



economics as if people
and the planet mattered



NEF Review of the Year

2013 - 2014



New Economics Foundation (NEF)

is an independent think-and-do tank that inspires and demonstrates real economic wellbeing.

We aim to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environmental and social issues. We work in partnership and put people and the planet first.

Contents

Message from the Executive Director	4
Timeline of the year	6
Building the movement	10
Money creation: the truth is out	12
How to future-proof a city	14
Beyond crime and punishment	16
Time and time again	18
Wellbeing – taking it up a level	20
You helped us set the record straight	22
Financial summary	24
NEF Consulting	26

Message from the Executive Director



We're at the start of something big. Across the country, ordinary people are recognising the limits of an economy which pursues growth above all else; how little politicians and economists seem to care about the planet our children and grandchildren will inherit.

Momentum for change is building fast – and NEF is at the heart of it.

From the explosion in our social media following to our networks of campaigners, charities, community groups and other members of civil society, this has been a year of rallying change through partnerships. NEF's powerful message, that a fair and sustainable economy is possible, is resonating with more and more people across the country and, indeed, around the world.

We know from our days coordinating the Jubilee 2000 debt campaign the extraordinary potential of working in coalition. And, as you will see over the following pages, we combine this with expertise that wins influence with key policymakers and opinion formers. I am confident that we were the only think-tank to have both the Lord Chief Justice and the Royal Docks community choir appear at our events last year!

We are proud to be independent of political parties and corporate interests, and free to challenge the media agenda. But all this is only possible because of the organisations and thousands of individual supporters who give generously to fund our work. On behalf of everyone at NEF, thank you.

These are challenging times but together we can build a better future.

Stewart



Timeline of the year



July

We call for the Bank of England to jump-start house-building and small businesses through strategic quantitative easing

Our ground-breaking work modelling the interactions between the financial and economic systems is published in the prestigious economic journal, *Empirica*

August

Surviving austerity exposes the human cost of government cuts, as told by hard-hit communities in Haringey and Birmingham

September

Framing the economy challenges the powerful stories and language used by politicians and the media to reinforce austerity

A new book **Time on our side** pushes our arguments for a shorter working week back into the headlines

October

Distant neighbours reveals how rising inequality and house prices are driving all but the super rich out of some communities

We help win a landmark European Parliament vote with our briefing **Unknown waters**, doubling funding for data collection to protect fish stocks

November

Our research on Britain's shocking low-pay problem makes the front page of the *Independent*

December

We convene experts from across Europe to talk about solutions to inequality and the living standards crisis

January

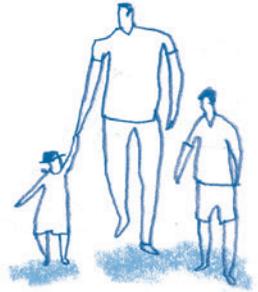
Lord Chief Justice Lord Thomas speaks at the launch of our **Better courts** programme to tackle the root causes of crime



February

Two new reports on credit unions and cooperatives reaffirm why the UK needs a local banking network

We make the case for universal, high-quality childcare in our report **The value of childcare**



March

On budget day, our **Economic health-check** reveals the UK is relapsing into the bad habits that caused the crash

Model behaviour urges the media to get real on its reporting of climate change

April

Five hundred currency innovators around the world download our new Community Currencies in Action guide to project evaluation

The BBC and the *Financial Times* cover our debate-changing proposal to regenerate London City Airport

June

We publish a definitive guide for local authorities to designing public services in partnership with the people who use them

Our New Economy Summer School trains civil society leaders to understand our broken economy and how to change it

Our conference brings together local authorities from across the country to share what works for tackling poverty and inequality



Building the movement

NEF proved the power of partnerships at the turn of the millennium, when the Jubilee 2000 debt campaign we coordinated led to the cancellation of tens of billions of pounds of unpayable low-income country debt.

We're still teaming up wherever we can, most recently in a ground-breaking project to align and empower those fighting for social, environmental and economic justice.

