

NEW ECONOMICS FOUNDATION

England & Wales · Charity number 1055254

Details

Status Registered

Legal form Charitable company

Company number [03193399](#)

Registered 1996-05-10

Register [View on the Charity Commission register](#)

Contact

Address New Economics Foundation
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Activities

Objects: (A) TO ADVANCE EDUCATION AND UNDERTAKE RESEARCH FOR THE BENEFIT OF THE PUBLIC (AND TO PUBLISH THE USEFUL RESULTS OF SUCH RESEARCH), PARTICULARLY IN ECONOMICS, CITIZENSHIP AND ENVIRONMENTAL, SOCIAL AND POLITICAL SCIENCES(B) TO PROMOTE SUSTAINABLE DEVELOPMENT FOR THE BENEFIT OF THE PUBLIC BY (I) THE PRESERVATION, CONSERVATION AND THE PROTECTION OF THE ENVIRONMENT AND THE PRUDENT USE OF RESOURCES, (II) THE RELIEF OF POVERTY AND IMPROVEMENT OF THE CONDITIONS OF LIFE IN SOCIALLY AND ECONOMICALLY DISADVANTAGED COMMUNITIES AND (III) PURSUING SUCH OTHER RELATED CHARITABLE PURPOSES AS THE TRUSTEES MAY DETERMINE

Activities: nef aims to maximise well-being and social justice within environmental limits through innovative economic thinking and practical solutions. Our work involves pilot projects, in-depth research, campaigning, and informing policy.

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Economic/community Development/employment
- **Who:** The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-06-30	£4,991,568	£4,949,737	£2,729,345	43
2024-06-30	£4,874,510	£4,935,449	£2,687,514	44
2023-06-30	£3,457,432	£3,503,610	£2,748,453	44
2022-06-30	£3,134,397	£3,233,471	£2,794,631	44
2021-06-30	£3,327,043	£3,577,190	£2,893,705	49

Trustees

Name	Role	Appointed
ADAM SHARPLES	Chair	2024-06-26
Anna Henry		2023-12-05
Ben Michael Pringle		2023-12-05
Halla GUNNARSDOTTIR		2023-12-05
Martin Koehring		2022-03-02
Nicholas Dearden		2023-12-05
Pascale Frazer-Carroll		2023-12-05
Richard Bryars		2022-06-22
Tariq Kazi		2021-02-24
Wing-Harn Chen		2025-04-16

NEW ECONOMICS FOUNDATION

England & Wales - Charity number 1055254

Accounts

New Economics Foundation

Annual report and financial statements

30 June 2025

Charity registration number
1055254

Company limited by guarantee
Company registration number
3193399 (England & Wales)

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Chair's Statement Year ended 30 June 2025

Trustees	Adam Sharples CB (Chair) Halla Gunnarsdottir (Vice-Chair) Richard Bryars (Treasurer) Anna Henry Ben Pringle Laurie Laybourn Martin Koehring Nicholas Dearden Pascale Frazer-Carroll Tariq Kazi Wing-Harn Chen
Secretary	Clementine Forster
Chief Executive Officer	Dhananjayan Sriskandarajah
Registered office and operational address	New Economics Foundation 10 Salamanca Place London, SE1 7HB
Website	www.neweconomics.org
Charity registration number	1055254
Company registration number	3193399 (England & Wales)
Auditor	Buzzacott Audit LLP 130 Wood Street London, EC2V 6DL
Banker	Handelsbanken London Bridge Branch 11-15 Borough High Street London, SE1 9SE
Solicitor	Russell-Cooke LLP 8 Bedford Row London WC1R 4BX

Chair's Statement Year ended 30 June 2025

This financial year has coincided almost exactly with the first 12 months of a new UK government, marking a significant opportunity for those of us working to shape a fairer, more sustainable economy. For NEF this period has also seen us recalibrating our strategy to engage constructively with a shifting policy landscape - one that presents both fresh opportunities and renewed challenges.

The turbulence of recent years has not abated. Globally, we have witnessed the continued rise of authoritarian and anti-democratic forces, and, closer to home, we have witnessed troubling anti-migrant riots and an increasingly organised far right. These political developments are unfolding in the context of accelerating climate and ecological breakdown - realities that underscore the urgency of our mission.

At the same time, this year marked the first full 12 months of Danny Sriskandarajah's leadership as CEO, following his arrival the previous January. Under his guidance, and following the conclusion of our previous five-year cycle, NEF launched a new strategy in January 2025. This was developed through extensive consultation with our staff, partners, supporters, and wider stakeholders, and reflects the evolution of our work, our unique role within a wider movement and the rapidly changing world around us.

Our strategy is centred on three key ambitions:

- ◆ Guaranteeing economic security for all
- ◆ Building a fast and fair transition to a green economy
- ◆ Shifting power to people and communities

We pursue these goals by inspiring new thinking, influencing decision-makers, and innovating alongside communities. In doing so, NEF draws on its four-decade history of pioneering ideas and working collaboratively to reimagine how the economy can serve people and planet. We are committed to co-creating radical but practical policy proposals, delivering credible and robust research, and bringing forward demonstrator projects that prove a better way is possible. Crucially, we aim to amplify the voices of those traditionally excluded from policymaking and to bridge divides by building solidarity around shared interests. As part of this, we are beginning to reinvigorate our international work, with a renewed focus on partnerships in the Global South.

Over the past year, NEF's reputation for independent, high-quality analysis has opened doors to new forms of influence. Our experts were invited to join two government advisory panels - on transport capital expenditure and fuel poverty - and gave evidence at four parliamentary select committee hearings. At the same time, we have not hesitated to be vocal in our opposition to harmful policy decisions. Our most high-profile interventions this year included highlighting the harmful impacts of expanding Heathrow and the proposed cuts to disability benefits. In both cases, NEF's research played a critical role in shaping public debate and parliamentary scrutiny, with our experts in high demand from media and MPs alike. While we continue to campaign for the end of the two-child limit, as well as more fundamental reform of the social security system, NEF was instrumental in helping to mitigate the scale of cuts faced by disabled people.

Chair's Statement Year ended 30 June 2025

Financially, the year was not without difficulty, notably with the withdrawal of some longstanding funders of the new economy space. This created a shortfall in unrestricted income and necessitated a restructuring of our core operations and having to say goodbye to some talented colleagues through redundancies. However, we have emerged from this period with a revised structure aligned to our strategic priorities and a more stable financial footing for the future.

Despite the challenges, this year has been one of purposeful transition and strategic renewal for NEF. I would like to thank our staff, Trustees, partners, and supporters for their commitment and contributions. Together, we continue to build momentum for an economy that works for people and the planet.

A handwritten signature in dark ink, appearing to read 'Adam Sharples', is positioned above the printed name.

Adam Sharples CB
Chair

Introduction

The Trustees present our statutory report together with the financial statements of the New Economics Foundation (NEF) for the year ended 30 June 2025. The report, which constitutes a Trustees' report for the purposes of charity law and a directors' report for the purposes of company law, has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 30 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Overview

NEF was set up in 1986 by the leaders of the first TOES (The Other Economic Summit) as an independent 'think-and-do' tank to promote a transition to a new economic system.

Our mission is to create an economy that works for people and the planet.

Objectives and activities

Our objectives, as set out in the memorandum and articles of association, for which we were established, are:

- a) To advance education and undertake research for the benefit of the public (and to publish the useful results of such research), particularly in economics, citizenship, and environmental, social and political sciences; and
- b) To promote sustainable development for the benefit of the public by:
 - i. the preservation, conservation and the protection of the environment and the prudent use of resources
 - ii. the relief of poverty and improvement of the conditions of life in socially and economically disadvantaged communities
 - iii. pursuing such other related charitable purposes as the Trustees may determine.

By sustainable development, we mean "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

Public benefit

As Trustees, we have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning our future activities. To further our charitable objectives for public benefit, all of our work is directed towards promoting the wellbeing of individuals and communities, ensuring this is achieved in a fair and socially just manner, and achieving this within ecological limits.

NEF achieves public benefit for the population as a whole through advancing knowledge and education about economic, social and environmental issues.

Thanks

We are immensely grateful for the support of a wide range of individuals and organisations – our work would not be possible without your generosity. As an organisation seeking to influence public policy, NEF is committed to transparency, and we list and thank on our website everyone who donates more than £5,000 in any financial year. In a year where unrestricted funding has been particularly scarce, we are especially grateful to those who have helped NEF with flexible funding, which supports some of our most impactful advocacy and media work. This includes the Friends Provident Foundation, John Ellerman Foundation, Laudes Foundation, Guy Lipman, and Joyce Pountain,

Summary of activities & performance

Strategy & impact

This year saw the launch of our new strategy. Our aim is to change the economy so that it delivers the following five elements required for people to live good lives:

- ◆ An environment to thrive in – with decisive and deep action, we can avoid the worst impacts of climate breakdown and build more equal and happier societies.
- ◆ A politics for all – when communities come together, amplify their voices and strengthen their power, we can reinvigorate our democracies.
- ◆ A state fit for the 21st century – new models of public services, investment and devolved decision making can empower the state to support people in.
- ◆ A new internationalism – new financial architecture can provide global public finance and effective social protections to those being left behind by the global economy.
- ◆ Thriving local communities – giving economic and political power to local and regional areas can create local economies that support people to flourish.

Our task is to help build the conditions for these ambitions to be realised through three interconnected workstreams – guaranteeing economic security for all, building a fast and fair transition, and shifting power to people and communities. Building on our 40-year track-record as a think and do-tank, our approach across these areas will be to:

- ◆ Inspire - to co-create radical policy ideas based on robust evidence and lived experience that will deliver a more just and sustainable future.
- ◆ Influence – campaigns that challenge unhelpful orthodoxies, convene unusual suspects, open up space for people often locked out of decision making, help shape public debate, and change minds.

- ◆ Innovate – pioneering transformative projects and demonstrating approaches that build people's power, putting marginalised communities and groups at the heart of what we do.

Below we outline the progress made under the three workstreams this year.

Guaranteeing Economic Security for All

- ◆ NEF was pivotal in mitigating proposed benefit cuts for ill and disabled people. Through a combination of direct engagement with Parliamentarians, briefings, and media appearances (including in-depth coverage on ITV's *Peston*), our analysis showing the true impact of the proposals played a crucial role in challenging the government's plans.
- ◆ Prior to the Welfare Bill, there had been some positive developments in social security policy. Language in autumn's White Paper clearly demonstrated the influence we have been able to have through our work on benefits conditionality over the previous 18 months.
- ◆ In the London borough of Camden, we supported a successful 12-week "test and learn" pilot focused on unconditional engagement with employment support, which produced new ideas and evidence but also generated considerable interest from DWP, Cabinet Office and other local and combined authorities. This work continues to attract significant attention inside and outside government.
- ◆ We deepened our collaboration with the academic team behind the Minimum Income Standard (MIS), exploring how public services can be better integrated into the framework. Our proposals around childcare sparked interest across devolved administrations and the national government, leading to briefings with politicians and civil servants.
- ◆ We also published two related reports with the Social Guarantee, advocating for Universal Basic Services (UBS) as a tool to ensure essential needs are met within environmental limits. These reports addressed both transport equity and the role of infrastructure and planning in reducing car dependency.
- ◆ The Greater Manchester Living Income (GMLI) Coalition, of which NEF is a partner alongside grassroots groups has gained considerable momentum this year. We have gained the endorsement of Mayor Andy Burnham, who was one of over 300 people to enjoy our launch event. We are now co-producing a proposal for a Living Income pilot with staff at the Greater Manchester Combined Authority.
- ◆ With partners including Patriotic Millionaires and academics from the London School of Economics we have been working to establish and define the concept of an Extreme Wealth Line (EWL) to highlight the danger that wealth concentration poses to our economy, environment and democracy. Our initial report based on interviews with and surveys of millionaires found that even the rich feel the growing concentration of wealth is hugely damaging.
- ◆ NEF continues to explore wealth taxes and their implementation. This has included roundtables with experts, including representatives from HMRC and the Treasury, as well as convening partners in other G20 countries to build pressure for international action.

- ◆ NEF has continued to support the Homes for Us Alliance – the national housing campaign made up of grassroots activists. This included a major housing summit where nearly 100 campaigners came together to share research, strategies and agree priorities for future campaigns.
- ◆ We have since launched a campaign for rent controls and have secured meetings with mayors and supported elected officials and campaigners to advocate for rent controls.
- ◆ Our campaigning, economic research and advocacy over the past four years help to secure significant increase for the Affordable Homes Programme in the Spending Review, including a new commitment that 60% will be allocated to social housing. However, we continue to highlight that this remains insufficient to meet the need for 90,000 new social homes a year.

Building a Fast and Fair Transition

- ◆ NEF's groundbreaking fiscal research has shaped the UK and EU policy debates, with growing numbers of politicians, commentators and civil society allies questioning public finance orthodoxy. Important work this year included our 'How do you solve a problem like inflation?' paper calling for greater monetary fiscal co-ordination.
- ◆ Building on years of NEF's work on fiscal matters, we have been regularly contacted and cited in our critique of the methodology and role of the Office for Budget Responsibility's (OBR) forecasts. Our influential policy briefing in October cast a light on the flawed assumptions in the OBR's methodology that weight its forecasts towards austerity. We remain in constructive conversation with OBR themselves.
- ◆ The year saw the EU agreed a reform of the Stability and Growth Pact that allowed some flexibility for capital expenditure, but reimposed limits on overall public spending, triggering budget cuts in many member states. At the same time, Europe has made exceptions for rising military expenditure, with growing signs that social spending will bear the brunt of the squeeze, in ways that risk fuelling the far right. We continue to be a leading member of the EU Fiscal Matters Coalition fighting pushing for greater social and environmental spending. Notably the Macroeconomic Framework for Europe report proposed co-ordinated climate investment across the EU.
- ◆ Our analysis indicated that the new UK National Wealth Fund (NWF) should be able to issue its own bonds, while removing its liabilities from the Chancellor's fiscal debt target to raise an additional £100bn over the next 10 years. We are an increasingly influential voice, with growing cross-party support emerging for our proposals and our Head of Economy and Environment called to give oral evidence to the Treasury Select Committee as part of its National Wealth Fund inquiry.
- ◆ NEF staff have been invited to sit on two Government bodies over the last year, the Department of Transport's Capital Review Panel and the Department for Energy Security & Net Zero's Fuel Poverty Strategy Working Group.

- ◆ NEF's Great Homes Upgrade campaign to retrofit the nation's buildings continued this year with our Blueprint for warmer homes, launched in January at an event with Energy Minister Miatta Fahnbulleh MP. The blueprint proposes a local delivery model, with stable long-term funding to deliver jobs across the country, as well as energy efficiency and lower bills. To make the necessary investment, we propose an interest-free loan scheme delivered through the National Wealth Fund and targeted support for vulnerable households.
- ◆ In addition, we produced new analysis on how the Bank of England could lower borrowing costs for renewable and retrofit investments through Term Funding Scheme for Energy Price Stability (TFSEPS). This proposal would help to protect households from fossil fuel price spikes and is gaining traction within policy and investment circles.
- ◆ As the government has made a series of disappointing decisions about airport expansions, NEF spearheaded the response successfully introducing doubt about the alleged economic benefits from increasing aviation capacity. The Heathrow announcement sparked a flurry of very high profile media appearances, including the front pages for our scoop that the Chancellor's justification came from a Heathrow-funded report using methodology the government had previously discounted as flawed. This in turn led to an invitation to give evidence to the Commons Environmental Audit Committee and Transport Select Committee, whose chair cited NEF's analysis in subsequent questioning of ministers.
- ◆ The Frequent Flyer Levy has continued to gain momentum as a means to curb aviation demand in a fair manner. We have spoken to numerous MPs, including at events in parliament and at party conferences and launched a 'flying fair package' to shift the conversation by proposing a £20 discount on everyone's first flight, alongside changing Air Passenger Duty and a frequent flyer levy.

Shifting Power to people and communities

- ◆ The Reclaiming Our Regional Economies (RORE) programme has continued to show how combined authorities and communities can shape local economies around the needs of local people. The RORE event at the Labour Party Conference featured three metro mayors – Tracy Brabin, Andy Burnham, Richard Parker – as well as Minister for Local Government and English Devolution, Jim McMahon MP.
- ◆ In South Yorkshire we have been convening PLANT, a group of 12 grassroots organisations from across the region to demonstrate how to embed people-led policy making in the region. Originally formed to support the regional priority of planting 1 million trees, PLANT is now engaging with SYMCA to co-create a community engagement strategy and advocate for a community-led retrofit pilot.
- ◆ Alongside this, we produced a paper for the South Yorkshire Mayoral Combined Authority and Rotherham Metropolitan Borough Council leaderships outlining the policy levers and laws they could use to compel landlords to sell poor-quality homes into public ownership.

- ◆ In the West Midlands, special educational needs and disabilities (SEND) provision has emerged as a key priority for the communities we have been working with. In Birmingham we have collaborated with grassroots SEND providers on research and strategy. These included a briefing on how SEND provision is subject to wealth extraction and how investing in co-operative providers could ease the unsustainable financial burden this is placing on local authorities.
- ◆ In Solihull we worked with the Council to support their place-based strategy and business rates retention model, focusing on community asset development.
- ◆ Across our programmes, we have built capacity among community partners looking to make improvements to their lives, while connecting them with national campaigns and policy debates. We have supported dozens of groups and hundreds of individuals with training workshops on policy, storytelling, and one-to-one development sessions. Both the Homes for Us and Power to Prosper programmes have included regranting to smaller organisations usually unable to access funds.

Plans for the future

Our overarching priority for the coming financial year is to deliver impact along the ambitions we have set out in our new strategy. The current political and economic landscape in the UK presents considerable challenges to making progress on our goals of building a fast and fair transition to a green economy, guaranteeing economic security for all, and shifting power to people and communities. That said, we are confident that sharpening NEF's unique approach to delivering impact will help make a positive difference in key areas. We will continue to combine high quality research with organising coalitions of partners and communities to apply pressure on policymakers to adopt key demands and seeking to influence a range of stakeholders (e.g. Ministers, advisors, officials, parliamentarians, select committees, regional and local authorities) to deliver more ambitious policy interventions in the areas we work on.

From an organisational perspective, our priorities include improving the quality of funding that will allow us to be more flexible and agile in our work, delivering a surplus at the end of the financial year to help meet our reserves policy, modernising key aspects of our operations such as IT infrastructure, and refreshing key HR policies.

Financial review

Principal funding sources

NEF receives grants and donations from trusts, foundations, the public sector, charities and not-for-profit organisations, as well as individuals who support our work. We have continued to secure new funders and renew many existing funders. In the last year we have secured new large multi-year grants from Aviva Foundation, The National Lottery Community Fund and The Oak Foundation for projects to be delivered in partnership with other organisations. We also deliver some of our work through consultancy contracts to a similar range of organisations, which are normally either other charities (or similar not-for-profit organisations) or local, regional or national governments.

Results & financial position

Despite the impact of long-term elevated inflation, alongside a cost-of-living crisis, on our costs, notably salaries, we have effectively delivered the vast majority of our programmes with minimal adjustments and continued to build an effective and persuasive public voice for our work.

Income for the year 2024/25, at £4,991,568, increased from £4,874,510 the previous year, due to additional grant funding from trusts and foundations for our programme delivery. The increase also reflects our strategy of engaging with a wider range of new partners (see our Grant Making Policy section below for details), with 31% of last year's expenditure awarded as grants to partners. This was offset by a reduction in consultancy income as we concentrated resources on mobilising two large new grant funded programmes. We hope to increase income by developing new approach to consultancy as a part of 2025/26 plans.

Expenditure increased from £4,935,449 to £4,949,737, again linked to increased programme activity, funded by new grants.

Headcount and FTE reduced to 42.0 and 37.7 respectively (44.0 and 40.6 in 2023/24), as a result of proactive management of overall staffing capacity, aligning this to project delivery cycles as far as possible, and the needs of the organisation.

During 2024/25, NEF Consulting Limited continued its trading activities, concentrating on providing training to various organisations. NEF Consulting made an operating profit of £9,707 (prior year an operating profit of £9,183). A donation of £9,707 was therefore made to the charity under gift aid. The Trustees of NEF will continue to support NEF Consulting Limited based on its plans in the current year to continue to make a profit and further contributions to the charity.

