the British Library in March drew together academics, policymakers, journalists, and members of the public to put the spotlight on inequality and demand action. From the argument that beating climate change hinges on our ability to close the gap between rich and poor to the power inequality underlying the London riots, the event opened up entirely new ways of viewing the issue.

Chaired by Giles Fraser and the BBC’s Evan Davis, the event really captured imaginations with thousands of people sharing the online content we produced around it.
The event, and our other work on inequality this year, was funded by donations from our supporters – thank you! We are now working to draw up policies that will help us shrink inequality within a generation, with exciting plans for 2014.
Financial summary

nef is proud to be independent of political parties and special interests. We are a registered charity and rely on a broad cross section of individuals, charities, companies and public sector funders to undertake our work.

We are delighted to thank our major funders, listed opposite. We are also very grateful to all of you, too numerous to name, who give generously each month or have donated to our appeals. Together we are a powerful voice for people and planet.

nef’s total income for 2012-13 was £3,116,287. This was derived from three sources: major grants and donations (listed overleaf), individual supporters and donors, and earned income. We earn income through consultancy services in impact evaluation and organisational development for charities, the public sector and businesses — much of it through nef consulting. These contracts do not affect our research and advocacy agenda.
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Expenditure summary by programme or function

Total expenditure £3,263,330

- Governance Costs
- Fundraising
- nef Consulting
- External affairs
- Environmental Economics
- Finance and Business
- Great Transition Initiatives
- Social Policy
- Valuing What Matters
- Well-being

Full details of our income and expenditure are published in our Annual Report and Accounts which can be found at www.neweconomics.org/funding
nef consulting

nef consulting is nef’s wholly-owned social enterprise. They use our ideas and tools to help public, private and third sector organisations measure and increase their value to people and planet. 2012-13 saw the social enterprise working with foundations and NGOs in over ten countries, including China, South Africa and Kenya to understand and improve their impact on well-being and sustainability.

In the UK, they undertook a ground-breaking project with the Crown Estate to calculate the total environmental, social and economic footprint of not only the estate, but also its supply chains and the activities taking place around it. Among much more, they also trained staff in major UK charities like Gingerbread and the World Wildlife Fund on how to imbed social impact measurement into their work.
nef is the UK's leading think tank promoting social, economic and environmental justice. Our purpose is to bring about a Great Transition — to transform the economy so that it works for people and the planet.

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Design and Illustrations by Rachel Gannon

nef (the new economics foundation)
3 Jonathan Street
London SE11 5NH

020 7820 6300
info@neweconomics.org
@nef

www.neweconomics.org
Registered charity number 1055254