More and more of us are coming to realise that answers to our biggest problems, from climate change to global poverty, lie in the fundamentals of our economy. The mission of the New Economy Organisers Network (NEON) is to strengthen this growing movement for a better, fairer, and more environmentally sound economic system.



This means building the skills, knowledge and relationships needed to challenge the status quo. Bringing together campaigners from major charities and non-profits, grassroots activists, faith leaders, trade unionists and journalists, the network clocked up 450 members in its first year. Members received top-class training in how to understand and analyse the economy and devise debate-changing campaign strategies. They heard from internationally renowned economists Victoria Chick and Ha Joon Chang, as well as commentators Zoe Williams and Aditya Chakraborty and numerous NEF experts.

No one organisation or think-tank can single-handedly fix the economy. But we know if we collaborate, there's no limit to what we can do. Our huge thanks go to Roger de Freitas, Kestrelman Trust, Oak Foundation, the Network for Social Change, The Roddick Foundation, Tinsley Charitable Trust, Trust for London, and everyone at Lots Road Auctions for supporting this exciting work.

"It's given me the courage and confidence to see myself as a leader – someone with the tools and skills to help build a movement"

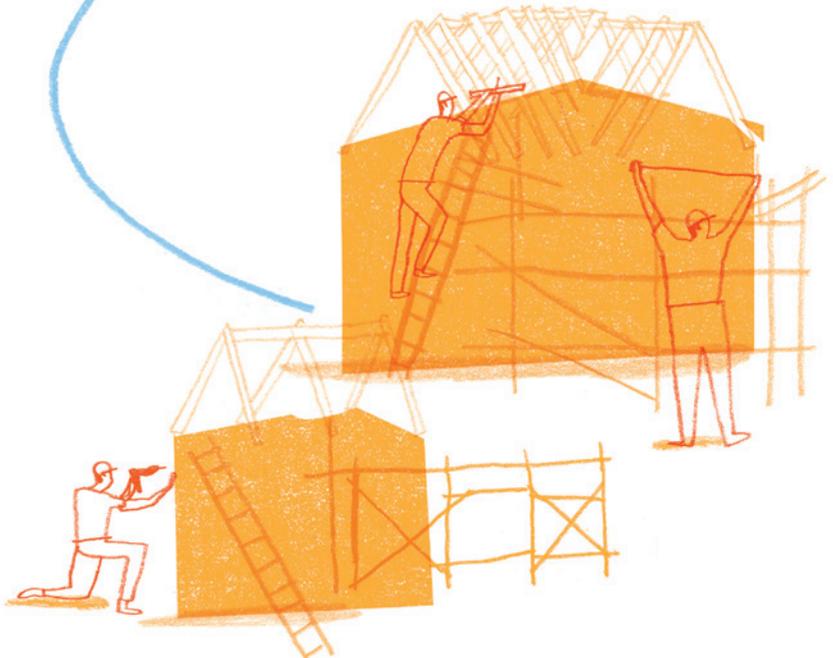
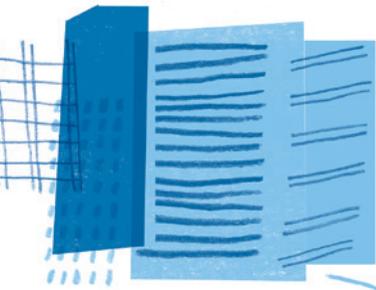
Jaqui Howard – the People's Assembly



Money creation: the truth is out

From grassroots to government, NEF is at the forefront of innovation towards a more socially and environmentally sustainable financial and monetary system. This year we received another sure sign that we are making headway.

Society and policy is plagued by a misunderstanding of where money comes from. Politicians, journalists, even top economists get it wrong. But after meeting our experts, the Bank of England made its most plain and public admission yet that the vast majority of money in circulation is created by commercial banks chasing private profits.



NEF has long worked to set the record straight, including publishing our own economics textbook on money and banking in 2011. Seeing our work referenced in the Bank's official publication in March 2014 was proof we are really making a difference.