As a result of changes made in previous year to the organisational structure to support the delivery of two new multi-year grants, which will partially utilise the expertise of our NEF Consulting team, there has been a reduction in consultancy income through NEF Consulting, as capacity has been redirected to NEF programmes.

Remuneration policy for key management personnel

The Trustees consider that they, together with the Chief Executive Officer and the Senior Management Team (SMT), constitute the key management personnel for reporting purposes. Following an organisational restructure in late 2025, the SMT is comprised of the CEO, Deputy CEO and the Chief Operating Officer (COO). The remuneration of these individuals is overseen by the Remuneration Committee giving due regard to pay bands informed by external benchmarking, and formal appraisals.

The charity is committed to ensuring a balance between (1) paying its staff fairly to attract and retain good people and (2) careful management of overall funding. Pay bands have been in place for a number of years and are periodically reviewed. The organisation remains committed to ensuring internal parity.

The Trustee Board is actively involved in two key elements of remuneration policy:

1. Senior staff pay
2. Annual cost of living adjustment

The Remuneration Committee reviews each year any recommended changes to salaries for senior positions and makes recommendations to the Board, which reserves to itself decisions on the pay of senior staff. The Finance, Audit and Risk Committee, as part of the annual budget setting process, considers any annual cost of living increase for affordability, before it is referred to the wider Board for final approval. The Board delegates decisions on progression-related pay increases (excluding members of the senior management team) to the Chief Executive Officer.

The Finance, Audit and Risk committee, on behalf of the Board of Trustees, conducts an annual review of the level of free reserves (being unrestricted reserves less non-current assets) in the general fund by considering risks associated with the various income streams, expenditure plans and balance sheet items. This enables an estimate to be made of the level of free reserves that are sufficient, having considered:

- ◆ The reasons we need reserves
- ◆ The potential impact of external factors outside our control
- ◆ The time required for reorganisation in the event of a downturn in income
- ◆ How to protect ongoing work programmes
- ◆ How to allow the charity to meet its working capital requirements
- ◆ How the charity is going to establish the level of reserves required
- ◆ How the policy and reserves will be monitored and reviewed

The charity needs reserves in order to protect continuity of operations during the peaks and troughs of funding cycles and to maintain core activities as individual projects finish and new ones start. In addition to such operational reserves, a fund of accumulated reserves allows the charity the potential to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects.

Reserves policy and going concern

The reserves policy is set within the context that the charity owns its own office space, which has a net asset value of £2.31m (net book value less outstanding mortgage). This is not an operational asset, as the charity can function from any office space and has the option, if required, to dispose of this asset and move to rented accommodation. The Trustees consider that this asset, though illiquid, underpins the long-term financial health of the charity. Trustees acknowledge that there is uncertainty around the likely ability of the charity to dispose of the asset readily, and therefore we put more emphasis on maintaining appropriate operational funds and cash balances (see below).

Trustees' report Year ended 30 June 2025

The Trustees have concluded that, alongside the designated fund relating to the building, the other reserve to be considered is the general fund:

1. Operational funds (a general fund). In order to ensure that the charity can accommodate variations in funding cycles, it is the policy of the Trustees to maintain general funds equivalent to three months' worth of future operational costs, net of reliable and recurring income, at any time. At 30 June 2025, this target amounts to £538,000 (2024: £529,000). General reserves at 30 June 2025 actually amounted to £410,853 (2024: £393,070). It is the intention of the Trustees to rebuild these reserves carefully over the next five years. To achieve this, the Trustees aim to deliver a surplus budget in 2025–26, while making appropriate adjustments to NEF's ongoing cost base and exploring the diversification of its income streams. The goal is to return to generating a consistent surplus from 2025–26 onwards to help rebuild operational reserves.
2. Alongside the reserves policy, it is the policy of the Trustees to maintain at least three months' cover as cash at bank for all operational costs at any time. The finance team monitors cash flow on a weekly basis and the Trustees review this regularly. Three month's group operational costs equate to £720,000; group cash at bank at the year-end was £2.32m (2024: £1.12m). As interest rates rise, we have adopted a policy of saving a proportion of these cash reserves in a high interest paying ethical saving account available in the market.

The Trustees are also required to consider whether there are significant doubts about the charity's ability to continue as a going concern and to disclose whether there are any material uncertainties looking forward for at least one year from the date of signature of these financial statements. The Trustees have considered the future strategic plans of the charity and have reviewed the level of funding secured, detailed cash flow projections, and the underlying trading position of NEF Consulting. The Trustees have also considered potential downside scenarios that might reasonably arise. They are satisfied that the charity remains a going concern.

Grant-making Policy

For some of our projects we hold funds intended to be re-granted to other organisations. These funds have been granted to us by other larger funders, in combination with funding for our own delivery of related work, primarily with the purpose of reaching smaller, grassroots organisations that we are well-placed to engage with via our place-based organising and community power building work.

This approach by funders, of sharing funds for re-granting, is growing, as the funding community revisits grant-making policies and approaches that can be hard to access for smaller organisations and can also be rooted in systemic injustices. The charity is moving towards a participatory re-granting approach, which means working in collaboration with grassroots groups and people with lived experience of the issues we seek to address, to design the funds and parameters for re-granting. We expect the value of our re-granting to increase in future years as a proportion of our charitable activity.

Our grant-making principles are:

- ◆ We want to hold space for experimentation and innovation in grantees and in our re-granting process. We want to fund new and less established organisations and people that represent the lived experiences of those most affected by our priority areas of work.

We will use risk mitigations (such as initially lower grant values and ongoing capacity building support for grantees) to manage any risks that flows from this approach.

- ◆ We have expertise in the work of our grantees, and this supports us to assess risk more accurately, which in turn allows us to take an informed view of risk relating to grantees, and thus support higher levels of risk-taking.
- ◆ Each fund will have clear aims and guiding principles, which will support both core funding awards and specific deliverables where overall aims and work align. Evaluation protocols will be proportionate (as non-invasive and admin-light for grantees as possible).
- ◆ Getting the money to grantees is critical– we can accept a less-than-perfect process, underpinned by robust yet proportionate due diligence, if it facilitates more money reaching grassroots groups more quickly.

We manage risks in a number of ways, including working with fiscal hosts to support good financial governance, bringing in expert partners, delivering wider support to grantees covering both delivery and operational knowledge and skills, applying learnings from previous grant rounds to future work, and clearly defining fund parameters with relevant guidance and policies to support implementation of these.

Principal risks and uncertainties

The Trustees actively review both the strategic and operational risks that the charity faces. These cover both short and long-term risks and in particular concern financial sustainability and reputation. The Trustees confirm that they are satisfied that strategies, systems and controls are, as far as possible, in place to mitigate significant risks.

Achieving the necessary income to fund its work is the primary risk the charity faces. Although the New Economics Foundation continues to have good success rates in securing project funding, this is within the context of an ever-challenging funding environment, made more unpredictable by the ongoing crises of the last few years. The charity is aware that careful management is required to mitigate against this, which includes regular communication with funders, the review of project budgeting and costing procedures and ensuring adequate monitoring and reporting procedures. In the next year, Trustees will approve a business plan and review of the charity's business model to accompany the new strategy, addressing how the charity will strengthen income streams that contribute to core funding.

Risks to the charity's reputation are managed by ensuring that senior staff monitor all projects, working closely on appropriate dissemination strategies, and ensuring that quality and rigor is regularly monitored in terms of output and impact.

Trustees' report Year ended 30 June 2025

The Finance, Audit & Risk Committee of the Board of Trustees regularly reviews NEF's risk register and undertakes a detailed review of a particular area of the register at each of its meetings, which are reported to and discussed by the Board of Trustees. The Committee's principal role is one of oversight and scrutiny and it does not relieve the Board of its responsibilities for the monitoring and management of risk.

Fundraising

We aim to achieve best practice in the way in which we communicate with donors and other supporters. We take care with both the tone of our communications and the accuracy of our data to minimise the pressures on supporters. We are registered with the Fundraising Regulator and adhere to the Code of Fundraising Practice. We apply best practice to protect supporters' data and never sell data, we never swap data and ensure that supporters' and donors' communication preferences can be changed at any time.

We manage our own fundraising activities and do not employ the services of professional fundraisers. We undertake to react to and investigate any complaints regarding our fundraising activities and to learn from them and improve our service. During the year ended 30 June 2025, we received no complaints about our fundraising activities (2024 – none).

Structure governance and management

NEF is constituted through articles of association and registered as a company limited by guarantee.

The appointment of a new trustee to the board of Trustees takes place after due consideration from both parties to ensure a good strategic fit for the board and the prospective trustee. In the last year we appointed six new Trustees as well including our new Chair broadening the skills and experience of the Board.

The hybrid induction process for new Trustees includes meeting programme staff and receiving information about the role and responsibilities of charity Trustees. They are also briefed on their legal obligations under charity and company law, the content of the Memorandum and

Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Trustees are eligible to attend appropriate external training events where these will facilitate the undertaking of their role.

The Board of Trustees usually meets four times a year and focuses on its three roles of strategy, performance and assurance. The Trustees delegate the day-to-day running of the charity to the Chief Executive, and the senior management team, in line with the scheme of delegation.

Trustees' report Year ended 30 June 2025

Decisions are made according to the levels of delegated authority defined in the organisation's policies and procedures and according to job descriptions and commensurate levels of authority for different grades of staff. The risk register setting out the major risks to which the organisation is exposed is regularly reviewed by the FARC, annually by Board and where necessary updated, and risk management approach identified and implemented to minimise these risks. The Senior Management Team is charged with keeping the risk register updated.

The Board has a number of committees to which it delegates some responsibilities. The Finance, Audit and Risk Committee meets five times a year, consists of Trustees with appropriate experience, and is chaired by the Treasurer. The Remuneration Committee meets as and when required to consider any recommended changes to the pay of senior staff. The Board & Officers' Committee meets several times a year and focuses particularly on overseeing NEF's impact, business planning and staffing issues. It also has the power to act on all day-to-day matters not within the province of any other committee of the Board of Trustees. It has executive powers to deal with matters of importance which would normally be referred to the Board of Trustees, but which require decisions as a matter of urgency, and any such decisions are reported to the next meeting of the Board. Working groups may be established at the request of the Chair of the Board as and when needed to focus smaller groups of Trustees on a timebound piece of work with a specific outcome.

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up.

Trustees

The Trustees, who are the directors of the company for the purposes of company law, who served during the year and up to the date of this report were:

Trustees	Appointed/ Resigned
Adam Sharples (<i>Chair from 26 Jun 2024</i>)	B, R
Halla Gunnarsdottir	B, R
Keren Jones (<i>Acting-Chair from 02 Jul 2023 until 26 Jun 2024</i>)	B, R
Alison Cowan (<i>Vice Chair until 12 Mar 2025</i>)	F, B
Richard Bryars, <i>Treasurer (from 28 May 2024)</i>	F, B
Tariq Kazi, <i>Treasurer (until 26 Jun 2024)</i>	F
Nicholas Derden	
Pascale Frazer-Carroll	
Anna Henry	F
Martin Koehring	F
Laurie Laybourn	Resigned 16 Sep 2025
Wing-Ham Chen	Appointed 16 Apr 2025
Ben Pringle	F

B *Member of the Board & Officers' Committee*
F *Member of the Finance, Audit & Risk Committee*
R *Member of the Remuneration Committee*

NEF Consulting Limited

NEF Consulting Limited is a wholly owned trading subsidiary of the charity. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. Its results are consolidated within the group financial statements (see note 13 for further details).

Statement of Trustees' responsibilities

The Trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the Trustees' report and 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 company 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently using the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Trustees' report Year ended 30 June 2025

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The above report has been prepared in accordance with the provisions applicable to the small companies' regime as set out in part 15 of the Companies Act 2006

Approved by the Board of Trustees on 10 December 2025 and signed on its behalf by:



.....

Chair of Trustees

Adam Sharples CB

Independent auditor's report to the members of New Economics Foundation

Opinion

We have audited the financial statements of New Economics Foundation (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 30 June 2025 which comprise the group statement of financial activities, the group and charitable parent company balance sheets and statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 of the charitable parent company's affairs as at 31 March 2025 and of the group's income and expenditure for the year 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 Companies Act 2006.

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 and charitable parent 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. The other information comprises the information included in the annual report and financial statements, 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.

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

We have nothing to report on in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report, which is also the directors' report 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 trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the charitable parent company 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

Independent auditor's report Year ended 30 June 2025

- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of 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 parent 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 group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 guaranteed 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities Act 2011 and those that relate to data protection (General Data Protection Regulation); and

Independent auditor's report Year ended 30 June 2025

- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- ◆ used data analytics to identify and investigated the rationale behind any significant or unusual transactions;
- ◆ tested authorisation controls on expenditure items, ensuring expenditure was approved in line with the charitable company's financial procedures; and
- ◆ challenged assumptions made by management in their significant accounting estimates, in particular those relating to the recognition of project income
- ◆ In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management and those charged with governance as to actual and potential litigation claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Independent auditor's report Year ended 30 June 2025

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

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. Our audit work has been undertaken so that we might state to the charitable company's members 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Buzzacott Audit LLP". The signature is written in a cursive, flowing style.

Edward Finch (Senior Statutory Auditor)
For and on behalf of Buzzacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 11 December 2025

Consolidated statement of financial activities Year ended 30 June 2025
(incorporating the income and expenditure account)

	Notes	Un- restricted funds £	Restricted funds £	2025 Total funds £	Un- restricted funds £	Restricted funds £	2024 Total funds £
Income from							
Donations and legacies	1	106,997	—	106,997	98,693	—	98,693
Charitable activities							
Programmes	2	693,352	3,906,720	4,600,072	1,487,932	3,037,523	4,525,455
Other trading activities	3	216,463	—	216,463	182,694	—	182,694
Investments	4	68,036	—	68,036	67,668	—	67,668
Total income		1,084,848	3,906,720	4,991,568	1,836,987	3,037,523	4,874,510
Expenditure on	5						
Raising funds							
Costs of generating donations		192,648	—	192,648	174,577	—	174,577
Costs of trading activities		54,279	—	54,279	53,527	—	53,527
Charitable activities							
Programmes		796,090	3,906,720	4,702,810	1,669,822	3,037,523	4,707,345
Total expenditure		1,043,017	3,906,720	4,949,737	1,897,926	3,037,523	4,935,449
Net Income/ (expenditure) and net movement in funds	6	41,831	—	41,831	(60,939)	—	(60,939)
Reconciliation in funds							
Fund balances brought forward at 1 July		2,687,514	—	2,687,514	2,748,453	—	2,748,453
Fund balances carried forward at 30 June	18	2,729,345	—	2,729,345	2,687,514	—	2,687,514

All the above results are derived from continuing activities.

Balance sheets As at 30 June 2025

	Notes	Group		Charity	
		2025 £	2024 £	2025 £	2024 £
Fixed assets					
Tangible fixed assets	11	3,093,179	3,135,033	3,093,179	3,135,033
Investments	12	—	—	1	1
		3,093,179	3,135,033	3,093,180	3,135,034
Current assets					
Debtors	14	212,663	520,821	219,990	524,457
Cash at bank and in hand		2,315,811	1,120,840	2,286,672	1,095,036
		2,528,474	1,641,661	2,506,662	1,619,493
Liabilities					
Creditors: amounts falling due within one year	15	(2,209,521)	(1,349,297)	(2,187,710)	(1,327,130)
Net current assets		318,953	292,364	318,952	292,363
Creditors: amounts falling due after one year	17	(682,787)	(739,883)	(682,787)	(739,883)
Total net assets		2,729,345	2,687,514	2,729,345	2,687,514
The funds of the charity:	18				
Funds and reserves					
Restricted funds		—	—	—	—
Unrestricted funds					
Designated funds:					
- Property fund		2,318,492	2,294,444	2,318,492	2,294,444
General funds		410,853	393,070	410,853	393,070
Non-charitable trading funds			—		—
Total unrestricted funds		2,729,345	2,687,514	2,729,345	2,687,514
Total funds	18	2,729,345	2,687,514	2,729,345	2,687,514

Approved by the Board of Trustees on 10 December 2025 and signed on its behalf by



.....
Adam Sharples CB
Chair of Trustees
Company number 03193399

Consolidated statement of cash flows Year ended 30 June 2025

	Note	2025 £	2024 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	1,242,262	(104,480)
Cash flows from investing activities:			
Purchase of property, plant and equipment		(9,213)	(34,589)
Investment income received		68,036	67,668
Interest payable		(55,482)	(62,885)
Net cash used in investing activities		3,341	(29,806)
Cash flows from financing activities:			
Repayments of borrowing		(50,632)	(45,301)
Net cash used in financing activities		(50,632)	(45,301)
Change in cash and cash equivalents in the reporting period		1,194,971	(179,587)
Cash and cash equivalents at the beginning of the year	B	1,120,840	1,300,427
Cash and cash equivalents at the end of the reporting period	B	2,315,811	1,120,840

Notes to the cash flow statement for the year to 30 June:

A Reconciliation of net movement in funds to net cash flow from operating activities

	2025 £	2024 £
Net income for the reporting period (as per the statement of financial activities)	41,831	(60,939)
Depreciation charges	51,067	46,802
Investment income receivable	(68,036)	(67,668)
Interest payable	55,482	62,885
Decrease in debtors	308,158	(169,536)
Increase/(decrease) in creditors	853,760	83,976
Net cash provided by (used in) operating activities	1,242,262	(104,480)

B Analysis of cash and cash equivalents

	2025 £	2024 £
Total cash and cash equivalents: Cash at bank and in hand	2,315,811	1,120,840

C Analysis of movements in net cash (debt)

	At 1 July 2024 £	Cash flows £	Non-cash changes £	At 30 June 2025 £
Cash and Cash Equivalents	1,120,840	1,194,971	—	2,315,811
Borrowings				
Debt due within one year	(48,946)	48,946	(55,410)	(55,410)
Debt due after one year	(739,883)	—	57,096	(682,787)
	(788,829)	48,946	1,686	(738,197)
Total	332,011	1,243,917	1,686	1,577,614

Principal accounting policies Year ended 30 June 2025

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. These financial statements are presented in sterling and rounded to the nearest pound.

Basis of preparation

These financial statements have been prepared for the year ended 30 June 2025 with comparative information presented for the year ended 30 June 2024.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover overhead costs;
- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ allocating expenditure between funds based on an estimate of staff time.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. They have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. In making this assessment the trustees have paid particular attention to the wider economic situation and impact this has on funding opportunities and the group's cost base. The most significant areas of judgement that affect items in the financial statements are detailed above.

Principal accounting policies Year ended 30 June 2025

Basis of consolidation

The consolidated statement of financial activities, consolidated statement of cash flows and group balance sheet consolidate each reporting line of the financial statements of New Economics Foundation and its subsidiary company, NEF Consulting Limited, made up at the balance sheet date.

A separate statement of financial activities, or income and expenditure account, has not been presented for the charity because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The total income of the parent charity amounted to £4,952,262 (2023/24: £4,842,676) and total expenditure was £4,920,138 (2023/24: £4,912,798), resulting in the net expenditure for the year of £32,124 (2023/24: net expenditure of £70,122).

Income recognition

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably, and it is probable that the income will be received.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably. Income is deferred where it relates to specific future periods either via explicit or implicit time conditions within the grant agreement.

Income earned under a contract for services is recognised in the financial statements as entitlement is earned through completion of the contract. Deferred income from the sales of goods is recognised once the good has been delivered. Income from the sales of goods and services is the amount derived from ordinary activities (net of VAT).

Income received by way of subscriptions and donations are included in full in the statement of financial activities when receivable.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group or charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure related to grants payable is recognised when there is a legal or constructive obligation. This is when there is documented communication of the approved re-grant to the intended recipient.

Principal accounting policies Year ended 30 June 2025

All expenditure is accounted for on an accruals basis. Expenditure is comprised of direct costs, grant payments and support costs. Direct and grant costs are allocated to a specific activity. The classification between activities is as follows:

- a) Expenditure on raising funds includes all expenditure associated with raising funds for the charity and the operating costs of NEF Consulting Limited.
- b) Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Expenditure on charitable activities includes both direct costs, grant costs and indirect support costs.

All expenditure is inclusive of irrecoverable VAT.

Allocation of support costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Expenditure is allocated to activities based on an estimate of staff time spent on each activity.