We also lobbied for smarter monetary policy. At present, quantitative easing is of little benefit to ordinary people – it is mostly sucked into unproductive sectors like currency trading or real estate. We showed how the benefits of expanding the money supply could be channelled directly to areas of our economy that need it most, such as house-building, clean energy and small businesses. Our proposal made it into the *Telegraph*, the *Guardian*, and the *Financial Times*.

The fantastic progress we have made this year across all aspects of finance and banking reform would not have been possible without the generous support of the European Union, Friends Provident Foundation, the Hadley Trust, the Joseph Rowntree Charitable Trust, R H Southern Trust, The Tedworth Charitable Trust, the Tudor Trust, and NEF's supporters.



How to future-proof a city

We hear a lot about staying ahead in the global economic race, usually as a pretext for socially and environmentally dubious infrastructure projects. But NEF is the only major think-tank brave enough to question whether a race that creates an uninhabitable planet is a race worth running at all.

This year we changed the face of the UK aviation capacity debate. As mayors and airline bosses clashed over the location of extra runways around the capital, our report *Royal Docks Revival* demanded an entirely new take on the issue.

The report made the economic, environmental, and social case for why London City Airport in London's East End could and should be closed down and its site regenerated. This wasn't just about the obvious climate hazard posed by the UK's growing aviation emissions – nor was it just about London. It was about getting real about the way we need to manage our cities, resources, and transport in a world threatened by escalating inequality and environmental degradation.

London City Airport is a textbook example of how not to plan happy, equitable and sustainable cities. With an average passenger income of over £90,000, its benefits are enjoyed almost exclusively by wealthy travellers from the City of London and Canary Wharf. Those living directly around the airport in Newham – one of the UK's most deprived boroughs – gain little but noise, dirty air, and broken jobs promises. What's more, despite the media frenzy, London's other airports have by far enough spare capacity to take on City Airport's small passenger numbers.

We collaborated with local people, activists, urban designers and architects to design a new vision for the 50-acre site. BBC News reported from our packed launch event near the airport, where we laid out the alternative: a green, walkable and resource-efficient neighbourhood, where community ownership keeps housing and workspaces permanently affordable; a circular-economy where one business's waste was another's raw material; a place that people from all over want to visit – rather than simply a thoroughfare for the rich.

We are extremely grateful to HACAN East and the Momentum Project for making this project possible and to the Lush Foundation and the Poldham-Puckham Charitable Foundation for their support.



Beyond crime and punishment

Courts are rarely seen as the home of social innovation. Their primary job is to sentence, not tackle underlying causes of law-breaking – even if it means seeing the same faces, time and time again.

It doesn't have to be this way. Teaming up with the Centre for Justice Innovation and supported by the Hadley Trust, this year NEF set out to change the fortunes of some of society's most vulnerable people and communities.

Better Courts is a pioneering new programme to help courts across England and Wales cut crime by unpicking the issues underpinning the cases before them. Within six months we had Lord Chief Justice Lord Thomas, the most senior judge in England and Wales, praising the project at an event we ran for magistrates, judges and court practitioners.