Leases

Payments under operating leases are charged to the statement of financial activities in equal annual instalments over the period of the leases.

Financial instruments

The charity only 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

- ♦ Long leasehold buildings* - 50 years
- ♦ Fixtures and fittings - 10 years
- ♦ Computer software & equipment - 4 years

Assets are depreciated from when they are brought into use.

Principal accounting policies Year ended 30 June 2025

Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

*The depreciable amount relates to estimated rebuilding costs at the time of acquisition.

Investments in subsidiaries

Investments in subsidiaries are included at cost less any impairment.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash and cash equivalents

Cash and cash equivalents represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the group and the charity anticipate it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 7. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Unrestricted general funds

These are funds which can be used for any purpose within the charitable objects of the group.

Principal accounting policies Year ended 30 June 2025

Designated funds

Funds set aside by the trustees out of unrestricted funds for specific future purposes.

Restricted funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions. Income from donations and legacies

1 Income from donations and legacies

	Unrestricted funds	
	2025 Total £	2024 Total £
Unrestricted grants	21,000	—
Regular giving, individual donations and legacies	85,997	98,693
	106,997	98,693

2 Income from charitable activities – programmes

Grants receivable funded work in the following programme areas:

	Un- restricted funds £	Restricted funds £	2025 Total £
Grants receivable			
Guaranteeing economic security for all	111,163	2,061,623	2,172,786
Building a fast and fair transition to a green economy	444,381	511,342	955,723
Shifting power to people and communities	137,808	1,333,755	1,471,563
2025 Total	693,352	3,906,720	4,600,072

	Un- restricted funds £	Restricted funds £	2024 Total £
<i>Grants receivable</i>			
<i>Guaranteeing economic security for all</i>	<i>586,206</i>	<i>1,627,724</i>	<i>2,213,930</i>
<i>Building a fast and fair transition to a green economy</i>	<i>539,959</i>	<i>343,850</i>	<i>883,909</i>
<i>Shifting power to people and communities</i>	<i>361,767</i>	<i>1,065,949</i>	<i>1,427,716</i>
2024 Total	1,487,932	3,037,523	4,525,455

During the year ended 30 June 2025, the charity reviewed the basis of presentation of the programme areas. Our programme areas are now analysed based on our new strategy mission areas since our programme work now is focused on three urgent missions to transform the economy. The comparatives have been reanalysed for consistency.

Our organising and movement building programme works across our mission to build coalitions to campaign for change across NEF's agenda.

Notes to the financial statements Year ended 30 June 2025

3 Income from other trading activities

	Unrestricted funds	
	2025 Total £	2024 Total £
Consulting	38,597	99,102
Books and publications	3,413	3,717
Licensee income	174,453	79,875
	216,463	182,694

4 Income from investments

	Unrestricted funds	
	2025 Total £	2024 Total £
Dividend income	265	—
Interest earned	67,771	67,668
	68,036	67,668

5 Total expenditure

	Direct costs			Support costs	2025 Total £
	Staff costs (note 7) £	Other costs £	Grants Payable £	£	
Costs of raising funds					
- Strategic fundraising	52,912	122,331	—	17,405	192,648
- NEF Consulting	18,338	25,498	—	10,443	54,279
Costs of charitable activities					
- Programmes	1,638,473	1,598,469	487,672	978,196	4,702,810
2025 Total funds	1,709,723	1,746,298	487,672	1,006,044	4,949,737

	Direct costs			Support costs	2024 Total £
	Staff costs (note 7) £	Other costs £	Grants payable £	£	
Costs of raising funds					
- Strategic fundraising	53,136	100,839	—	20,602	174,577
- NEF Consulting	22,055	14,990	—	16,482	53,527
Costs of charitable activities					
- Programmes	1,729,216	1,436,995	342,074	1,199,060	4,707,345
2024 Total funds	1,804,407	1,552,824	342,074	1,236,144	4,935,449

Notes to the financial statements Year ended 30 June 2025

	2025 Total £	2024 Total £
Support costs		
Staff costs (note 7)	581,513	706,274
Communications	48,979	52,266
Depreciation	51,067	46,802
Legal and professional	17,500	14,060
Premises	159,950	170,055
Human resources	10,925	70,908
Office running costs	48,763	63,685
Information technology	47,998	60,267
Irrecoverable VAT	39,349	51,827
	1,006,044	1,236,144

6 Net income (expenditure) for the year

This is stated after charging:

	2025 £	2024 £
Depreciation	51,067	46,802
Interest payable	55,482	62,885
Operating lease rentals	8,019	10,682
Auditor's remuneration		
- Statutory audit	17,000	16,170
Foreign exchange gains or losses	—	360

7 Staff costs and trustees' remuneration

Staff costs were as follows:

	2025 £	2024 £
Salaries and wages	1,962,834	2,163,093
Redundancy and termination costs	18,731	24,541
Social security costs	217,376	230,018
Pension costs	92,295	93,029
	2,291,236	2,510,681

Included within redundancy and termination costs are ex-gratia payments totalling £18,731 to three employees (2024: £24,541 to two employees).

Notes to the financial statements Year ended 30 June 2025

The following number of employees whose total remuneration, on an annual equivalent basis, was in excess of £60,000 during the year were as follows:

	2025 No.	2024 No.
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1
£80,001 - £90,000	2	1
£120,001 - £130,000	1	—

The total value of employee benefits, including employers' national insurance and pension contributions, of the key management personnel was £390,218 (2024: £403,987). The reduction in costs was due to the vacant position of COO in SMT in 2025 compared to 2024

No trustees received emoluments during the year for services provided to the charity (2024: £nil).

Trustees' expenses represent the payment or reimbursement of travel & subsistence costs totalling £120.60 (2024: £556).

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	Headcount		FTE	
	2025 £	2024 £	2025 £	2024 £
Strategic fundraising	1	1	0.5	0.5
NEF Consulting	1	1	0.3	0.4
Programmes	32	31	28.1	29.1
Support (including Communications)	8	10	7.8	9.6
Governance	1	1	1.0	1.0
	43	44	37.7	40.6

9 Related party transactions

No donations were made to the charity by any trustees during the year (2024: £100). There were no other related party transactions during the year (2024: none).

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary NEF Consulting Limited transfers available profits to the parent charity by way of gift aid. Accordingly, no provision for current or deferred tax is required.

11 Tangible fixed assets

Group and charity	Long leasehold buildings £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 July 2024	3,329,170	115,839	147,250	3,592,259
Additions in the year	—	—	9,213	9,213
At 30 June 2025	<u>3,329,170</u>	<u>115,838</u>	<u>156,463</u>	<u>3,601,472</u>
Depreciation				
At 1 July 2024	245,897	107,151	104,178	457,226
Charge for the year	26,583	8,688	15,796	51,067
At 30 June 2025	<u>272,480</u>	<u>115,839</u>	<u>119,974</u>	<u>508,293</u>
Net book values				
At 30 June 2025	<u>3,056,690</u>	<u>—</u>	<u>36,489</u>	<u>3,093,179</u>
At 30 June 2024	<u>3,083,274</u>	<u>8,687</u>	<u>43,072</u>	<u>3,135,033</u>

12 Investments

Investments, at cost, comprise:

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Investment in wholly owned trading subsidiary	<u>—</u>	<u>—</u>	<u>1</u>	<u>1</u>

13 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of NEF Consulting Limited, a company registered in England. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

Notes to the financial statements Year ended 30 June 2025

	2025 Total £	2024 Total £
Turnover	38,597	99,102
Cost of sales	(19,938)	(82,842)
Gross Profit	18,659	16,260
Operating expenses	(9,661)	(7,661)
Interest receivable	709	584
Profit for the financial year	9,707	9,183
Accumulated deficit at 30 June 2024	—	—
Donation to parent undertaking under gift aid	(9,707)	(9,183)
Retained earnings (accumulated deficit) at 30 June 2025	—	—

14 Debtors

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Trade debtors	85,850	125,762	83,570	120,062
Amounts due from subsidiary	—	—	9,707	9,436
Prepayments	50,510	53,744	50,510	53,744
Accrued income	61,700	329,426	61,600	329,326
Other debtors	14,603	11,889	14,603	11,889
	212,663	520,821	219,990	524,457

15 Creditors: amounts falling due within one year

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Bank loans (note 17)	55,410	48,946	55,410	48,946
Trade creditors	177,836	221,222	176,495	218,762
Taxation and social security	81,033	77,170	80,530	76,319
Other creditors	76,743	8,483	76,743	8,483
Accruals	150,864	107,778	150,864	107,778
Grants Payable	80,822	97,318	80,822	97,318
Deferred income (note 16)	1,586,813	788,380	1,566,846	769,524
	2,209,521	1,349,297	2,187,710	1,327,130

16 Deferred income

All restricted grants for the delivery of projects have been treated as performance related grants. Income relating to these grants has been recognised on the basis of the level of performance delivered by the year-end. Any amounts received in excess of the level of performance delivered have been treated as deferred income for recognition in future accounting periods.

Movements in deferred income were as follows:

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Deferred income brought forward	788,380	808,085	769,523	787,778
Amount released to income in the year	(3,462,498)	(2,614,793)	(3,454,883)	(2,613,343)
Amount deferred in the year	4,260,931	2,595,088	4,252,206	2,595,088
Balance at the end of the year	1,586,813	788,380	1,566,846	769,523

Deferred income includes the re-grant amount of £204,905 designated for Partner organisations (2023:24: £97,318) within Guaranteeing economic security of all, Building fast and fair transition economy and Shifting power to people and communities programme area. This amount is resourced through the funding received from OAK Foundation (£151,405) and Ovo Foundation (£20,000), Thirty Percy Foundation (£8,000) and Esme Fairbairn Foundation (£25,000).

17 Creditors: amounts falling due after one year

	Group and charity	
	2025 £	2024 £
Bank loans	682,787	739,883

Bank loans are repayable as follows:

	Group and charity	
	2025 £	2024 £
Bank loans		
. Payable within one year (note 15)	55,410	48,946
. Payable one to five years	263,003	238,381
. Payable more than five years	419,784	501,502
	738,197	788,829

The charity has a loan £738,197 (2023-24: £788,829) from Triodos Bank which is secured by a charge on 10 Salamanca Place, London, SE1 7HB. The total loan amount was £1.25 million, repayable over 20 years. Interest is charged at the greater of 3% or the Bank of England base rate plus 2.5%.

Notes to the financial statements Year ended 30 June 2025

18 Analysis of group net assets between funds

	General unrestricted £	Designated funds £	Total funds £
As at 30 June 2025			
Tangible fixed assets	36,489	3,056,690	3,093,179
Net current assets	374,363	(55,410)	318,953
Long term liabilities	—	(682,787)	(682,787)
Net assets at the end of the year	410,852	2,318,493	2,729,345
	General unrestricted £	Designated funds £	Total funds £
As at 30 June 2024			
Tangible fixed assets	51,759	3,083,274	3,135,033
Net current assets	341,310	(48,946)	292,364
Long term liabilities	—	(739,883)	(739,883)
Net assets at the end of the year	393,069	2,294,445	2,687,514

19 Movements in funds

	1 July 2024 £	Income £	Expenditure £	Transfers £	At 30 June 2025 £
Unrestricted funds					
Designated funds					
Property fund	2,294,444	—	—	24,048	2,318,492
General funds	393,070	1,039,842	(998,011)	(24,048)	410,853
Non-charitable trading	—	39,306	(39,306)	—	—
Total unrestricted funds	2,687,514	1,079,148	(1,037,317)	—	2,729,345
Restricted funds (analysis below)					
Total restricted funds	—	3,912,420	(3,912,420)	—	—
Total funds	2,687,514	4,991,568	(4,949,737)	—	2,729,345

	1 July 2023 £	Income £	Expenditure £	Transfers £	At 30 June 2024 £
Unrestricted funds					
Designated funds					
Property fund	2,275,526	—	—	18,918	2,294,444
Strategic development fund	9,538	—	—	(9,538)	—
General funds	463,389	1,737,301	(1,798,240)	(9,380)	393,070
Non-charitable trading	—	99,686	(99,686)	—	—
Total unrestricted funds	2,748,453	1,836,987	(1,897,926)	—	2,687,514
Restricted funds (analysis below)					
Total restricted funds	—	3,037,523	(3,037,523)	—	—
Total funds	2,748,453	4,874,510	(4,935,449)	—	2,687,514

19 Movements in funds (continued)

Purposes of designated funds

Designated funds relate to either: (a) the net book value of the freehold land and building less the loan on 10 Salamanca Place as these funds do not represent liquid reserves available for charitable purposes by NEF.

Purpose of restricted funds

The restricted funds are balances of grants given to NEF to carry out specific projects. Please see our website (www.neweconomics.org) for more information about our work.

No transfers have been made from unrestricted reserves.

19 Movements in funds (continued)

Non-charitable trading

This fund represents the balance of NEF's wholly owned trading subsidiary NEF Consulting. Movements on restricted funds for the year were in relation to the following funders:

Restricted funds	At 01 Jul 2024 £	Income £	Expenditure £	At 30 Jun 2025 £
abrdn Financial Fairness Trust	—	22,300	(22,300)	—
Aviva Foundation	—	58,128	(58,128)	—
Barrow Cadbury Trust	—	20,000	(20,000)	—
Calouste Gulbenkian Foundation UK Branch	—	21,690	(21,690)	—
Esmée Fairbairn Foundation	—	42,392	(42,392)	—
European Climate Foundation	—	114,656	(114,656)	—
Friends Provident Foundation	—	90,910	(90,910)	—
Impact on Urban Health	—	58,818	(58,818)	—
Joseph Rowntree Foundation	—	46,218	(46,218)	—
KR Foundation	—	8,180	(8,180)	—
Lloyds Bank Foundation	—	94,495	(94,495)	—
Network for Social Change	—	38,500	(38,500)	—
Nuffield Foundation	—	12,562	(12,562)	—
Oak Foundation	—	1,698,299	(1,698,299)	—
Open Society Foundations (USA)	—	88,662	(88,662)	—
OVO Foundation	—	23,600	(23,600)	—
Patriotic Millionaires International	—	30,000	(30,000)	—
Possible	—	20,000	(20,000)	—
Power to Change Trustee Limited	—	44,405	(44,405)	—
Shelter	—	7,420	(7,420)	—
The Joseph Rowntree Charitable Trust	—	3,180	(3,180)	—
The Motherhood Plan	—	16,100	(16,100)	—
The National Lottery Community Fund	—	1,033,554	(1,033,554)	—
The Nationwide Foundation	—	50,992	(50,992)	—
The Sunrise Project	—	69,478	(69,478)	—
The Sunrise Project Australia Ltd	—	168,105	(168,105)	—
Thirty Percy Foundation	—	24,076	(24,076)	—
Total restricted funds	—	3,906,720	(3,906,720)	—
Total funds	2,687,514	4,991,568	(4,949,737)	2,729,345

20 Operating lease commitments

The group and charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	Equipment	
	2025 £	2024 £
Within one year	1,920	7,408
Between two to five years	7,200	67
	9,120	7,475

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

NEW ECONOMICS FOUNDATION

England & Wales - Charity number 1055254

Accounts

New Economics Foundation

Annual report and financial statements

30 June 2024

Charity registration number
1055254

Company limited by guarantee
Company registration number
3193399 (England & Wales)

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Trustees' report Year ended 30 June 2024

Trustees	Adam Sharples CB (Chair) Alison Cowan (Vice Chair) Richard Bryars (Treasurer) Anna Henry Ben Pringle Halla Gunnarsdottir Laurie Laybourn Martin Koehring Nicholas Dearden Pascale Frazer-Carroll Tariq Kazi
Secretary	Beth Matheson
Chief Executive Officer	Dhananjayan Sriskandarajah
Registered office and operational address	New Economics Foundation 10 Salamanca Place London, SE1 7HB
Website	www.neweconomics.org
Charity registration number	1055254
Company registration number	3193399 (England & Wales)
Auditor	Buzzacott LLP 130 Wood Street London, EC2V 6DL
Banker	Handelsbanken London Bridge Branch 11-15 Borough High Street London, SE1 9SE
Solicitor	Russell-Cooke LLP 8 Bedford Row London WC1R 4BX

Chair's Statement Year ended 30 June 2024

This has been a year of change at NEF and in the wider world. In January we were delighted to welcome Danny Sriskandarajah as our new chief executive, and I joined as chair in June. Our financial year ended on the eve of a general election which would see the first change of government for 14 years and the election to Parliament of our former chief executive Miatta Fahnbulleh. We congratulate Miatta who, we believe, is the first former NEF colleague to be appointed a government minister.

The next few years will be a crucial moment for the UK, a moment that will require bold ideas and engagement with communities across the country to tackle the multiple challenges we face and ensure a healthy, thriving economy and environment that work for everybody. Climate breakdown, extreme inequality and public services stretched beyond breaking are just a few of the pressing challenges that will be high on the agenda of the new government and our work on these issues over the past year and beyond has prepared the ground for NEF to contribute innovative and ambitious thinking to policy debates.

As well as NEF policies on social housing and homes retrofit being adopted in manifestos, the general election campaign saw a NEF idea referenced in the opinion pages of the *Financial Times* and moving into mainstream discourse. Our Tiered Reserves proposal, a technical measure that would save the government billions of pounds by undoing a subsidy for banks brought in in the aftermath of the global financial crisis became the *cause du jour* for political journalists interrogating would be ministers about how they would fund their promises. Gordon Brown cited our work while proposing to use tiered reserves to fight child poverty.

This has been the first full year of our flagship Reclaim Our Regional Economies (RORE) programme. Working in partnership with communities and mayoral teams in three combined authorities alongside leading local economic development organisations and Co-operatives UK, we are piloting a new approach to making local economies work for the people who live there, rather than the shareholders of companies with no stake in the communities. As regional mayors grow in power and influence, we are working with them to build an evidence base and advocate for further devolution of powers from Westminster. This will be key to solving problems like the lack of good jobs, the housing crisis and ensuring a just transition to a net zero economy.

Internally, NEF staff moved this year to a four-day working week with no loss of pay, putting into practice something we have long advocated for. The results so far are encouraging, with staff benefitting from better work/life balance without an impact on productivity. On the board, I would like to extend my personal thanks to the trustees who stood down this year, whose wisdom and considerable contributions have been invaluable. I would also like to pay tribute to Keren Jones who stepped up to serve as interim chair in the most difficult of circumstances following the tragic loss of our former chair Lord Bob Kerslake. For an organisation to lose its chair during a transition between CEOs could have been hugely destabilising so we are very grateful for Keren and others on the board for providing continuity and leadership at a critical moment.

Adam Sharples CB
Chair

Introduction

The trustees present our statutory report together with the financial statements of the New Economics Foundation (NEF) for the year ended 30 June 2024. The report, which constitutes a trustees' report for the purposes of charity law and a directors' report for the purposes of company law, has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 30 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Overview

NEF was set up in 1986 by the leaders of the first TOES (The Other Economic Summit) as an independent 'think-and-do' tank to promote a transition to a new economic system.

Our mission is to create an economy that works for people and the planet.

Objectives and activities

Our objectives, as set out in the memorandum and articles of association, for which we were established, are:

- a) To advance education and undertake research for the benefit of the public (and to publish the useful results of such research), particularly in economics, citizenship, and environmental, social and political sciences; and
- b) To promote sustainable development for the benefit of the public by:
 - i. the preservation, conservation and the protection of the environment and the prudent use of resources
 - ii. the relief of poverty and improvement of the conditions of life in socially and economically disadvantaged communities
 - iii. pursuing such other related charitable purposes as the Trustees may determine.

By sustainable development, we mean "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

Public benefit

As trustees, we have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning our future activities. To further our charitable objectives for public benefit, all of our work is directed towards promoting the wellbeing of individuals and communities, ensuring this is achieved in a fair and socially just manner, and achieving this within ecological limits.

Public benefit (continued)

NEF achieves public benefit for the population as a whole through advancing knowledge and education about economic, social and environmental issues.

Thanks

We are immensely grateful for the support of a wide range of individuals and organisations – our important work would not be possible without your generosity. As an organisation seeking to influence public policy, NEF is committed to transparency, and we list and thank on our website everyone who donates more than £5,000 in any financial year. We take this opportunity too to say a special thank you to those whose flexible funding has underpinned NEF's work this year, particularly the Friends Provident Foundation, the late Ronald Higgins, Claire Jones, Laudes Foundation, and The William and Flora Hewlett Foundation.