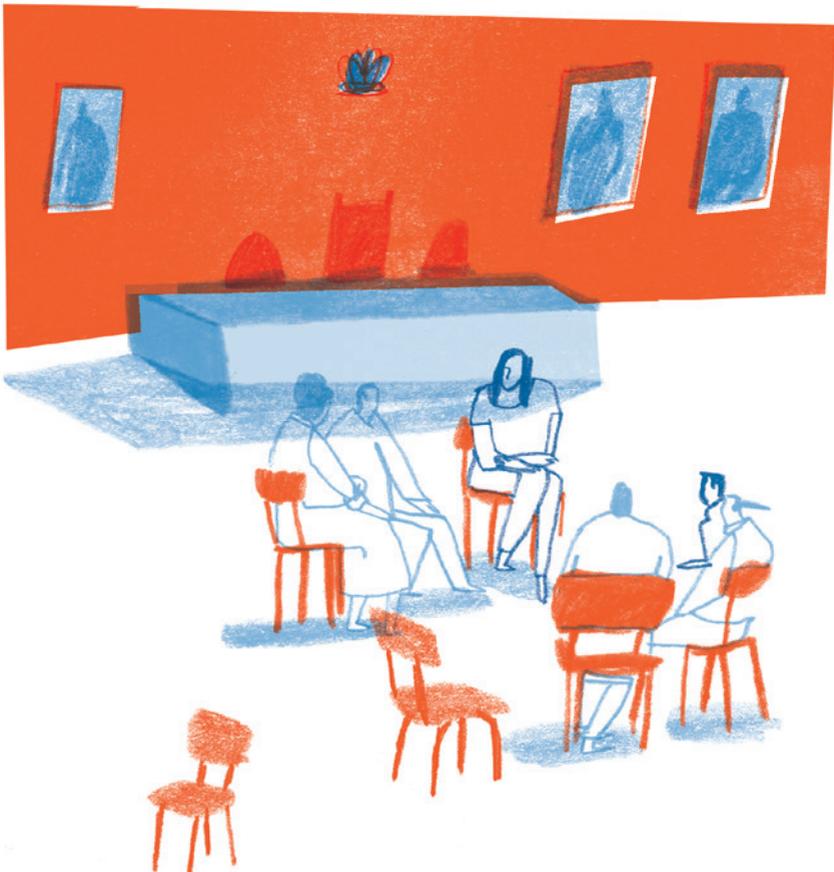
Whether it's drug addiction, mental illness or homelessness, the underlying causes of crime are often too complex to be dealt with by punishment alone. Our team travelled England and Wales to uncover examples of courts cutting crime and social harm in the long run by finding new ways of tackling these problems.

We met with courts partnering with specialists to help families torn apart by drug and alcohol problems. We met with courts enlisting the community to help reintegrate low-level offenders. We met with courts dedicated to tackling domestic violence cases. Analysing what works and why, Better Courts is building on what's been learned to catalyse action

throughout the court system – with its achievements this year featured in the *Financial Times*, and across the legal media.

“The fiscal circumstances of our country mean that innovation and change are not merely an option but they are a necessity [...] that is why I am grateful to [...] the New Economics Foundation”

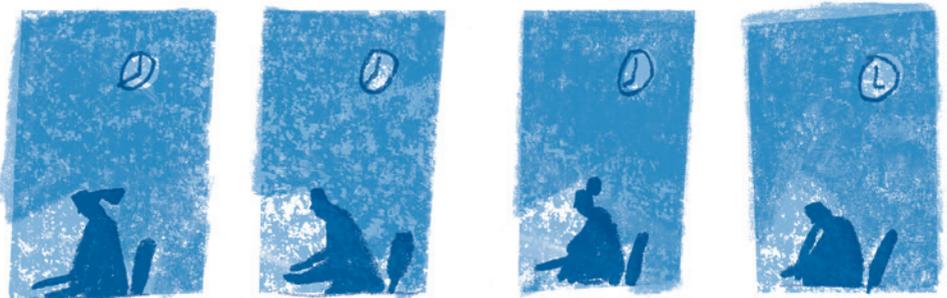
Lord Chief Justice Lord Thomas



Time and time again

When NEF began calling for a shorter working week back in 2010 we could not have predicted the response we'd get. Four years later, barely a week goes by without journalists calling us with questions about a 30- or even a 21-hour week. From top business leaders to senior medics, more and more people are catching on to the idea that this is more than wishful thinking: it is a serious economic proposal that could bring transformative benefits to our wellbeing, family life, economy and planet.

But there is groundwork to do first. This year NEF teamed up with 14 top academics to continue piecing together the real-life implications of shorter, more flexible working hours. *Time on our side: Why we all need a shorter working week*, explored the potential impacts, including reducing greenhouse



gas emissions. It investigated international examples of shorter working weeks, and highlighted the vital importance of tackling low pay. Launched in September, the book propelled our argument back into the headlines – with the *Telegraph*, the *Independent*, the BBC and many others all wanting the scoop.