Summary of activities & performance

Strategy & impact

This year represented the completion of our five-year strategy cycle. Through three missions – a New Social Settlement, a Green New Deal and a Democratic Economy - NEF has undertaken work to build toward outcomes that will achieve our vision of a new economy – one that works for people and within environmental limits. The building blocks of this new economy are:

- ◆ A thriving and healthy environment at the core of the new system
- ◆ Better and more equal living standards with the basics for a decent quality of life guaranteed
- ◆ Greater common and co-operative ownership
- ◆ Progressive business with social purpose
- ◆ A decentralised, active state
- ◆ Empowered and active communities

We measure progress through our impact framework that shapes and focuses our work to ensure short-term impacts bring progress towards the longer-term changes we seek. These include the introduction of a living income to ensure everyone can afford life's essentials, a just transition to a green economy and transformation of local economies to support the wellbeing of the people who live there.

Our theory of change, delivery objectives and impact KPIs are built around three routes to change: influencing the debate, building power for change and delivering policy change & impact.

Summary of activities & performance (continued)

Work programmes

Our programme of work weaves together multiple projects supporting our three missions, building a cohesive and impactful agenda for change. We work in partnership with others, ensuring NEF is at the heart of a broad movement needed to affect the scale of change that we desire. We have always combined the research and policy work of a traditional think tank with practical work on the ground to put ideas into action and make direct change happen. Historically this has mainly been carried out alongside public and third sector partners. More recently, this has evolved to include community organising, to support people to build their power and push for solutions that will solve the systemic problems they face. This year, we have launched a major new programme, Power to Prosper, which joins Homes for Us and Reclaiming Our Regional Economies as a multi-year programme that involves working with strategic partners and cuts across several of the themes we work on. Brief highlights of how we secured change in 2023/24 within each of the three missions are outlined below.

New Social Settlement

- ◆ NEF is driving the welfare reform agenda, leading growing calls for a social security system based on adequacy to meet basic needs and support to help people into good jobs. Our work has spanned holding workshops with people in the benefits system, community organising around problem debt, conducting economic analysis and giving evidence to Parliament.
- ◆ Our report *From compliance to engagement* showed that people are more likely to find lasting employment when supported to find a suitable role that fits their skills and caring responsibilities, instead of coercing them into work through sanctions. Head of Social Policy Tom Pollard presented the evidence to the Work and Pensions Commons Select Committee in September.
- ◆ Alongside the Runnymede Trust, we launched a three-year project to address the root causes of poverty, inequality and problem debt. Power to Prosper looks beyond individualised, short-term solutions by building power amongst groups unfairly exposed to disproportionate levels of poverty and debt, including black and minority ethnic communities, single parent families and households with a disabled member.
- ◆ NEF is spearheading efforts to reform the UK's broken housing system. Homes For Us is a coalition of grassroots organisations, charities and tenants' unions who have come together to fight for more and better social housing, set up by NEF and supported by the Oak Foundation. As well as providing training and mutual support, the coalition is strengthening the grassroots housing movement through participatory grantmaking.
- ◆ Policies co-produced with the coalition were adopted by Labour at its 2023 conference. The party announced it would lift the cap on social housing acquisitions, to enable councils to buy more private rented sector (PRS) homes and flip them to social tenure. They also pledged to increase stamp duty on housing purchases by foreign investors. Our work also fed into the Liberal Democrat and Green manifesto pledges to build 150,000 social homes per year.

Summary of activities & performance (continued)

New Social Settlement (continued)

NEF's team of organisers has trained dozens of people affected by the housing crisis in communities up and down the country, including London, Manchester, Birmingham and Yorkshire. These groups have started to win victories against absent landlords and commitments from councils who've previously ignored them. They have targeted local

- ◆ MPs and mayors who have gone on to raise their plight with ministers, making the case for housing system reform from the bottom up.
- ◆ NEF is building the case for universal basic services (UBS), for people, for taxpayers, and for the environment. Research conducted in the last year and half showed that universal, high-quality early years education would prove of the highest-returning investments a government could make, even if funded entirely through borrowing. Benefits are greatest when investing in children from low-income households. However, analysis indicated that only 2% of the poorest families would access the government's expanded 30 hours free childcare offer, compared to around 70% of high-income parents. At a European level, we have formed a coalition to build support for the UBS agenda and published articles to make the environmental case, with shared services a more efficient use of resources to meet needs.

Green New Deal

- ◆ We are leading research and advocacy efforts to shift minds on fiscal policy. Politicians in the UK and EU continue to tie themselves to arbitrary fiscal rules that limit public borrowing and spending as a proportion of GDP, preventing the public investment necessary to transition to a low carbon economy as well as progressive social measures. NEF led the civil society response to Labour's disappointing decision to drop its £28bn climate investment pledge – a figure originally based on NEF research.
- ◆ NEF's Fiscal Matters Coalition continued to push the EU to relax its borrowing rules with our analysis featuring prominently in leading newspapers across the continent. Our agenda-setting analysis showed that new rules restricting government borrowing will prevent all EU countries apart from Ireland, Sweden, Latvia and Denmark from investing enough to meet their Paris climate commitments. This stat and its accompanying social media graphic is now regularly used by MEPs and others across the continent fighting for investment.
- ◆ On monetary policy, Rachel Reeves, while Shadow Chancellor, pledged to reinstate climate change as a priority for the Bank of England after NEF meetings with her team. Ahead of the European Central Bank's (ECB) strategy retreat, we teamed up with partners including Positive Money, Reclaim Finance and WWF to call for greener monetary policies as part of the ECB's climate action plan.

Summary of activities & performance (continued)

Green New Deal (continued)

- ◆ Our tiered reserves proposal has gained significant support over the past year. Our research published in November 2023 estimated that the government could save up to £55bn over five years by ending the Bank of England's practice of paying interest on commercial bank reserves, introduced to help banks through the financial crisis. This year the policy was endorsed by Gordon Brown to raise funds to combat child poverty and by numerous commentators in the general election campaign as a way for prospective Chancellors to raise funds without increasing taxes.
- ◆ Following NEF research exposing the skills gap the UK faces in order to transition to a net zero economy, we launched the idea of a National Skilling Wage (NSW). Employer spending on training has fallen by a fifth in a decade and most people unable to afford to take the time out of work to train. The NSW would pay a living wage for time spent training. It would derisk investing in staff for employers while giving workers the skills needed to thrive in a low-carbon economy.
- ◆ It has long been held as self-evidently true that building airports drives growth. In July NEF published the first comprehensive, peer-reviewed analysis of the economic costs and benefits of the air travel sector in the UK for over a decade. We found no strong evidence of increasing economic or productivity growth associated with increasing air travel. The future assumptions built into the government's 2012 framework – still the basis for policy – had proved false. The number of people employed in the industry peaked in 2007 and no sector has seen as big a fall in wages since the financial crisis. Growth in business travel has ceased.
- ◆ NEF continued to support local communities fighting airport expansions with research, analysis and economist Alex Chapman appearing as an expert witness at hearings. In addition, to help counter the relentless lobbying of the aviation industry, we also produced widely shared content for social media, including two videos, that challenged the prevailing narrative of aviation-led growth.

Summary of activities & performance (continued)

Democratic Economy

- ◆ Our flagship Reclaiming Our Regional Economies (RORE) programme has gathered pace. With major funding secured from the National Lottery Community Fund over five years, RORE is piloting a groundbreaking model to make local economies work for the people who live there. In three regions (South Yorkshire, North East and West Midlands), we are seeking to demonstrate how facilitating partnership between communities and regional combined authorities with co-ordinated, bespoke new economy interventions over a sustained period can achieve transform local economic systems. Extensive and innovative community engagement is giving people a way to shape the economic priorities of their region. Rather than being at the mercy of the 'invisible hand' guiding multinational investment or of the whims of the Westminster government, they are co-creating action plans with the combined authorities that build on local needs and strengths and leverage new resources to deliver sustainable wellbeing for their communities. The RORE partnership – NEF, Cooperatives UK, the Centre for Local Economic Strategies and the Centre for Thriving Places – is putting our combined expertise and suite of new economy interventions to facilitate defining and delivering against regional priorities. As well as practical work on the ground, the programme produced its first policy paper. This included discussion of the problems with our current devolution model, examples of good work being done by combined authorities, and how national devolution policy could be reformed to facilitate greater progress.
- ◆ We collaborated with Central London Forward (who represent 12 central London local authorities) on a major report on building an inclusive economy in the boroughs at the heart of the capital. This gave a better understanding of central London's economy and the extent to which residents and workers are sharing in its success, to inform and strengthen approaches to more inclusive and sustainable local economic development. The report highlighted the significance of the foundational economy to deliver for central London residents, roughly half of whom are employed in foundational sectors such as food, health and education. The research is being spread far and wide through extensive advocacy by the 12 boroughs, including with the government.
- ◆ Our research highlighted the continuing importance of the public sector to the economy in different parts of the UK, and the knock-on effects of the 'pay restraint' (wage cuts) demanded of its workers by the government. Below inflation pay settlements for public sector workers worsen already huge regional inequalities. Economies in Wales, Scotland and the North East would take a hit by twice as big as London. All other English regions and Northern Ireland were also worse affected than the capital.

Plans for the future

In Spring 2024, we began a process to refresh our organisational strategy for the years ahead. The first stage of this process included a review of lessons learned from our previous strategy and the success of past initiatives, several internal workshops involving staff and Trustees, consultations with and a survey of key external stakeholders such as donors, supporters, partner organisations, and ex-NEF staff.

Plans for the future (continued)

In June 2024, the Board reviewed and endorsed a draft 2025-2030 strategy for NEF, and this is being developed and refined in the second half of 2024. The new strategy will build on NEF's strong intellectual, policy and community engagement foundations, and seeks to reflect the

change in political circumstances, the increasing urgency of the crises facing the UK and the world, and the worrying levels of disengagement with democracy and the resurgent far right. For the first time in over a decade we are faced with a potentially progressive government in the UK, albeit one that faces considerable constraints. The new strategy will define the role for NEF in these circumstances, presenting practical, implementable improvements while pushing the government, opposition parties and our colleagues across civil society to be more radical in what we can achieve.

We will continue to build on the departure NEF has made from the traditional think tank model of using community organising to build power among people who are being left behind in our economic system and who feel powerless and increasingly insecure. We have benefited from several years of learning what works and how to do things better and are now in a position to take this element of our work to the next level, with programmes like Power to Prosper and RORE. The changed environment is opening up new opportunities for NEF, such as the increasingly important role of the metro mayors we work with, growing international pressure and co-ordination for ideas like wealth taxes, and a UK government potentially more open to NEF ideas.

Financial review

Principal funding sources

NEF receives grants and donations from trusts, foundations, the public sector, charities and not-for-profit organisations, as well as individuals who support our work. We have continued to secure new funders and renew many existing funders. In the last year we have secured new large multi-year grants from The National Lottery Community Fund and The Oak Foundation for projects to be delivered in partnership with other organisations. We also deliver some of our work through consultancy contracts to a similarly range of organisations, which are normally either other charities (or similar not-for-profit organisations) or local, regional or national governments.

Results & financial position

Despite the impact of long-term elevated inflation, alongside a cost-of-living crisis, on our costs, notably salaries, we have effectively delivered the vast majority of our programmes with minimal adjustments and continued to build an effective and persuasive public voice for our work.

Early in 2019, we received a large legacy (£500,000) from the estate of the late Ronald Higgins, a long-term supporter of the charity. This sum was set aside as a strategic development fund and formed a critical component of our progressive *Build Back Better* programme to address the failings in our economy and society exposed so vividly, initially by the pandemic, and still now through the impact of inflation and the associated cost of living crisis. The remaining balance of £9,538 as of 1 July 2023 was allocated towards implementing the project management tool Monday.com.

Financial review (continued)

Results & financial position (continued)

Income for the year 2023/24, at £4,874,510, increased from £3,457,432 the previous year, due to additional grant funding from trusts and foundations for our programme delivery, albeit we are now working with many new partners and 27% of expenditure last year went as grants

to partners. This was offset by a reduction in consultancy income as we concentrated resources on mobilizing two large new grant funded programmes. We expect to increase income by developing new approach to consultancy as a part of 2024/25 plans.

Expenditure increased from £3,503,610 to £4,950,331, again linked to increased programme activity, funded by new grants.

Headcount remained the same as 2022/23 at 44, the staffing increases slightly on a Full Time Equivalent basis to 40.6 (2022/23: 39.9) as a result of modest changes to team members' working hours arising from the natural course of change and the needs of the organisation.

During 2022/23, NEF Consulting Limited continued its trading activities, concentrating on providing training to various organisations. NEF Consulting made an operating profit of £9,183 (prior year an operating profit of £380). A donation of £9,183 was therefore made to the charity under gift aid. The trustees of NEF will continue to support NEF Consulting Limited based on its plans in the current year to continue to make a profit and further contributions to the charity.

As a result of changes made in previous year to the organisational structure to support the delivery of two new multi-year grants, which will partially utilise the expertise of our NEF Consulting team, there has been a reduction in consultancy income through NEF Consulting, as capacity has been redirected to NEF programmes.

Remuneration policy for key management personnel

The trustees consider that they, together with the Chief Executive Officer, the Chief Operating Officer and the senior management team, constitute the key management personnel for reporting purposes. The senior management team is comprised of the directors of programme areas. The remuneration of these individuals is overseen by the Remuneration Committee giving due regard to pay bands informed by external benchmarking, and formal appraisals.

The charity is committed to ensuring a balance between (1) paying its staff fairly to attract and retain good people and (2) careful management of overall funding. Pay bands have been in place for a number of years and are periodically reviewed. The organisation remains committed to ensuring internal parity.

The Trustee Board is actively involved in two key elements of remuneration policy:

1. Senior staff pay
2. Annual cost of living adjustment

Remuneration policy for key management personnel (continued)

The Remuneration Committee reviews each year any recommended changes to salaries for senior positions and makes recommendations to the Board, which reserves to itself decisions on the pay of senior staff. The Finance, Audit and Risk Committee, as part of the annual budget setting process, considers any annual cost of living increase for affordability, before it is referred to the wider Board for final approval. The Board delegates decisions on progression-related pay increases (excluding members of the senior management team) to the Chief Executive Officer.

The Finance, Audit and Risk committee, on behalf of the Board of Trustees, conducts an annual review of the level of free reserves (being unrestricted reserves less non-current assets) in the general fund by considering risks associated with the various income streams, expenditure plans and balance sheet items. This enables an estimate to be made of the level of free reserves that are sufficient, having considered:

- ◆ The reasons we need reserves
- ◆ The potential impact of external factors outside our control
- ◆ The time required for reorganisation in the event of a downturn in income
- ◆ How to protect ongoing work programmes
- ◆ How to allow the charity to meet its working capital requirements
- ◆ How the charity is going to establish the level of reserves required
- ◆ How the policy and reserves will be monitored and reviewed

The charity needs reserves in order to protect continuity of operations during the peaks and troughs of funding cycles and to maintain core activities as individual projects finish and new ones start. In addition to such operational reserves, a fund of accumulated reserves allows the charity the potential to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects.

Reserves policy and going concern

The reserves policy is set within the context that the charity owns its own office space, which has a net asset value of £2.28m (net book value less outstanding mortgage). This is not an operational asset, as the charity can function from any office space and has the option, if required, to dispose of this asset and move to rented accommodation. The trustees consider that this asset, though illiquid, underpins the long-term financial health of the charity. Trustees acknowledge that there is uncertainty around the likely ability of the charity to dispose of the asset readily, and therefore we put more emphasis on maintaining appropriate operational funds and cash balances (see below).

The Trustees have concluded that, alongside the designated fund relating to the building, there are two other reserves to be considered, one being a general fund, the other being a second designated fund:

Reserves policy and going concern (continued)

1. Operational funds (a general fund). In order to ensure that the charity can accommodate variations in funding cycles, it is the policy of the Trustees to maintain general funds equivalent to three months' worth of future operational costs, net of reliable and recurring income, at any time. At 30 June 2024, this target amounts to £529,000 (2023: £629,000). General reserves at 30 June 2024 actually amounted to £378,188 (2023: £463,389). It is the intention of the Trustees to rebuild these reserves carefully over the next five years. To achieve this, the Trustees plan on achieving a balanced budget in 2024-25 while adjustments are made to NEF's ongoing cost base and investment is made in diversifying NEF's income streams. The plan is then to return to generating a steady surplus from 2025-26 onwards in order to build up the operational funds.
2. Strategic development funds (a second designated fund). On receipt of a large legacy in 2018/19 of £500,000 the trustees felt it was important these funds were used to deliver strategic development projects rather than being utilised to support day to day expenditure. These funds have been used for; (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. This designated fund was fully spent down in 2023/24 leaving a nil balance at year end (2023: £9,538).

Alongside the reserves policy, it is the policy of the trustees to maintain at least three months' cover as cash at bank for all operational costs at any time. The finance team monitors cash flow on a weekly basis and the trustees review this regularly. Three month's group operational costs equate to £720,000; group cash at bank at the year-end was £1.12m (2023: £1.3m). As interest rates rise, we have adopted a policy of saving a proportion of these cash reserves in a high interest paying ethical saving account available in the market.

The trustees are also required to consider whether there are significant doubts about the charity's ability to continue as a going concern and to disclose whether there are any material uncertainties looking forward for at least one year from the date of signature of these financial statements. The Trustees have considered the future strategic plans of the charity and have reviewed the level of funding secured, detailed cash flow projections, and the underlying trading position of NEF Consulting. The trustees have also considered potential downside scenarios that might reasonably arise. They are satisfied that the charity remains a going concern.

Grant-making Policy

For some of our projects we hold funds intended to be re-granted to other organisations. These funds have been granted to us by other larger funders, in combination with funding for our own delivery of related work, primarily with the purpose of reaching smaller, grassroots organisations that we are well-placed to engage with via our place-based organising and community power building work.

This approach by funders, of sharing funds for re-granting, is growing, as the funding community revisits grant-making policies and approaches that can be hard to access for smaller organisations and can also be rooted in systemic injustices. The charity is moving towards a participatory re-granting approach, which means working in collaboration with grassroots groups and people with lived experience of the issues we seek to address, to design the funds and parameters for re-granting. We expect the value of our re-granting to

Grant-making Policy (continued)

increase in future years as a proportion of our charitable activity.

Our grant-making principles are:

- ◆ We want to hold space for experimentation and innovation in grantees and in our re-granting process. We want to fund new and less established organisations and people that represent the lived experiences of those most affected by our priority areas of work.

We will use risk mitigations (such as initially lower grant values and ongoing capacity building support for grantees) to manage any risks that flows from this approach.

- ◆ We have expertise in the work of our grantees, and this supports us to assess risk more accurately, which in turn allows us to take an informed view of risk relating to grantees, and thus support higher levels of risk-taking.
- ◆ Each fund will have clear aims and guiding principles, which will support both core funding awards and specific deliverables where overall aims and work align. Evaluation protocols will be proportionate (as non-invasive and admin-light for grantees as possible).
- ◆ Getting the money to grantees is critical– we can accept a less-than-perfect process, underpinned by robust yet proportionate due diligence, if it facilitates more money reaching grassroots groups more quickly.

We manage risks in a number of ways, including working with fiscal hosts to support good financial governance, bringing in expert partners, delivering wider support to grantees covering both delivery and operational knowledge and skills, applying learnings from previous grant rounds to future work, and clearly defining fund parameters with relevant guidance and policies to support implementation of these.

Principal risks and uncertainties

The Trustees actively review both the strategic and operational risks that the charity faces. These cover both short and long-term risks and in particular concern financial sustainability and reputation. The Trustees confirm that they are satisfied that strategies, systems and controls are, as far as possible, in place to mitigate significant risks.

Achieving the necessary income to fund its work is the primary risk the charity faces. Although the New Economics Foundation continues to have good success rates in securing project funding, this is within the context of an ever-challenging funding environment, made more unpredictable by the ongoing crises of the last few years. The charity is aware that careful management is required to mitigate against this, which includes regular communication with funders, the review of project budgeting and costing procedures and ensuring adequate monitoring and reporting procedures. In the next year, trustees will approve a business plan and review of the charity's business model to accompany the new strategy, addressing how the charity will strengthen income streams that contribute to core funding

Risks to the charity's reputation are managed by ensuring that senior staff monitor all projects, working closely on appropriate dissemination strategies, and ensuring that quality and rigor is regularly monitored in terms of output and impact.

Principal risks and uncertainties (continued)

The Finance, Audit & Risk Committee of the Board of Trustees regularly reviews NEF's risk register and undertakes a detailed review of a particular area of the register at each of its meetings, which are reported to and discussed by the Board of Trustees. The Committee's principal role is one of oversight and scrutiny and it does not relieve the Board of its responsibilities for the monitoring and management of risk.

Fundraising

We aim to achieve best practice in the way in which we communicate with donors and other supporters. We take care with both the tone of our communications and the accuracy of our data to minimise the pressures on supporters. We are registered with the Fundraising Regulator and adhere to the Code of Fundraising Practice. We apply best practice to protect supporters' data and never sell data, we never swap data and ensure that supporters' and donors' communication preferences can be changed at any time.

We manage our own fundraising activities and do not employ the services of professional fundraisers. We undertake to react to and investigate any complaints regarding our fundraising activities and to learn from them and improve our service. During the year ended 30 June 2024, we received no complaints about our fundraising activities (2023 – none).

Structure governance and management

NEF is constituted through articles of association and registered as a company limited by guarantee.

The appointment of a new trustee to the board of trustees takes place after due consideration from both parties to ensure a good strategic fit for the board and the prospective trustee. In the last year we appointed six new trustees as well including our new Chair broadening the skills and experience of the Board.

The hybrid induction process for new trustees includes meeting programme staff and receiving information about the role and responsibilities of charity trustees. They are also briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Trustees are eligible to attend appropriate external training events where these will facilitate the undertaking of their role.

The Board of Trustees usually meets four times a year and focuses on its three roles of strategy, performance and assurance. The trustees delegate the day-to-day running of the charity to the Chief Executive, and the senior management team, in line with the scheme of delegation.

Decisions are made according to the levels of delegated authority defined in the organisation's policies and procedures and according to job descriptions and commensurate levels of authority for different grades of staff. The risk register setting out the major risks to which the organisation is exposed is regularly reviewed by the Board and where necessary updated, and risk management approach identified and implemented to minimise these risks. The Senior Management Team is charged with keeping the risk register updated.

Structure governance and management (continued)

The Board has a number of committees to which it delegates some responsibilities. The Finance, Audit and Risk Committee meets six times a year, consists of Trustees with appropriate experience, and is chaired by the Treasurer. The Remuneration Committee meets as and when required to consider any recommended changes to the pay of senior staff. The Board & Officers' Committee meets several times a year and focuses particularly on overseeing NEF's impact, business planning and staffing issues. It also has the power to act on all day-to-day matters not within the province of any other committee of the Board of Trustees. It has executive powers to deal with matters of importance which would normally be

referred to the Board of Trustees, but which require decisions as a matter of urgency, and any such decisions are reported to the next meeting of the Board. Working groups may be established at the request of the Chair of the Board as and when needed to focus smaller groups of trustees on a timebound piece of work with a specific outcome. .

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up.

Trustees

The trustees, who are the directors of the company for the purposes of company law, who served during the year and up to the date of this report were:

Trustees		Appointed/ Resigned
Adam Sharples (<i>Chair from 26 Jun 2024</i>)	B & R	Appointed 26 Jun 2024
Lord Bob Kerslake (<i>Chair until 2 Jul 2023</i>)	B & R	Resigned 02 Jul 2023
Keren Jones (<i>Acting-Chair from 02 Jul 2023 until 26 Jun 2024</i>)	B, R	Resigned 17 Sep 2024
Alison Cowan (<i>Acting Vice Chair from 02 Jul 2023 until 26 Jun 2024, then appointed Vice Chair</i>)	B, F	
Richard Bryars, <i>Treasurer (from 28 May 2024)</i>	F & B	
Tariq Kazi, <i>Treasurer (until 26 Jun 2024)</i>	F	
Sotez Chowdhury		Resigned 12 Jul 2023
Ciaran Driver		Resigned 06 Sep 2023
Nicholas Derden		Appointed 05 Dec 2023
Pascale Frazer-Carroll		Appointed 05 Dec 2023
Halla Gunnarsdottir		Appointed 05 Dec 2023
Anna Henry		Appointed 05 Dec 2023
Tim Jenkins		Resigned 16 Feb 2024
Martin Koehring	F	
Laurie Laybourn		
Ben Pringle		Appointed 5 Dec 2023
Mary Riddell	R	Resigned 06 Sep 2023
Deniz Ugur		Resigned 05 Dec 2023

B Member of the Board & Officers' Committee

F Member of the Finance, Audit & Risk Committee

R Member of the Remuneration Committee

Structure governance and management (continued)

NEF Consulting Limited

NEF Consulting Limited is a wholly owned trading subsidiary of the charity. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. Its results are consolidated within the group financial statements (see note 13 for further details).

Statement of trustees' responsibilities

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and 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 which give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure, of the group for that period. In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently using the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Trustees' report Year ended 30 June 2024

Structure governance and management (continued)

Statement of trustees' responsibilities (continued)

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Trustees on 10 December 2024 and signed on its behalf by:

(.....)
Chair of Trustees

Independent auditor's report Year ended 30 June 2024

Independent auditor's report to the members of New Economics Foundation

Opinion

We have audited the financial statements of New Economics Foundation (the 'charitable company') for the year ended 30 June 2024 which comprise the consolidated statement of financial activities, the group and parent balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group and parent charitable company's affairs as at 30 June 2024 and of the income and expenditure of the group 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 Companies Act 2006.

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 charitable company 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 and charitable parent 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.

Independent auditor's report Year ended 30 June 2024

Other information

The trustees are responsible for the other information. 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records; 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, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of trustees (continued)

In preparing the financial statements, the trustees are responsible for assessing the group and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities Act 2011 and those that relate to data protection (General Data Protection Regulation); and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit

Independent auditor's report Year ended 30 June 2024

Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to their knowledge of actual, suspected and alleged fraud; and]
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- ◆ used data analytics to identify and investigated the rationale behind any significant or unusual transactions;
- ◆ tested authorisation controls on expenditure items, ensuring expenditure was approved in line with the charitable company's financial procedures; and
- ◆ challenged assumptions made by management in their significant accounting estimates, in particular those relating to the recognition of project income
- ◆ In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Consolidated statement of financial activities Year ended 30 June 2024
(incorporating the income and expenditure account)

Use of this 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. Our audit work has been undertaken so that we might state to the charitable company's members 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Edward Finch, Senior Statutory Auditor
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year ended 30 June 2024
(incorporating the income and expenditure account)

	Notes	Un- restricted funds £	Restricted funds £	2024 Total funds £	Un- restricted funds £	Restricted funds £	2023 Total funds £
Income from							
Donations and legacies	1	98,693	—	98,693	105,999	—	105,999
Charitable activities							
Programmes	2	1,487,932	3,037,523	4,525,455	1,371,582	1,624,819	2,996,401
Other trading activities	3	182,694	—	182,694	330,424	—	330,424
Investments	4	67,668	—	67,668	24,608	—	24,608
Total income		1,836,987	3,037,523	4,874,510	1,832,613	1,624,819	3,457,432
Expenditure on	5						
Raising funds							
Costs of generating donations		174,577	—	174,577	109,444	—	109,444
Costs of trading activities		53,527	—	53,527	604,010	—	604,010
Charitable activities							
Programmes		1,669,822	3,037,523	4,707,345	1,165,337	1,624,819	2,790,156
Total expenditure		1,897,926	3,037,523	4,935,449	1,878,791	1,624,819	3,503,610
Net expenditure and net movement in funds	6	(60,939)	—	(60,939)	(46,178)	—	(46,178)
Reconciliation in funds							
Fund balances brought forward at 1 July		2,748,453	—	2,748,453	2,794,631	—	2,794,631
Fund balances carried forward at 30 June	18	2,687,514	—	2,687,514	2,748,453	—	2,748,453

All the above results are derived from continuing activities.

Balance sheets As at 30 June 2024

	Notes	Group		Charity	
		2024 £	2023 £	2024 £	2023 £
Fixed assets					
Tangible fixed assets	11	3,135,033	3,147,246	3,135,033	3,147,246
Investments	12	—	—	1	1
		3,135,033	3,147,246	3,135,034	3,147,247
Current assets					
Debtors	14	520,821	351,285	524,457	293,172
Cash at bank and in hand		1,120,840	1,300,427	1,095,036	1,288,155
		1,641,661	1,651,712	1,619,493	1,581,327
Liabilities					
Creditors: amounts falling due within one year	15	(1,349,297)	(1,262,389)	(1,327,130)	(1,192,005)
Net current assets		292,364	389,323	292,363	389,322
Creditors: amounts falling due after one year	17	(739,883)	(788,116)	(739,883)	(788,116)
Total net assets		2,687,514	2,748,453	2,687,514	2,748,453
The funds of the charity:	18				
Funds and reserves					
Restricted funds		—	—	—	—
Unrestricted funds					
Designated funds:					
- Property fund		2,294,444	2,275,526	2,294,444	2,275,526
- Strategic development fund		—	9,538	—	9,538
General funds		393,070	463,389	393,070	463,389
Non-charitable trading funds		—	—	—	—
Total unrestricted funds		2,672,632	2,748,453	2,672,632	2,748,453
Total funds	18	2,687,514	2,748,453	2,687,514	2,748,453

Approved by the Board of Trustees on 10 December 2024 and signed on its behalf by

Chair of Trustees

Principal accounting policies Year ended 30 June 2024

	Note	2024 £	2023 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	(104,480)	468,181
Cash flows from investing activities:			
Purchase of property, plant and equipment		(34,589)	(14,428)
Investment income received		67,668	24,608
Interest payable		(62,885)	(48,218)
Net cash used in investing activities		(29,806)	(38,038)
Cash flows from financing activities:			
Repayments of borrowing		(45,301)	(48,293)
Net cash used in financing activities		(45,301)	(48,293)
Change in cash and cash equivalents in the reporting period		(179,587)	381,850
Cash and cash equivalents at the beginning of the year	B	1,300,427	918,577
Cash and cash equivalents at the end of the reporting period	B	1,120,840	1,300,427

Notes to the cash flow statement for the year to 30 June:

A Reconciliation of net movement in funds to net cash flow from operating activities

	2024 £	2023 £
Net income for the reporting period (as per the statement of financial activities)	(60,939)	(46,178)
Depreciation charges	46,802	49,176
Investment income receivable	(67,668)	(24,608)
Interest payable	62,885	48,218
Decrease in debtors	(169,536)	15,887
Increase/(decrease) in creditors	83,976	425,686
Net cash provided by (used in) operating activities	(104,480)	468,181

B Analysis of cash and cash equivalents

	2024 £	2023 £
Total cash and cash equivalents: Cash at bank and in hand	1,120,840	1,300,427

C Analysis of movements in net cash (debt)

	At 1 July 2023 £	Cash flows £	Non-cash changes £	At 30 June 2024 £
Cash and Cash Equivalents	1,300,427	(179,587)	—	1,120,840
Borrowings				
Debt due within one year	(46,014)	46,014	(48,946)	(48,946)
Debt due after one year	(788,116)	—	48,233	(739,883)
	(834,130)	46,014	(713)	(788,829)
Total	466,297	(133,573)	(713)	332,011

Principal accounting policies Year ended 30 June 2024

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. These financial statements are presented in sterling and rounded to the nearest pound.

Basis of preparation

These financial statements have been prepared for the year ended 30 June 2024 with comparative information presented for the year ended 30 June 2023.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover overhead costs;
- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ allocating expenditure between funds based on an estimate of staff time.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. They have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. In making this assessment the trustees have paid particular attention to the wider economic situation and impact this has on funding opportunities and the group's cost base. The most significant areas of judgement that affect items in the financial statements are detailed above.

Principal accounting policies Year ended 30 June 2024

Basis of consolidation

The consolidated statement of financial activities, consolidated statement of cash flows and group balance sheet consolidate each reporting line of the financial statements of New Economics Foundation and its subsidiary company, NEF Consulting Limited, made up at the balance sheet date.

A separate statement of financial activities, or income and expenditure account, has not been presented for the charity because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The total income of the parent charity amounted to £4,851,859 (2022/23: £3,356,063) and total expenditure was £4,927,680 (2022/23: £3,402,241), resulting in the net expenditure for the year of £75,821 (2022/23: net expenditure of £46,178).

Income recognition

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income is deferred where it relates to specific future periods either via explicit or implicit time conditions within the grant agreement.

Income earned under a contract for services is recognised in the financial statements as entitlement is earned through completion of the contract. Deferred income from the sales of goods is recognised once the good has been delivered. Income from the sales of goods and services is the amount derived from ordinary activities (net of VAT).

Income received by way of subscriptions and donations are included in full in the statement of financial activities when receivable.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group or charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure related to grants payable is recognised when there is a legal or constructive obligation. This is when there is documented communication of the approved re-grant to the intended recipient.

Principal accounting policies Year ended 30 June 2024

Expenditure recognition (continued)

All expenditure is accounted for on an accruals basis. Expenditure is comprised of direct costs, grant payments and support costs. Direct and grant costs are allocated to a specific activity. The classification between activities is as follows:

- a) Expenditure on raising funds includes all expenditure associated with raising funds for the charity and the operating costs of NEF Consulting Limited.
- b) Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Expenditure on charitable activities includes both direct costs, grant costs and indirect support costs.

All expenditure is inclusive of irrecoverable VAT.

Allocation of support costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Expenditure is allocated to activities based on an estimate of staff time spent on each activity.

Leases

Payments under operating leases are charged to the statement of financial activities in equal annual installments over the period of the leases.

Financial instruments

The charity only 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

- | | |
|---------------------------------|------------|
| ◆ Long leasehold buildings* | - 50 years |
| ◆ Fixtures and fittings | - 10 years |
| ◆ Computer software & equipment | - 4 years |

Assets are depreciated from when they are brought into use.

Principal accounting policies Year ended 30 June 2024

Tangible fixed assets (continued)

Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

*The depreciable amount relates to estimated rebuilding costs at the time of acquisition.

Investments in subsidiaries

Investments in subsidiaries are included at cost less any impairment.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash and cash equivalents

Cash and cash equivalents represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the group and the charity anticipate it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 7. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Unrestricted general funds

These are funds which can be used for any purpose within the charitable objects of the group.

Principal accounting policies Year ended 30 June 2024

Designated funds

Funds set aside by the trustees out of unrestricted funds for specific future purposes.

Restricted funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

1 Income from donations and legacies

	Unrestricted funds	
	2024 Total £	2023 Total £
Unrestricted grants	—	7,500
Regular giving, individual donations and legacies	98,693	98,499
	98,693	105,999

2 Income from charitable activities – programmes

Grants receivable funded work in the following programme areas:

	Un- restricted funds £	Restricted funds £	2024 Total £
Grants receivable			
New Social Settlement	586,206	1,627,724	2,213,930
Green New Deal	539,959	343,850	883,809
Democratic Economy	361,767	1,065,949	1,427,716
2024 Total	1,487,932	3,037,523	4,525,455

	Un- restricted funds £	Restricted funds £	2023 Total £
<i>Grants receivable</i>			
<i>New Social Settlement</i>	587,928	540,270	1,128,198
<i>Green New Deal</i>	548,082	627,030	1,175,112
<i>Democratic Economy</i>	235,572	457,519	693,091
2023 Total	1,371,582	1,624,819	2,996,401

Our programme areas are analysed based on our mission areas since our programme work is focused on three urgent missions to transform the economy.

Our organising and movement building programme works across our mission to build coalitions to campaign for change across NEF's agenda.

3 Income from other trading activities

	Unrestricted funds	
	2024 Total £	2023 Total £
Consulting	99,102	272,148
Books and publications	3,717	2,339
Licensee income	79,875	55,937
	182,694	330,424

4 Income from investments

	Unrestricted funds	
	2024 Total £	2023 Total £
Interest earned	67,668	24,608

5 Total expenditure

	Direct costs			Support costs	2024 Total £
	Staff costs (note 7) £	Other costs £	Grants Payable £	£	
Costs of raising funds					
- Strategic fundraising	53,136	100,839	—	20,602	174,577
- NEF Consulting	22,055	14,990	—	16,482	53,527
Costs of charitable activities					
- Programmes	1,729,216	1,436,995	342,074	1,199,060	4,707,345
2024 Total funds	1,804,407	1,552,824	342,074	1,236,144	4,935,449

	Direct costs			Support costs	2023 Total £
	Staff costs (note 7) £	Other costs £	Grants payable £	£	
Costs of raising funds					
- Strategic fundraising	59,938	12,109	—	37,397	109,444
- NEF Consulting	315,741	63,881	—	224,388	604,010
Costs of charitable activities					
- Programmes	1,242,852	372,614	314,536	860,154	2,790,156
2023 Total funds	1,618,531	763,140	314,536	1,121,939	3,503,610

Notes to the financial statements Year ended 30 June 2024

	2024 Total £	2023 Total £
Support costs		
Staff costs (note 7)	706,274	647,141
Communications	52,266	25,610
Depreciation	46,802	49,176
Legal and professional	14,060	23,550
Premises	170,055	142,952
Human resources	70,908	46,040
Office running costs	63,685	63,345
Information technology	60,267	62,115
Irrecoverable VAT	51,827	62,010
	1,236,144	1,121,939

6 Net income (expenditure) for the year

This is stated after charging:

	2024 £	2023 £
Depreciation	46,802	49,176
Interest payable	62,885	48,218
Operating lease rentals	10,682	9,832
Auditor's remuneration		
- Statutory audit	16,170	14,950
Foreign exchange gains or losses	360	(1,776)

7 Staff costs and trustees' remuneration

Staff costs were as follows:

	2024 £	2023 £
Salaries and wages	2,163,093	1,956,272
Redundancy and termination costs	24,541	9,017
Social security costs	230,018	214,581
Pension costs	93,029	85,802
	2,510,681	2,265,672

Included within redundancy and termination costs are ex-gratia payments totalling £24,541 to three employees (2023 - £9,017 to two employees).

7 Staff costs and trustees' remuneration (continued)

The following number of employees whose total remuneration, on an annual equivalent basis, was in excess of £60,000 during the year were as follows:

	2024 No.	2023 No.
£60,001 - £70,000	2	3
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,000	—	1

The total value of employee benefits, including employers' national insurance and pension contributions, of the key management personnel was £403,987 (2023: £368,540). The increase in costs was due to full capacity of SMT in 2024 compared to 2023.

No trustees received emoluments during the year for services provided to the charity (2023: £nil).

Trustees' expenses represent the payment or reimbursement of travel & subsistence costs totalling £556 (2023: £80).

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	Headcount		FTE	
	2024 £	2023 £	2024 £	2023 £
Strategic fundraising	1	1	0.5	0.6
NEF Consulting	1	7	0.4	6.4
Programmes	31	25	29.1	22.8
Support (including Communications)	10	10	9.6	9.1
Governance	1	1	1.0	1.0
	44	44	40.6	39.9

9 Related party transactions

Donations totalling £100 were made to the charity by two trustees during the year (2023: £90). These donations contributed to core costs and ongoing projects. There were no other related party transactions during the year (2023: none).

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary NEF Consulting Limited transfers available profits to the parent charity by way of gift aid. Accordingly, no provision for current or deferred tax is required.