We are also feeding our time and working hours research into other big policy debates of the day. When, in February, we made the case for significant public investment to ensure every family can afford high-quality childcare, we modelled how a shorter working week could reduce significantly the cost for taxpayers. Our thanks to the Barry Amiel & Norman Melburn Trust for supporting this research.

“This remarkable volume could be the start of a quiet revolution in attitudes to life and work”

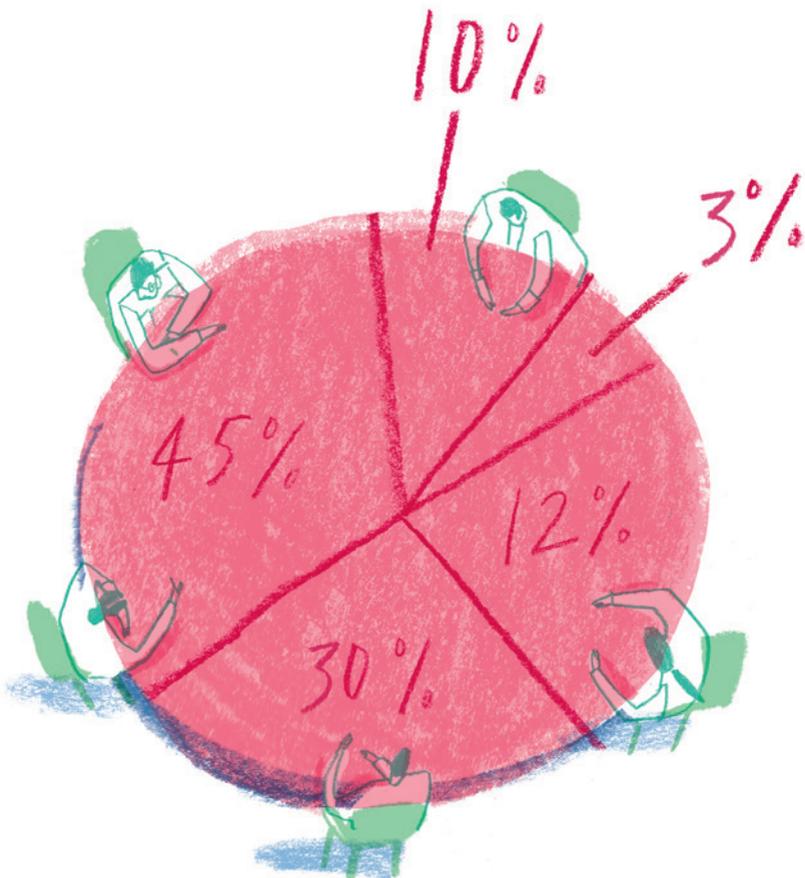
Professor Nigel Thrift, Vice-chancellor and President, University of Warwick



Wellbeing – taking it up a level

When the UK government started measuring wellbeing back in 2010, it was a victory for NEF and our long-standing campaign to show that real economic progress relies on more than GDP growth.

But measuring what matters is just the beginning. It's time to use what the data is telling us to inform smarter decisions about running the country. This year NEF has been working in Parliament to make this happen.



The All-Party Parliamentary Group (APPG) on Wellbeing Economics is a group of MPs from across the political spectrum. With years of wellbeing research behind us, NEF co-ordinated the group's first ever inquiry to help MPs get to grips with what UK wellbeing data means for writing better policies.

Bringing in former Cabinet secretary Gus O'Donnell, the chair of the Low Pay Commission, David Norgrove, and other expert witnesses the inquiry looked at how wellbeing evidence can help build a stronger economy and society – from our labour market to transport systems.

The APPG helped galvanise support and understanding for a new type of decision-making rooted in what matters most to people's lives. It made the case for stable, secure employment over growth; green, walkable cities; and investment in arts and culture.

A huge thanks to the AIM Foundation for making this work possible.

"The best inquiry I've been involved in in my parliamentary career"

David Lammy MP

"An excellent contribution to the debate"

Jo Swinson MP

You helped set the record straight

Last Christmas we asked our supporters to help us fund urgent work to put climate change back on the agenda. And help you did. With thousands of pounds of individual donations pledged we were able to step up our climate programme – starting with an important call for change.