11 Tangible fixed assets

Group and charity	Long leasehold buildings £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 July 2023	3,329,171	115,839	112,661	3,557,671
Additions in the year	—	—	34,589	34,589
Disposals during the year	—	—	—	—
At 30 June 2024	3,329,171	115,839	147,250	3,592,260
Depreciation				
At 1 July 2023	219,314	95,568	95,543	410,425
Charge for the year	26,583	11,584	8,635	46,802
At 30 June 2024	245,897	107,152	104,178	457,227
Net book values				
At 30 June 2024	3,083,274	8,687	43,072	3,135,033
At 30 June 2023	3,109,857	20,271	17,118	3,147,246

12 Investments

Investments, at cost, comprise:

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Investment in wholly owned trading subsidiary	—	—	1	1

13 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of NEF Consulting Limited, a company registered in England. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

Notes to the financial statements Year ended 30 June 2024

13 Subsidiary undertaking (continued)

	2024 Total £	2023 Total £
Turnover	99,102	565,345
Cost of sales	(82,842)	(223,598)
Gross Profit	16,260	341,747
Operating expenses	(7,661)	(341,601)
Interest receivable	584	234
Profit (loss) for the financial year	9,183	380
Accumulated deficit at 30 June 2023	—	—
Donation to parent undertaking under gift aid	(9,183)	(380)
Retained earnings (accumulated deficit) at 30 June 2024	—	—

14 Debtors

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Trade debtors	125,762	215,219	120,062	151,849
Amounts due from subsidiary	—	—	9,436	5,655
Prepayments	53,744	44,095	53,744	44,095
Accrued income	329,426	85,594	329,326	85,196
Other debtors	11,889	6,377	11,889	6,377
	520,821	351,285	524,457	293,172

15 Creditors: amounts falling due within one year

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Bank loans (note 17)	48,946	46,014	48,946	46,014
Trade creditors	221,222	160,678	218,762	152,013
Taxation and social security	77,170	61,086	76,319	47,313
Other creditors	8,483	14,797	8,483	13,297
Accruals	107,778	110,235	107,778	84,096
Grants Payable	97,318	61,494	97,318	61,494
Deferred income (note 16)	788,380	808,085	769,524	787,778
	1,349,297	1,262,389	1,327,130	1,192,005

16 Deferred income

All restricted grants for the delivery of projects have been treated as performance related grants. Income relating to these grants has been recognised on the basis of the level of performance delivered by the year-end. Any amounts received in excess of the level of performance delivered have been treated as deferred income for recognition in future accounting periods.

Movements in deferred income were as follows:

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Deferred income brought forward	808,085	408,495	364,055	293,170
Amount released to income in the year	(2,614,793)	(1,467,736)	(1,467,736)	(853,259)
Amount deferred in the year	2,595,088	1,867,326	1,891,459	924,144
Balance at the end of the year	788,380	808,085	787,778	364,055

Deferred income includes the re-grant amount of £97,318 designated for eight Partner organisations (2022:23: £27,500 designated for three partner organisations) within Green New Deal and Social Settlement programme area. This amount is resourced through the funding received from Laudes Foundation (£44,518) and Lankelly Chase Foundation (£52,799)

17 Creditors: amounts falling due after one year

	Group and charity	
	2024	2023
	£	£
Bank loans	739,883	788,116

Bank loans are repayable as follows:

	Group and charity	
	2024	2023
	£	£
Bank loans		
. Payable within one year (note 15)	48,946	46,014
. Payable one to five years	238,381	289,533
. Payable more than five years	501,502	498,583
	788,829	834,130

The charity has a loan from Triodos Bank which is secured by a charge on 10 Salamanca Place, London, SE1 7HB. The total loan amount was £1.25 million, repayable over 20 years. Interest is charged at the greater of 3% or the Bank of England base rate plus 2.5%.

18 Analysis of group net assets between funds

	General unrestricted	Designated funds	Total funds
	£	£	£
As at 30 June 2024			
Tangible fixed assets	51,759	3,083,274	3,135,033
Net current assets	341,310	(48,946)	292,364
Long term liabilities	—	(739,883)	(739,883)
Net assets at the end of the year	393,069	2,294,445	2,687,514

18 Analysis of group net assets between funds (continued)

	General unrestricted £	Designated funds £	Total funds £
<i>As at 30 June 2023</i>			
<i>Tangible fixed assets</i>	37,389	3,109,857	3,147,246
<i>Net current assets</i>	425,799	(36,476)	389,323
<i>Long term liabilities</i>	—	(788,116)	(788,116)
<i>Net assets at the end of the year</i>	<u>463,188</u>	<u>2,285,265</u>	<u>2,748,453</u>

19 Movements in funds

	1 July 2023 £	Income £	Expenditure £	Transfers £	At 30 June 2024 £
Unrestricted funds					
Designated funds					
Property fund	2,275,526	—	—	18,918	2,294,444
Strategic development fund	9,538	—	—	(9,538)	—
General funds	463,389	1,737,301	(1,798,240)	(9,380)	393,070
Non-charitable trading	—	99,686	(99,686)	—	—
Total unrestricted funds	<u>2,748,453</u>	<u>1,836,987</u>	<u>(1,897,926)</u>	<u>—</u>	<u>2,687,514</u>
Restricted funds (analysis below)					
Total restricted funds	<u>—</u>	<u>3,037,523</u>	<u>(3,037,523)</u>	<u>—</u>	<u>—</u>
Total funds	<u>2,748,453</u>	<u>4,874,510</u>	<u>(4,935,449)</u>	<u>—</u>	<u>2,687,514</u>

	1 July 2022 £	Income £	Expenditure £	Transfers £	At 30 June 2023 £
Unrestricted funds					
Designated funds					
Property fund	2,254,018	—	—	21,508	2,275,526
Strategic development fund	50,200	—	—	(40,662)	9,538
General funds	490,413	1,267,034	(1,313,212)	19,154	463,389
Non-charitable trading	—	565,579	(565,579)	—	—
Total unrestricted funds	<u>2,794,631</u>	<u>1,832,613</u>	<u>(1,878,791)</u>	<u>—</u>	<u>2,748,453</u>
Restricted funds (analysis below)					
Total restricted funds	<u>—</u>	<u>1,624,819</u>	<u>(1,624,819)</u>	<u>—</u>	<u>—</u>
Total funds	<u>2,794,631</u>	<u>3,457,432</u>	<u>(3,503,610)</u>	<u>(46,178)</u>	<u>2,748,453</u>

Purposes of designated funds

Designated funds relate to either: (a) the net book value of the freehold land and building less the loan on 10 Salamanca Place as these funds do not represent liquid reserves available for charitable purposes by NEF or (b) funds set aside for strategic development.

Strategic development funds provide the charity with the freedom to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. This fund was set up thanks to the receipt of a large legacy of £500,000 in 2018/19.

19 Movements in funds (continued)

Purposes of designated funds (continued)

The trustees authorised the expenditure of £9,538 (2023: £40,662) of strategic development funds during the year on project management tools Monday.com for the organisation. This reserve now amounts to £nil (2023: £9,538).

Purpose of restricted funds

The restricted funds are balances of grants given to NEF to carry out specific projects. Please see our website (www.neweconomics.org) for more information about our work.

No transfers have been made from unrestricted reserves.

Non-charitable trading

This fund represents the balance of NEF's wholly owned trading subsidiary NEF Consulting.

Movements on restricted funds for the year were in relation to the following funders:

	At 01 Jul 2023	Income	Expenditure	At 30 Jun 2024
		£	£	
Restricted funds				
AEC Trust	-	23,560	(23,560)	-
Barrow Cadbury Trust	-	10,000	(10,000)	-
Calouste Gulbenkian Foundation	-	78,263	(78,263)	-
City of London Corporation	-	9,500	(9,500)	-
ClimateWorks Foundation	-	31,375	(31,375)	-
European Climate Foundation	-	31,702	(31,702)	-
Farming the Future	-	1,000	(1,000)	-
Friends Provident Foundation	-	50,001	(50,001)	-
John Savery	-	10,000	(10,000)	-
Joseph Rowntree Foundation	-	82,400	(82,400)	-
Lankelly Chase Foundation	-	170,196	(170,196)	-
Lloyds Bank Foundation	-	2,050	(2,050)	-
The Motherhood Plan	-	9,900	(9,900)	-
National Lottery Community Fund, Partnerships	-	858,303	(858,303)	-
The Nationwide Foundation	-	30,000	(30,000)	-
Oak Foundation	-	1,210,019	(1,210,019)	-
Partners for a New Economy	-	63,964	(63,964)	-
The Persula Foundation	-	10,000	(10,000)	-
The Pickwell Foundation	-	6,000	(6,000)	-
Power to Change	-	145,595	(145,595)	-
Shelter	-	12,580	(12,580)	-
The Smallwood Trust	-	4,288	(4,288)	-
The Sunrise Project	-	45,046	(45,046)	-
The Tudor Trust	-	58,485	(58,485)	-
Trust for London	-	83,296	(83,296)	-
Total restricted funds	-	3,037,523	(3,037,523)	-
Total funds	2,748,45	4,874,510	(4,935,449)	2,687,51

19 Movements in funds (continued)

Non-charitable trading (continued)

Operating lease commitments

The group and charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	Equipment	
	2024 £	2023 £
Within one year	7,408	9,832
Between two to five years	67	7,266
	7,475	17,098

20 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

NEW ECONOMICS FOUNDATION

England & Wales - Charity number 1055254

Accounts

New Economics Foundation

Annual report and financial statements

30 June 2023

Charity registration number
1055254

Company limited by guarantee
Company registration number
3193399 (England & Wales)

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Reference and administrative information Year ended 30 June 2023

Trustees	Keren Jones, Acting Chair Alison Cowan, Acting Deputy Chair Tariq Kazi, Treasurer Martin Koehring Tim Jenkins Deniz Ugur Laurie Laybourn-Langton Richard Bryars
Secretary	Vicki Wright
Chief Executive Officer	Miatta Fahnbulleh
Registered office and operational address	New Economics Foundation 10 Salamanca Place London, SE1 7HB
Website	www.neweconomics.org
Charity registration number	1055254
Company registration number	3193399 (England & Wales)
Auditor	Buzzacott LLP 130 Wood Street London, EC2V 6DL
Banker	Handelsbanken London Bridge Branch 11-15 Borough High Street London, SE1 9SE
Solicitor	Bates Wells 10 Queen Street Place London EC4R 1BE

Chair's Statement Year ended 30 June 2023

This year more and more people across the UK have been affected by a cost of living crisis, barely managing to keep their heads above water. Meanwhile not just in the UK, but across the world too many have also suffered from extreme weather events with increased regularity thanks to rising global temperatures, tragically costing lives, destroying crops and pushing up prices even further. This renewed inflation hit a UK population still reeling from huge energy price rises. Huge increases in mortgage repayments and rents driven by increased interest rates have added to the strain felt by ordinary people already suffering from an unprecedented stagnation in living standards over the past 15 years.

Against this backdrop, there has been a strategy of austerity and fossil fuel dependence, underpinned by damaging and discredited economics. The cost of living and climate crises are two symptoms of a broken economic system – more of the same is not going to fix it.

NEF is showing how it can be done differently. As the next general election draws closer, we have focussed our policy and advocacy strategy on influencing the manifestos of all the main parties, while our analysis has set the agenda in the media. Whoever forms the next government, they can't be allowed to shrink from the scale of the problems the country – and the world – face. From the National Energy Guarantee to the Great Homes Upgrade to the Living Income, NEF is designing radical policies that can shift the political dial and offer people and planet real hope.

NEF recognises that like wealth, power needs to be redistributed if we are to achieve fundamental change. If people are crowded out of involvement in the decisions that will shape their future, the parameters of that future are set by those who already have power. That is why NEF, uniquely amongst think tanks, has organisers who work on the ground to build the relationships, skills and structures that people need to shift the balance of power in their communities. This year our organisers have started to tie together cost of living and climate in addressing the priorities of communities struggling up and down the country, in areas being targeted by net zero sceptics.

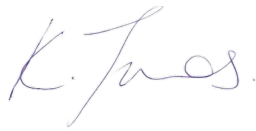
Launched in February, our major new project is bringing together place-based policy and practice with this new model of organising. Our partnership of leading organisations - NEF, CLES, Co-ops UK and the Centre for Thriving Places - is drawing on decades of combined experience in new economy practice for a revolutionary new approach to transform local economies. We will work with three combined authorities and their communities over a sustained five year period to identify and address shared local priorities and deliver a model for sustainable prosperity and wellbeing.

It has been a year of change within NEF too. Our brilliant Chief Executive Miatta Fahnbulleh announced her intention to step down following her selection as a prospective parliamentary candidate in order to concentrate fully on her election campaign. The board would like to thank her for her visionary leadership over the past five years, and for agreeing to stay on until her successor is in post. And we are delighted that Danny Sriskandarajah has agreed to be that successor and look forward to him starting in post at the beginning of 2024.

With great sadness we also had to say goodbye to our wonderful Chair Lord Bob Kerslake, who sadly passed away this year. Over the last four years, Bob led the board with great passion, wisdom and kindness and his absence is deeply felt by his fellow trustees and

Trustees' report (incorporating the strategic report) Year ended 30 June 2023

colleagues in the staff body alike. Bob was an incredible leader with a passionate commitment to our agenda and an unwavering determination to improve people's lives. We will continue to build on the example he set and the legacy he has left.

A handwritten signature in purple ink, appearing to read 'K. Jones'.

Keren Jones
Acting Chair

Trustees' report (incorporating the strategic report) Year ended 30 June 2023

Introduction

The trustees present our statutory report together with the financial statements of the New Economics Foundation (NEF) for the year ended 30 June 2023. The report, which constitutes a trustees' report for the purposes of charity law and a directors' report for the purposes of company law, has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 31 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Overview

NEF was set up in 1986 by the leaders of the first TOES (The Other Economic Summit) as an independent 'think-and-do' tank to promote a transition to a new economic system.

Our mission is to create an economy that works for people and the planet.

Objectives and activities

Our objectives, as set out in the memorandum and articles of association, for which we were established, are:

- a) To advance education and undertake research for the benefit of the public (and to publish the useful results of such research), particularly in economics, citizenship, and environmental, social and political sciences; and
- b) To promote sustainable development for the benefit of the public by:
 - i. the preservation, conservation and the protection of the environment and the prudent use of resources
 - ii. the relief of poverty and improvement of the conditions of life in socially and economically disadvantaged communities
 - iii. pursuing such other related charitable purposes as the Trustees may determine.

By sustainable development, we mean "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

Public benefit

As trustees, we have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning our future activities. To further our charitable objectives for public benefit, all of our work is directed towards promoting the wellbeing of individuals and communities, ensuring this is achieved in a fair and socially just manner, and achieving this within ecological limits.

NEF achieves public benefit for the population as a whole through advancing knowledge and education about economic, social and environmental issues.

Thanks

We are immensely grateful for the support of a wide range of trusts, foundations and individuals – our important work would not be possible without your generosity. As an organisation seeking to influence public policy, NEF is committed to transparency and we list and thank on our website everyone who donates more than £5,000 in any financial year. We take this opportunity too to say a special thank you to those whose flexible funding has underpinned NEF's work this year, in particular the Friends Provident Foundation, the late Ronald Higgins, Claire Jones, Laudes Foundation, and The William and Flora Hewlett Foundation.

Summary of activities & performance

Strategy & impact

The cost of living emergency and extreme weather are two sides of the same coin - our broken economic model. NEF has therefore continued with our five-year strategy to accelerate the outcomes that will achieve our vision of a new economy – one that works for people and within environmental limits. The building blocks of this new economy are:

- ◆ A thriving and healthy environment at the core of the new system
- ◆ Better and more equal living standards with the basics for a decent quality of life guaranteed
- ◆ Greater common and co-operative ownership
- ◆ Progressive business with social purpose
- ◆ A decentralised, active state
- ◆ Empowered and active communities

NEF continues to strive for this new economy through our three missions – a New Social Settlement, a Green New Deal and a Democratic Economy. We have developed and embedded an impact framework to shape and focus our work and have set an ambitious programme aimed at achieving change, including; the introduction of a Living Income, a Just Transition to a green economy and a New Deal to transform and level up local economies as we transition to net zero.

Our theory of change, delivery objectives and impact KPIs are built around three routes to change; influencing the debate, building power for change and delivering policy change & impact.

Work programmes

Our programme of work weaves together multiple projects supporting our three fundamental missions, building a cohesive and impactful agenda for change. Brief highlights of how we secured change in 2022/23 within each of these three missions are outlined below.

Summary of activities & performance (continued)

New social settlement

Ensuring everyone can afford the basics for a decent quality of life.

- ◆ NEF's analysis has helped to set how the cost of living crisis is being reported, meanwhile pushing for responses that do more than simply mitigate the immediate impact of rising prices but deliver structural changes to protect people from future shocks. We've focussed on people being unable to afford the basics of a normal life – with 2 in 5 families struggling to put food on the table – on shows like Peston and in national newspapers from the Mail and Express to the Mirror and the Guardian. The inadequacy of incomes is now established as a key element of the policy debate. This has helped to shift thinking in the direction of our Living Income, with organisations like the Trussell Trust, Joseph Rowntree Foundation and even the right of centre Bright Blue among the organisations now calling for a minimum income level.
- ◆ We are moving the Living Income beyond the theoretical, partnering with the Lankelly Chase Foundation and a number of local organisations to establish a practical demonstration of how it would work in Greater Manchester.
- ◆ Living Income policy development has continued. We now have a detailed, fully costed and funded living income policy, launched at a parliamentary event in December, and we have targeted stepping stone policy wins that will move the social security system towards this ultimate goal. Encouraging meetings have followed with Labour and Liberal Democrat shadow teams and our CEO is a member of the independent Poverty Strategy Commission, led by Conservative peer Philippa Stroud, aiming to build cross-party consensus around tackling poverty in the UK.
- ◆ The Homes for Us grassroots campaign for more social housing founded by NEF has had its first wins this year. The team have delivered workshops to dozens of activists, resulting in communities organising in Manchester, Birmingham and London. Participants from these groups and a wider network have now been brought together to launch a formal, public coalition – the Homes for Us Alliance. Its campaign demand was for a social rent freeze, the government announced a consultation resulting in a rise capped at 7%. This was a positive result compared to what was threatened but it still pushed many tenants into poverty and cut providers' budgets. We were able to build relations with renters groups and link up our campaign with calls to freeze private rents.
- ◆ The Alliance is co-producing campaign priorities and strategies resulting in a co-ordinated short term focus on securing more social homes through repurposing housing from the private rented sector. Our housing research team is now working up policies, in partnership with grassroots groups, to make this a reality, with interest from several political parties.
- ◆ NEF's economists have been pushing back hard on the government's fiscal tightening following the autumn mini-budget. As well as illustrating the scale of cuts since 2010, we highlighted the damage being done to public services by departmental budgets not being topped up in response to inflation. We calculated that they needed £43bn a year just to stand still and the government's failure to do so was 'austerity by stealth'.

Summary of activities & performance (continued)

Green new deal

Investing in a green and fair economy.

- ◆ From extreme weather causing huge increases in food prices to over reliance on expensive fossil fuels, NEF has been showing that the cost of living and climate crisis are inextricably linked. They must be tackled together – by changing an economic system that concentrates power and wealth while incentivising environmental destruction. This year our cost of living emergency package to help people through the crisis generated much media attention and huge interest from policy makers.
- ◆ Proposals included an energy dividend to all households from a windfall tax on fossil fuel producers, a new energy component of universal credit and the National Energy Guarantee (for more on this see below). We played a leading role in the Warm This Winter campaign, ensuring that demands for retrofitting were a key plank of civil society's response to the cost of living crisis.
- ◆ Our community organisers have been working in Derbyshire and South Yorkshire to develop a team of local leaders to bring climate change and the cost of living together in local campaigns for actions that address both. Net zero sceptics will target areas like this to make the case that the poor will pay for climate action. Our organising work is critical in shaping a different narrative. NEF worked with Greenpeace to elevate the voices of local foodbank volunteers in a film that has been screened around the country, with MPs from all the major parties in attendance.
- ◆ Accompanying this work has been research into how to communicate climate change action persuasively in the cost of living crisis. In order to win the argument that achieving net zero will not come at the expense of livelihoods, it is critical to build a powerful story campaign that will reach beyond the progressive bubble and appeal to people across the UK. We have produced a messaging guide for the climate movement based on the frames through which people view issues like the environment, taxation and public borrowing.
- ◆ As referenced above, our idea for a radical redesign of the energy market, the National Energy Guarantee, has generated huge interest in policy circles. It would entitle every household to an essential amount of free or heavily subsidised energy and represents a more equal and sustainable alternative to the government's preferred approach of price freezes. Whereas the energy price freezes are too expensive to be tenable in the medium term and don't do enough to protect those on low incomes. Our longer term solution would lower bills for 9 out of 10 households, while incentivising energy use reduction among the wealthy. Among the parliamentarians backing the idea is Labour MP Clive Lewis, who tabled an amendment to the Energy Bill to introduce a National Energy Guarantee based on our proposal. The Green Party have adopted the policy, as have several civil society organisations, with even right wing think tank Policy Exchange endorsing a similar proposal.

Summary of activities & performance (continued)

Green new deal (continued)

- ◆ Our macroeconomics research has become increasingly influential. NEF's idea for tiered reserves generated considerable interest after featuring in the Financial Times. By separating the Bank of England's policy interest rate from the government's interest serving costs (as practiced by the European Central Bank and Bank of Japan, amongst others) it would save the government billions that would otherwise be transferred from the public purse to the profits of private banks holding reserves at the central bank. Among those positively referencing the proposal were former Bank of England Deputy Governor Paul Tucker writing for the Institute of Fiscal Studies. Conversations with politicians and officials have been encouraging.
- ◆ The UK banking sector has pumped over £277bn into fossil fuel projects since the Paris Agreement was signed in 2015. Our proposals for green credit guidance would enable the Bank of England to better realise its price and financial stability objectives while supporting the net zero transition, as recently mandated by the government.
- ◆ At the EU level, our work with the Fiscal Matters coalition have pushed demands for less restrictive fiscal policy into the debate. Our research revealed that EU rules on government borrowing would prevent all but four member states from investing enough to meet their Paris climate commitment. These countries are equivalent to just 10% of the bloc's GDP.
- ◆ Our experts have continued to support local communities in their fights against climate-wrecking airport expansions – most recently in Luton, giving evidence directly to challenge the consultant economists whose evidence is supporting expansion, and advising local groups fighting Gatwick's plans. We've also expanded our reach nationally on aviation, leading the response to the government's hopelessly fanciful Jet Zero strategy, supporting a national coalition of community groups, and shifting the narrative away from the assumption that airports automatically equal a boost to the economy.

Democratic economy

Supporting communities who make change happen

- ◆ This year saw the launch of a major new programme to transform economies through a new approach to local economic development, targeting wellbeing and sustainability and built in collaboration between local government and the communities it serves. Supported by the National Lottery Community Fund, a partnership between NEF, the Centre for Local Economic Strategies (CLES), Co-ops UK and the Centre for Thriving Places, is working with three Mayors and Combined Authorities to mobilise resources around goals co-produced with the people of the area. Over a sustained five year period in North of Tyne, South Yorkshire and the West Midlands, the partners will support communities to identify objectives that will make the biggest differences to people's lives and the interventions that will achieve them. Emerging areas of focus include developing regional wellbeing budgets, interventions to grow the social economy, community housing, integrated community-owned regional transport network and a regional great homes upgrade. We aim to eventually demonstrate local economic models that support wellbeing and sustainability and can be replicated across the country.

Summary of activities & performance (continued)

Democratic economy (continued)

- ◆ We anticipate local economic change will be a key battleground in the next election, with high demand for real progress on levelling up and calls for more devolution, as well as detailed scrutiny of the Government's progress on these issues in key swing seats. The Local Economies Unit (LEU) that we established this year will lead our contribution to the policy debate on reducing inequality and raising living standards across the UK. In part, this will build on our existing advocacy on pushing for meaningful commitments on devolution alongside pledges on new investment and devolved funding. The devolution deals negotiated by Greater Manchester and West Midlands have secured multi-year settlements – a policy we have continuously advocated for – which is an encouraging step forward going into the next parliament.
- ◆ We continue to provide our research and advisory services to local and devolved government across the UK, which this year has included advising Scottish Government, Wakefield Council, Hampshire County Council, as well as the London Boroughs of Islington, Hammersmith and Fulham, and Greenwich. These projects have researched best practice and policy solutions across a diverse range of issues including: improving protections and outcomes for tenants in the private rented sector, local environmental strategy and retrofitting, job quality and security, increasing access to sustainable transport, improving care services, and supporting local small and social enterprises.

Plans for the future

With the cost of living crisis set to continue to dominate politics until a general election, now likely less than a year away, we must continue to highlight the ways to support people through the emergency while ensuring it is not used as a smokescreen to row back from net zero commitments. We are already seeing worrying signs of exactly this, despite the palpable visibility of the impact of climate change on communities at home and abroad. Our priorities include leading the way in demonstrating how we can transition fairly, ensuring those organisations which can most afford to pay any costs of reaching net zero, do so, with those least able to bear these costs, protected. Alongside this, it's critical that there is a boost to people's standard of living, it is unacceptable for inequality to continue to rise and everyday people pay the price whilst big business profits from the chaos. This will not only require innovative new policies, evidence and analysis but also messaging research and organising to build power around the transition.

We will continue to work with allies in the progressive movement on high-profile public campaigns to demand responses to the cost of living crisis that will help people immediately while laying the foundations for longer-term change. This will be supported by the launch of a new multi-year programme Power to Prosper, in partnership with The Runnymede Trust, and generously funded by the Oak Foundation, which will focus on the root causes of poverty and debt, and craft a new narrative in partnership with those most directly affected by these issues, showing how we can transform the system. NEF is also building partnerships with leading community economic development organisations to work alongside metro mayors on new approaches to re-orientate local economies towards wellbeing and sustainability.

Plans for the future (continued)

Our core programmes and aims are;

New social settlement

- ◆ **Living income:** adoption of living income to build sufficiency in social security system
- ◆ **Homes for us:** reverse decline of social housing & build 3 million social homes in 20 years
- ◆ **Universal services:** expand universal, free at the point of use provision to social care and childcare

Green new deal

- ◆ **Workers & transition:** creation of 'good green jobs' through a Great Homes Upgrade, supported by local schemes to upskill and reskill workers
- ◆ **Consumers & transition:** adoption of policies to reduce costs of energy transition on low and modest income families
- ◆ **Funding the transition:** higher, sustained public investment in the transition plus private finance aligned with climate and social goals

Democratic economy

- ◆ **Local economic change:** Large-scale investment in communities, devolution of power and resources to tackle regional inequality and new economic approaches taking root in regional and local government. Support local economies to plan their transition to net zero.

Financial review

Principal funding sources

Our funding sources are predominantly grants and donations, although these come from a diverse mix of funders. We receive grants and donations from trusts, foundations, local, regional and national government, NGOs, and individuals. We have continued to secure new funders and renew many existing funders through our fundraising team's efforts, ably supported by strong leadership from the senior team. In the last year we have secured large multi-year grants from both The National Lottery and The Oak Foundation, both delivered in partnership with other organisations. We work with a similarly broad range of clients through consultancy contracts, which are most often other charities or similar organisations and local, regional or national governments.

Results & financial position

Despite the impact of long-term elevated inflation, alongside a cost of living crisis, on our costs, notably salaries, we have effectively delivered the vast majority of our programmes with minimal adjustments and continued to build an effective and persuasive public voice for our work.

Financial review (continued)

Results & financial position (continued)

Early in 2019, we received a large legacy (£500,000) from the estate of the late Ronald Higgins, a long-term supporter of the charity. This sum was set aside as a strategic development fund, and formed a critical component of our progressive *Build Back Better* programme to address the failings in our economy and society exposed so vividly, initially by the pandemic, and still now through the impact of inflation and the associated cost of living crisis. From the balance remaining at 1 July 2022 of £50,200, we spent £40,662, as planned, which has reduced the balance to £9,538. As a consequence of spending down these designated funds our expenditure has exceeded our income in both this and the previous year.

Income for the year 2022/23, at £3,457,432, increased from £3,134,397 the previous year, as a result of additional grant funding from trusts & foundations for our programme delivery, albeit we are now working with many new partners and some of these funds will go to directly support their own work. This was offset by a reduction in consultancy income as we concentrated resources on mobilizing two large new grant funded programmes. We expect to increase consultancy and related income in future years.

Expenditure increased from £3,233,471 to £3,503,610, again linked to increased programme activity, funded by new grants. Consulting staff were also partly redeployed to mobilise these projects, bringing relevant skills and expertise, most notably to our newly formed Local Economics Unit (LEU).

Headcount remained the same (44 in 2021/22) and FTE reduced slightly to 39.9 (40.7 in 2021/22), as a result of modest changes to team members' working hours arising from the natural course of change and the needs of the organisation.

The 2022/23 financial year was a good year for NEF Consulting Limited in terms of trading. Prior to overhead recharges of £161,833, NEF Consulting Limited delivered an overall surplus of £201,035. NEF Consulting made an operating profit of £380 (prior year an operating profit of £8,515). A donation of £380 was therefore made to the New Economics Foundation under gift aid. The trustees of NEF will continue to support NEF Consulting Limited based on its plans in the current year to continue to make a profit and further contributions to the charity.

We have made some changes to our organisational structure to accommodate the delivery of the two new multi-year grants which will draw, in part, on some of the expertise of our NEF consulting consultancy team. Next year will see a reduction in consultancy income which is recognised via NEF consulting, as capacity is re-deployed within NEF programmes. We were also incredibly sad to say good bye to our colleague and friend, Elizabeth Cox, who headed the NEF consulting team, who lost her battle against cancer last year. This is a huge loss for NEF, Liz worked with us for nearly 20 years and she was tireless in her determination to deliver change that would have an impact. This also contributed to the decision to adjust our delivery structure and channel more work through NEF directly.

Remuneration policy for key management personnel

The trustees consider that they, together with the Chief Executive Officer, the Director of Finance & Operations and the senior management team, constitute the key management personnel for reporting purposes. The senior management team is comprised of the directors

Remuneration policy for key management personnel (continued)

of programme areas and the director of NEF's consulting practice. The remuneration of these individuals is overseen by the Remuneration Committee giving due regard to pay bands informed by external benchmarking, and formal appraisals.

The New Economics Foundation is committed to ensuring a balance between (1) paying its staff fairly to attract and retain good people and (2) careful management of overall funding. Pay bands have been in place for a number of years and are periodically reviewed. The organisation remains committed to ensuring internal parity.

The Trustee Board is actively involved in two key elements of remuneration policy:

1. Senior staff pay
2. Annual cost of living adjustment

The Remuneration Committee reviews each year any recommended changes to salaries for senior positions and makes recommendations to the Board, which reserves to itself decisions on the pay of senior staff. The Finance, Audit and Risk Committee, as part of the annual budget setting process, considers any annual cost of living increase for affordability, before it is referred to the wider Board for final approval. The Board delegates decisions on progression-related pay increases (excluding senior staff) to the Chief Executive Officer.

The Finance, Audit & Risk committee, on behalf of the Board of Trustees, conducts an annual review of the level of free reserves (being unrestricted reserves less non-current assets) in the general fund by considering risks associated with the various income streams, expenditure plans and balance sheet items. This enables an estimate to be made of the level of free reserves that are sufficient, having considered:

- ◆ The reasons we need reserves
- ◆ The potential impact of external factors outside our control
- ◆ The time required for reorganisation in the event of a downturn in income
- ◆ How to protect ongoing work programmes
- ◆ How to allow the charity to meet its working capital requirements
- ◆ How the charity is going to establish the level of reserves required
- ◆ How the policy and reserves will be monitored and reviewed

The charity needs reserves in order to protect continuity of operations during the peaks and troughs of funding cycles and to maintain core activities as individual projects finish and new ones start. In addition to such operational reserves, a fund of accumulated reserves allows the charity the potential to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects.

Reserves policy and going concern

The reserves policy is set within the context that the New Economics Foundation owns its own office space, which has a net asset value of £2.28m (net book value less outstanding mortgage). This is not an operational asset, as the charity can function from any office space and has the option, if required, to dispose of this asset and move to rented accommodation. The trustees consider that this asset, though illiquid, underpins the long-term financial health of the charity. Trustees acknowledge that there is uncertainty around the likely ability of the charity to dispose of the asset readily, and therefore we put more emphasis on maintaining appropriate operational funds and cash balances (see below).

The Trustees have concluded that, alongside the designated fund relating to the building, there are two other reserves to be considered, one being a general fund, the other being a second designated fund:

1. Operational funds (a general fund). In order to ensure that the charity can accommodate variations in funding cycles, it is the policy of the Trustees to maintain general funds equivalent to three months' worth of future operational costs, net of reliable and recurring income, at any time. At 30 June 2023, this target amounts to £629,000 (2022: £608,000). General reserves at 30 June 2023 actually amounted to £463,389 (2022: £490,413). It is the intention of the Trustees to rebuild these reserves carefully over the next five years. The desire to rebuild the reserves is balanced with ensuring our work remains timely and impactful and our confidence in future cash flows alongside our building asset. The trustees have targeted a surplus in the 2023/24 budget alongside additional unrestricted training income in NEF Consulting which will boost reserves.
2. Strategic development funds (a second designated fund). On receipt of a large legacy in 2018/19 of £500,000 the trustees felt it was important these funds were used to deliver strategic development projects rather than being utilised to support day to day expenditure. These funds have been used for; (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. This reserve now amounts to £9,538 (2022: £50,200). Trustees expect to expend the last of these funds over the coming year.

Alongside the reserves policy, it is the policy of the trustees to maintain at least three months' cover as cash at bank for all operational costs at any time. The finance team monitors cash flow on a weekly basis and the trustees review this regularly. Three month's group operational costs equate to £740,000; group cash at bank at the year-end was £1.3m (2022: £919,000). As interest rates rise we have adopted a policy of saving a proportion of these cash reserves in a high interest paying ethical saving account available in the market.

The trustees are also required to consider whether there are significant doubts about the charity's ability to continue as a going concern and to disclose whether there are any material

uncertainties looking forward for at least one year from the date of signature of these financial statements. The Trustees have considered the future strategic plans of the charity and have reviewed the level of funding secured, detailed cash flow projections, and the underlying trading position of NEF Consulting. The trustees have also considered potential downside scenarios that might reasonably arise. They are satisfied that the New Economics Foundation remains a going concern.

Grant-making Policy

For some of our projects we hold funds intended to be re-granted to other organisations. These funds have been granted to us by other larger funders, in combination with funding for our own delivery of related work, primarily with the purpose of reaching smaller, grassroots organisations that we well-placed to engage with via our place-based organising and community power building work.

This approach by funders, of sharing funds for re-granting, is growing, as the funding community revisits grant-making policies and approaches that can be hard to access for smaller organisations and can also be rooted in systemic injustices. At NEF we are moving towards a participatory re-granting approach, which means working in collaboration with grassroots groups and people with lived experience of the issues we seek to address, to design the funds and parameters for re-granting. We expect the value of our re-granting to increase in future years as a proportion of our charitable activity.

This addition to our way of working aligns with our overall values and six guiding new economy principles. It is most especially aligned to our focus on;

- Decentralised, active state: an active and enabling partner state that is significantly decentralised ***with strong local institutions that are rooted in and accountable to the communities they serve***;
- **Empowered and active communities:** citizens are democratically engaged in the economy, **with greater power to act collectively and make decisions within their communities to improve their lives.**

Our grant-making principles are;

- ◆ We want to hold space for experimentation and innovation in grantees and in our re-granting process. We want to fund new and less established organisations and people that represent the lived experiences of those most affected by our priority areas of work. We will use risk mitigations (such as initially lower grant values and ongoing capacity building support for grantees) to manage any risks that flows from this approach
- ◆ We have expertise in the work of our grantees, and this supports us to assess risk more accurately, which in turn allows us to take an informed view of risk relating to grantees, and thus support higher levels of risk-taking
- ◆ Each fund will have clear aims and guiding principles, which will support both core funding awards and specific deliverables where overall aims and work align. Evaluation protocols will be proportionate (as non-invasive and admin-light for grantees as possible)
- ◆ Getting the money to grantees is critical– we can accept a less-than-perfect process, underpinned by robust yet proportionate due diligence, if it facilitates more money reaching grassroots groups more quickly

We will manage risks in a number of ways, including; working with fiscal hosts to support good financial governance, bringing in expert partners, delivering wider support to grantees covering both delivery and operational knowledge and skills, applying learnings from previous

Grant-making Policy (continued)

grant rounds to future work, and clearly defining fund parameters with relevant guidance and policies to support implementation of these.

Principal risks and uncertainties

The Trustees actively review both the strategic and operational risks that the New Economics Foundation faces. These cover both short and long-term risks and in particular concern financial sustainability and reputation. The Trustees confirm that they are satisfied that strategies, systems and controls are, as far as possible, in place to mitigate significant risks.

Although the New Economics Foundation continues to have good success rates in securing project funding, this is within the context of an ever-challenging funding environment, made more unpredictable by the ongoing crises of the last few years. The New Economics Foundation is aware that careful management is required to mitigate against this, which includes regular communication with funders, the review of project budgeting and costing procedures and ensuring adequate monitoring and reporting procedures.

Risks to the New Economics Foundation's reputation are mitigated by ensuring that senior staff monitor all projects, working closely on appropriate dissemination strategies, and ensuring that quality and rigor is regularly monitored in terms of output and impact.

The other main area of risk we have identified relates to infrastructure – moving permanently to a hybrid working model brings with it a need to reassess both office and digital infrastructure and align this to a new way of working. Over this year we reviewed and updated much of our IT hardware, in part to account for the additional wear caused by intensive use of video conferencing. Alongside this we undertook a comprehensive project to scope, source and deploy digital project management software which will support us to work more flexibly, collaboratively and efficiently going forward. Over the coming year we will be embedding the new project management software alongside a full move to cloud based infrastructure to support agility and access to the latest technological developments to drive efficiency and user satisfaction. We are also undertaking a comprehensive review of our building asset culminating in a detailed options assessment to ensure we can best utilise this critical asset.

The Finance, Audit & Risk Committee of the Board of Trustees regularly reviews NEF's risk register and undertakes a detailed review of a particular area of the register at each of its meetings, which are reported to and discussed by the Board of Trustees. The Committee's principal role is one of oversight and scrutiny and it does not relieve the Board of its responsibilities for the monitoring and management of risk.

Fundraising

We aim to achieve best practice in the way in which we communicate with donors and other supporters. We take care with both the tone of our communications and the accuracy of our data to minimise the pressures on supporters. We are registered with the Fundraising Regulator and adhere to the Code of Fundraising Practice. We apply best practice to protect supporters' data and never sell data, we never swap data, and ensure that supporters' and donors' communication preferences can be changed at any time.

We manage our own fundraising activities and do not employ the services of professional fundraisers. We undertake to react to and investigate any complaints regarding our

Fundraising (continued)

fundraising activities and to learn from them and improve our service. During the year ended 30 June 2023, we received no complaints about our fundraising activities (2022 – none).

Structure governance and management

NEF is constituted through articles of association and registered as a limited company.

The appointment of a new trustee to the board of trustees takes place after due consideration from both parties to ensure a good strategic fit for the board and the prospective trustee. In the last year we reviewed the skills of our Board and identified gaps; additionally several trustees retired. We will be recruiting additional trustees in autumn 2023 to address any identified skills gaps and also extend the breadth of experience of our Board. We will also be recruiting a new Chair, to replace Lord Bob Kerslake, who passed away unexpectedly earlier this year.

The hybrid induction process for new trustees includes meeting programme staff and receiving information about the role and responsibilities of charity trustees. They are also briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Trustees are eligible to attend appropriate external training events where these will facilitate the undertaking of their role.

The Board of Trustees usually meets four or five times a year and focuses on its three roles of strategy, performance and assurance. The trustees delegate the day-to-day running of the charity to the Chief Executive, and the management team.

The Chief Executive, who reports to the Board of Trustees, carries out the overall management of the Charity. The Chief Executive is particularly responsible for managing the programme portfolio and acts as the figurehead of the organisation. The Director of Finance & Operations runs the administration of the organisation and also reports to the Trustees.

Decisions are made according to the levels of delegated authority defined in the organisation's policies and procedures and according to job descriptions and commensurate levels of authority for different grades of staff. The major risks to which the organisation is exposed are consistently reviewed at the request of the Board and where necessary amended, and risk management policies, strategies, actions and procedures identified and implemented to minimise these risks. The Director of Finance & Operations is charged with keeping the risk register updated.

The Board has a small number of committees. The Finance, Audit and Risk Committee meets six times a year, consists of Trustees with appropriate experience, and is chaired by the Treasurer. A Remuneration Committee meets to consider any recommended changes to the pay of senior staff. A Board & Officers' Committee, meets at least four times a year and focuses particularly on overseeing NEF's impact, business planning and staffing issues. It also has the power to act on all day-to-day matters not within the province of any other committee of the Board of Trustees. It has executive powers to deal with matters of importance which would normally be referred to the Board of Trustees, but which require decisions as a matter of urgency, and any such decisions are reported to the next meeting of the Board. A Governance Working Group focusses on trustee recruitment and developing and improving

Trustees' report (incorporating the strategic report) Year ended 30 June 2023

Structure governance and management (continued)

the governance of the charity.