One of the biggest barriers to engaging with climate change is the uncertainty around precisely how and when it will impact our everyday lives in the future. It's a problem made far worse by ongoing efforts in the media and parliament to attack the integrity of climate science. Even respected broadsheets can be found labelling the forecasts 'mumbo jumbo'.

Thanks to our supporters, we set the record straight. Almost three decades have now passed since the International Panel on Climate Change began predicting how global warming would alter our planet: time enough to test whether the suspicion levelled at its work is justified.

Our paper *Model behaviour* took a unique look at the track record of climate forecasts to date. From sea-level rise to atmospheric carbon concentration, we found that key changes recorded around the world have been entirely in line with predictions. We compared this to the performance of key economic forecasts – which, despite being treated as gospel by politicians, big business and the media, we found to have been dramatically off the mark over the same time span.

With 2014 tipped to become the hottest year on record, it is time to end the double standard in how we talk about the future. Converting our results into shareable online visuals helped us reach over half a million people with the message. But we couldn't have done it without our supporters. Thank you!



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 2013-14 was £3.6 million. 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. Full audited accounts are available on our website.

Oak Foundation	416,982
The Hadley Trust	200,074
Sciencewise and the Cabinet Office	180,000
Network for Social Change	165,610
Adessium Foundation	127,060
The VELUX Foundations	115,158
European Commission - FP7	113,590
AIM Foundation	110,000
European Commission - Interreg	82,203
Office of the First Minister and Deputy First Minister	67,368
The Waterloo Foundation	52,000
Stichting DOEN	48,545
Arts Council England	44,955
The Tudor Trust	40,000
The Nationwide Foundation	37,667
Calouste Gulbenkian Foundation	31,700
John Ellerman Foundation	30,000
Joseph Rowntree Charitable Trust	25,000
Kestrelman Trust	25,000
The Roddick Foundation	25,000
Tinsley Charitable Trust	25,000
HACAN East	20,000
R H Southern Trust	20,000
People's Health Trust	20,000
The Connectus Kommonia Charitable Trust	17,300
The Tedworth Charitable Trust	15,000
Wandsworth Community Empowerment Network	15,000
Nesta and the Cabinet Office	14,090
Trust for London	11,500
BScope	11,225
Bielenberg Family Foundation	11,225
Oxfam GB	10,000
Roger de Freitas	10,000
Everyone at Lots Road Auctions	10,000
The Van Neste Foundation	10,000
Walton on Thames Charity	10,000
Anne Robbins	9,142
Barrow Cadbury Trust	7,250
City Bridge Trust	7,000
Joseph Rowntree Foundation	5,100
Sudhakar Ram	5,000
Sherwood Forest Fund	5,000

Expenditure summary by programme or function



Total Expenditure **£3.4 million**

- | | |
|---------------------------|------------------------|
| ■ Governance Costs | ■ Finance and Business |
| ■ Fundraising | ■ Great Transition |
| ■ NEF Consulting | ■ Initiatives |
| ■ Environmental Economics | ■ Social Policy |
| | ■ Valuing What Matters |
| | ■ Well-being |

NEF Consulting

NEF Consulting (NEFC) is NEF's wholly-owned social enterprise, using NEF's ideas and tools to help public, private and third sector organisations prove and improve their value to people and the planet. Through analysis, training and strategic advice NEFC enables charities, government, international development agencies and businesses to integrate social, economic and environmental measurement into their culture. In doing so, it works to transform the long term sustainability of their activities and investments.

Examples of NEFC's work in the UK included a review of a local authority initiative to provide employability skills through tailored support at job clubs. Within the private sector, it evaluated the social, environmental and economic impacts of Regent's Place in London. In 2013-14 NEFC worked in over ten countries, including helping CARE International in Niger to test the effectiveness of a community-based climate change adaptation strategy. NEFC also trained staff in UK charities how to embed social impact measurement into their work.

New Economics Foundation is the UK's leading think tank promoting social, economic and environmental justice. Our purpose is to transform the economy so that it works for people and the planet.

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