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up.

Trustees

The trustees, who are the directors of the company for the purposes of company law, who served during the year and up to the date of this report were:

Trustees		From / until
Lord Bob Kerslake, <i>Chair</i>	B & R	Until 02 July 2023
Keren Jones, <i>Acting Chair</i>	B,R & G	From 02 July 2023
Alison Cowan, <i>Acting Deputy Chair</i>	B, F & G	From 02 July 2023
Tariq Kazi, <i>Treasurer</i>	F & B	
Ciaran Driver	G	Until 06 September 2023
Jouja Maamri		Until 22 March 2023
Joshua Simons		Until 22 March 2023
Deniz Ugur		
Sotez Chowdhury		Until 12 July 2023
Tim Jenkins		
Martin Koehring	F & G	
Laurie Laybourn-Langton	G	
Mary Riddell	R	Until 06 September 2023
Richard Bryars	F	
Rebecca Willis	G	Until 22 March 2023

B Member of the Board & Officers' Committee

F Member of the Finance, Audit & Risk Committee

G Member of the Governance Working Group

R Member of the Remuneration Committee

NEF Consulting Limited

NEF Consulting Limited is a wholly-owned trading subsidiary of the charity. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. Its results are consolidated within the group financial statements (see note 13 for further details).

Statement of trustees' responsibilities

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

Structure governance and management (continued)

Statement of trustees' responsibilities (continued)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure, of the group for that period. In preparing these financial statements, the trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently; use the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ♦ so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ♦ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Trustees on 05 December 2023 and signed on its behalf by:



Acting Chair of Trustees

Independent auditor's report Year ended 30 June 2023

Independent auditor's report to the members of New Economics Foundation

Opinion

We have audited the financial statements of New Economics Foundation (the 'charitable company') for the year ended 30 June 2023 which comprise the consolidated statement of financial activities, the group and parent balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group and parent charitable company's affairs as at 30 June 2023 and of the income and expenditure of the group 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 Companies Act 2006.

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 charitable company 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 and charitable parent 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.

Independent auditor's report Year ended 30 June 2023

Other information

The trustees are responsible for the other information. 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records; 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, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of trustees (continued)

In preparing the financial statements, the trustees are responsible for assessing the group and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities Act 2011 and those that relate to data protection (General Data Protection Regulation).
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Auditor's responsibilities for the audit of the financial statements (continued)

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- ◆ used data analytics to identify and investigated the rationale behind any significant or unusual transactions;
- ◆ tested authorisation controls on expenditure items, ensuring expenditure was approved in line with the charitable company's financial procedures; and
- ◆ challenged assumptions made by management in their significant accounting estimates, in particular those relating to the recognition of project income
- ◆ In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Independent auditor's report Year ended 30 June 2023

Use of this 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. Our audit work has been undertaken so that we might state to the charitable company's members 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



5 January 2024

Edward Finch, Senior Statutory Auditor
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year ended 30 June 2023
(incorporating the income and expenditure account)

	Notes	Un- restricted funds £	Restricted funds £	2023 Total funds £	Un- restricted funds £	Restricted funds £	2022 Total funds £
Income from							
Donations and legacies	1	105,999	—	105,999	132,570	—	132,570
Charitable activities							
Programmes	2	1,371,582	1,624,819	2,996,401	1,287,267	1,000,730	2,287,997
Other trading activities	3	330,424	—	330,424	711,398	—	711,398
Investments	4	24,608	—	24,608	2,432	—	2,432
Total income		1,832,613	1,624,819	3,457,432	2,133,667	1,000,730	3,134,397
Expenditure on	5						
Raising funds							
Costs of generating donations		109,444	—	109,444	112,335	—	112,335
Costs of trading activities		604,010	—	604,010	757,172	—	757,172
Charitable activities							
Programmes		1,165,337	1,624,819	2,790,156	1,363,234	1,000,730	2,363,964
Total expenditure		1,878,791	1,624,819	3,503,610	2,232,741	1,000,730	3,233,471
Net expenditure and net movement in funds	6	(46,178)	—	(46,178)	(99,074)	—	(99,074)
Reconciliation in funds							
Fund balances brought forward at 1 July		2,794,631	—	2,794,631	2,893,705	—	2,893,705
Fund balances carried forward at 30 June	18	2,748,453	—	2,748,453	2,794,631	—	2,794,631

All the above results are derived from continuing activities.

Balance sheets As at 30 June 2023

	Notes	Group		Charity	
		2023 £	2022 £	2023 £	2022 £
Fixed assets					
Tangible fixed assets	11	3,147,246	3,181,995	3,147,246	3,181,955
Investments	12	—	—	1	1
		3,147,246	3,181,995	3,147,247	3,181,996
Current assets					
Debtors	14	351,285	367,172	293,172	313,283
Cash at bank and in hand		1,300,427	918,577	1,288,155	912,796
		1,651,712	1,285,749	1,581,327	1,226,079
Liabilities					
Creditors: amounts falling due within one year	15	(1,262,389)	(845,713)	(1,192,005)	(786,044)
Net current assets		389,323	440,036	389,322	440,035
Creditors: amounts falling due after one year	17	(788,116)	(827,400)	(788,116)	(827,400)
Total net assets		2,748,453	2,794,631	2,748,453	2,794,631
The funds of the charity:	18				
Funds and reserves					
Restricted funds		—	—	—	—
Unrestricted funds					
Designated funds:					
- Property fund		2,275,526	2,254,018	2,275,526	2,254,018
- Strategic development fund		9,538	50,200	9,538	50,200
General funds		463,389	490,413	463,389	490,413
Non-charitable trading funds		—	—	—	—
Total unrestricted funds		2,748,453	2,794,631	2,748,453	2,794,631
Total funds	18	2,748,453	2,794,631	2,748,453	2,794,631

Approved by the Board of Trustees on 5 December 2023 and signed on its behalf by



Chair of Trustees

Consolidated statement of cash flows Year ended 30 June 2023

	Note	2023 £	2022 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	468,181	12,938
Cash flows from investing activities:			
Purchase of property, plant and equipment		(14,428)	(1,269)
Investment income received		24,608	2,432
Interest payable		(48,218)	(28,306)
Net cash used in investing activities		(38,038)	(27,143)
Cash flows from financing activities:			
Repayments of borrowing		(48,293)	(55,512)
Net cash used in financing activities		(48,293)	(55,512)
Change in cash and cash equivalents in the reporting period		381,850	(69,717)
Cash and cash equivalents at the beginning of the year	B	918,577	988,294
Cash and cash equivalents at the end of the reporting period	B	1,300,427	918,577

Notes to the cash flow statement for the year to 30 June:

A Reconciliation of net movement in funds to net cash flow from operating activities

	2023 £	2022 £
Net income for the reporting period (as per the statement of financial activities)	(46,178)	(99,074)
Depreciation charges	49,176	46,355
Investment income receivable	(24,608)	(2,432)
Interest payable	48,218	28,306
Decrease in debtors	15,887	99,282
Increase/(decrease) in creditors	425,686	(59,499)
Net cash provided by (used in) operating activities	468,181	12,938

B Analysis of cash and cash equivalents

	2023 £	2022 £
Total cash and cash equivalents: Cash at bank and in hand	1,300,427	918,577

C Analysis of movements in net cash (debt)

	At 1 July 2022 £	Cash flows £	Non-cash changes £	At 30 June 2023 £
Cash and Cash Equivalents	918,577	381,850	—	1,300,427
Borrowings				
Debt due within one year	(55,023)	55,023	(46,014)	(46,014)
Debt due after one year	(827,400)	—	39,284	(788,116)
	(882,423)	55,023	(6,730)	(834,130)
Total	36,154	436,873	(6,730)	466,297

Principal accounting policies Year ended 30 June 2023

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. These financial statements are presented in sterling and rounded to the nearest pound.

Basis of preparation

These financial statements have been prepared for the year ended 30 June 2023 with comparative information presented for the year ended 30 June 2022.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover overhead costs;
- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ allocating expenditure between funds based on an estimate of staff time.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. They have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. In making this assessment the trustees have paid particular attention to both the impact that the Covid-19 pandemic has had and may have on the group and charity alongside the wider economic pressures accumulating due to the cumulative effects of Brexit, the war in Ukraine and cumulative pressures leading to the ongoing cost of living crisis. The most significant areas of judgement that affect items in the financial statements are detailed above.

Principal accounting policies Year ended 30 June 2023

Basis of consolidation

The consolidated statement of financial activities, consolidated statement of cash flows and group balance sheet consolidate each reporting line of the financial statements of New Economics Foundation and its subsidiary company, NEF Consulting Limited, made up at the balance sheet date.

A separate statement of financial activities, or income and expenditure account, has not been presented for the charity because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The total income of the parent charity amounted to £3,356,063 (2021/22: £2,713,264) and total expenditure was £3,402,241 (2021/22: £2,816,001), resulting in the net expenditure for the year of £46,178 (2021/22: net expenditure of £102,737).

Income recognition

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income is deferred where it relates to specific future periods either via explicit or implicit time conditions within the grant agreement.

Income earned under a contract for services is recognised in the financial statements as entitlement is earned through completion of the contract. Deferred income from the sales of goods is recognised once the good has been delivered. Income from the sales of goods and services is the amount derived from ordinary activities (net of VAT).

Income received by way of subscriptions and donations are included in full in the statement of financial activities when receivable.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group or charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure related to grants payable is recognised when there is a legal or constructive obligation. This is when there is documented communication of the approved re-grant to the intended recipient.

Principal accounting policies Year ended 30 June 2023

Expenditure recognition (continued)

All expenditure is accounted for on an accruals basis. Expenditure is comprised of direct costs, grant payments and support costs. Direct and grant costs are allocated to a specific activity. The classification between activities is as follows:

- a) Expenditure on raising funds includes all expenditure associated with raising funds for the charity and the operating costs of NEF Consulting Limited.
- b) Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Expenditure on charitable activities includes both direct costs, grant costs and indirect support costs.

All expenditure is inclusive of irrecoverable VAT.

Allocation of support costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Expenditure is allocated to activities based on an estimate of staff time spent on each activity.

Leases

Payments under operating leases are charged to the statement of financial activities in equal annual installments over the period of the leases.

Financial instruments

The charity only 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

- | | |
|---------------------------------|------------|
| ◆ Long leasehold buildings* | - 50 years |
| ◆ Fixtures and fittings | - 10 years |
| ◆ Computer software & equipment | - 4 years |

Assets are depreciated from when they are brought into use.

Principal accounting policies Year ended 30 June 2023

Tangible fixed assets (continued)

Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

*The depreciable amount relates to estimated rebuilding costs at the time of acquisition.

Investments in subsidiaries

Investments in subsidiaries are included at cost less any impairment.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash and cash equivalents

Cash and cash equivalents represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 7. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Unrestricted general funds

These are funds which can be used for any purpose within the charitable objects of the group.

Principal accounting policies Year ended 30 June 2023

Designated funds

Funds set aside by the trustees out of unrestricted funds for specific future purposes.

Restricted funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Notes to the financial statements Year ended 30 June 2023

1 Income from donations and legacies

	Unrestricted funds	
	2023 Total £	2022 Total £
Unrestricted grants	7,500	25,855
Regular giving, individual donations and legacies	98,499	106,715
	105,999	132,570

2 Income from charitable activities – programmes

Grants receivable funded work in the following programme areas:

	Un- restricted funds £	Restricted funds £	2023 Total £
Grants receivable			
New Social Settlement	587,928	540,270	1,128,198
Green New Deal	548,082	627,030	1,175,112
Democratic Economy	235,572	457,519	693,091
2023 Total	1,371,582	1,624,819	2,996,401

	Un- restricted funds £	Restricted funds £	2022 Total £
<i>Grants receivable</i>			
<i>New Social Settlement</i>	410,282	478,853	889,135
<i>Green New Deal</i>	596,632	410,875	1,007,507
<i>Democratic Economy</i>	280,353	111,002	391,355
<i>2022 Total</i>	<i>1,287,267</i>	<i>1,000,730</i>	<i>2,287,997</i>

Our programme areas are analysed based on our mission areas since our programme work is focused on three urgent missions to transform the economy.

Our organising and movement building programme works across our mission to build coalitions to campaign for change across NEF's agenda.

3 Income from other trading activities

	Unrestricted funds	
	2023 Total £	2022 Total £
Consulting	272,148	644,638
Books and publications	2,339	4,960
Licensee income	55,937	61,800
	330,424	711,398

Notes to the financial statements Year ended 30 June 2023

4 Income from investments

	Unrestricted funds	
	2023 Total £	2022 Total £
Interest earned	24,608	2,432

5 Total expenditure

	Direct costs			Support costs	2023 Total £
	Staff costs (note 7) £	Other costs £	Grants Payable £	£	£
Costs of raising funds					
- Strategic fundraising	59,938	12,109	—	37,397	109,444
- NEF Consulting	315,741	63,881	—	224,388	604,010
Costs of charitable activities					
- Programmes	1,242,852	372,614	314,536	860,154	2,790,156
2023 Total funds	1,618,531	763,140	314,536	1,121,939	3,503,610

	Direct costs			Support costs	2022 Total £
	Staff costs (note 7) £	Other costs £	Grants payable £	£	£
Costs of raising funds					
- Strategic fundraising	45,171	49,466	—	17,698	112,335
- NEF Consulting	377,251	107,369	—	272,552	757,172
Costs of charitable activities					
- Programmes	1,160,469	185,207	239,566	778,722	2,363,964
2022 Total funds	1,582,891	342,042	239,566	1,068,972	3,233,471

	2023 Total £	2022 Total £
Support costs		
Staff costs (note 7)	647,141	632,912
Communications	25,610	35,244
Depreciation	49,176	46,355
Legal and professional	23,550	12,800
Premises	142,952	120,271
Human resources	46,040	57,147
Office running costs	63,345	67,767
Information technology	62,115	60,492
Irrecoverable VAT	62,010	35,984
	1,121,939	1,068,972

6 Net income (expenditure) for the year

This is stated after charging:

	2023 £	2022 £
Depreciation	49,176	46,355
Interest payable	48,218	28,306
Operating lease rentals	9,832	9,832
Auditor's remuneration		
- Statutory audit	14,950	12,500
Foreign exchange gains or losses	(1,776)	248

7 Staff costs and trustees' remuneration

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	1,956,272	1,902,040
Redundancy and termination costs	9,017	11,637
Social security costs	214,581	214,659
Pension costs	85,802	87,467
	2,265,672	2,215,803

Included within redundancy and termination costs are ex-gratia payments totalling £9,017 to one employee (2022 - £11,637 to two employees).

The following number of employees whose total remuneration, on an annual equivalent basis, was in excess of £60,000 during the year were as follows:

	2023 No.	2022 No.
£60,001 - £70,000	1	2
£70,001 - £80,000	2	3
£80,001 - £90,000	1	—
£90,001 - £100,000	—	—
£100,001 - £110,000	1	1

The total value of employee benefits, including employers' national insurance and pension contributions, of the key management personnel was £368,540 (2022: £461,243). The slight change was due to departure and arrival timing of SMT team members.

No trustees received emoluments during the year for services provided to the charity (2022: £nil).

Total expenses of £nil were reimbursed to Trustees during the year (2022: £nil). Trustees expenses represent the payment or reimbursement of travel & subsistence costs totalling £80 (2022-£nil).

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	Headcount		FTE	
	2023	2022	2023	2022
	£	£	£	£
Strategic fundraising	1	1	0.6	0.5
NEF Consulting	7	9	6.4	7.7
Programmes	25	23	22.8	22.0
Support (including Communications)	10	10	9.1	9.5
Governance	1	1	1.0	1.0
	44	44	39.9	40.7

9 Related party transactions

Donations totalling £90 were made to the charity by trustees during the year (2022: £100). These donations contributed to core costs and ongoing projects. There were no other related party transactions during the year (2022: none).

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary NEF Consulting Limited transfers available profits to the parent charity by way of gift aid. Accordingly, no provision for current or deferred tax is required.

11 Tangible fixed assets

Group and charity	Long leasehold buildings £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 July 2022	3,329,171	115,839	133,711	3,578,721
Additions in the year	—	—	14,428	14,428
Disposals during the year	—	—	(35,478)	(35,478)
At 30 June 2023	3,329,171	115,839	112,661	3,557,671
Depreciation				
At 1 July 2022	192,730	83,984	120,012	396,726
Charge for the year	26,584	11,584	11,008	49,176
	—	—	(35,477)	(35,477)
At 30 June 2023	219,314	95,568	95,543	410,425
Net book values				
At 30 June 2023	3,109,857	20,271	17,118	3,147,246
At 30 June 2022	3,136,440	30,499	15,056	3,181,995

12 Investments

Investments, at cost, comprise:

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Investment in wholly owned trading subsidiary	—	—	1	1

13 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of NEF Consulting Limited, a company registered in England. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2023 Total £	2022 Total £
Turnover	565,345	729,053
Cost of sales	(223,598)	(302,073)
Gross Profit	341,747	426,980
Operating expenses	(341,601)	(418,547)
Interest receivable	234	82
Profit (loss) for the financial year	380	8,515
Accumulated deficit at 30 June 2022	—	(3,663)
Donation to parent undertaking under gift aid	(380)	(4,852)
Retained earnings (accumulated deficit) at 30 June 2023	—	—

14 Debtors

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	215,219	156,302	151,849	116,670
Amounts due from subsidiary	—	—	5,655	95,741
Prepayments	44,095	61,077	44,095	61,077
Accrued income	85,594	149,793	85,196	39,795
Other debtors	6,377	—	6,377	—
	351,285	367,172	293,172	313,283

15 Creditors: amounts falling due within one year

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Bank loans (note 17)	46,014	55,023	46,014	55,023
Trade creditors	160,678	54,773	152,013	48,983
Taxation and social security	61,086	73,410	47,313	65,771
Other creditors	14,797	494	13,297	494
Accruals	110,235	104,721	84,096	102,921
Grants Payable	61,494	148,797	61,494	148,797
Deferred income (note 16)	808,085	408,495	787,778	364,055
	1,262,389	845,713	1,192,005	786,044

16 Deferred income

All restricted grants for the delivery of projects have been treated as performance related grants. Income relating to these grants has been recognised on the basis of the level of performance delivered by the year-end. Any amounts received in excess of the level of performance delivered have been treated as deferred income for recognition in future accounting periods.

Movements in deferred income were as follows:

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Deferred income brought forward	408,495	323,594	364,055	293,170
Amount released to income in the year	(1,467,736)	(906,210)	(1,467,736)	(853,259)
Amount deferred in the year	1,867,326	991,111	1,891,459	924,144
Balance at the end of the year	808,085	408,495	787,778	364,055

Deferred income includes the re-grant amount of £27,500 designated for three partner organisations under the Homes for Us work stream within the New Social Settlement programme area. This amount is resourced through the funding received from the Oak Foundation.

17 Creditors: amounts falling due after one year

	Group and charity	
	2023 £	2022 £
Bank loans	788,116	827,400

Notes to the financial statements Year ended 30 June 2023

17 Creditors: amounts falling due after one year (continued)

Bank loans are repayable as follows:

	Group and charity	
	2023	2022
	£	£
Bank loans		
. Payable within one year (note 15)	46,014	55,023
. Payable one to five years	289,533	241,900
. Payable more than five years	498,583	585,500
	834,130	882,423

The charity has a loan from Triodos Bank which is secured by a charge on 10 Salamanca Place, London, SE1 7HB. The total loan amount was £1.25 million, repayable over 20 years. Interest is charged at the greater of 3% or the Bank of England base rate plus 2.5%.

18 Analysis of group net assets between funds

	General unrestricted £	Designated funds £	Total funds £
As at 30 June 2023			
Tangible fixed assets	37,389	3,109,857	3,147,246
Net current assets	425,799	(36,476)	389,323
Long term liabilities	—	(788,116)	(788,116)
Net assets at the end of the year	463,188	2,285,265	2,748,453
	General unrestricted £	Designated funds £	Total funds £
As at 30 June 2022			
Tangible fixed assets	45,555	3,136,440	3,181,995
Net current assets	444,859	(4,823)	440,036
Long term liabilities	—	(827,400)	(827,400)
Net assets at the end of the year	490,414	2,304,217	2,794,631

19 Movements in funds

	1 July 2022 £	Income £	Expenditure £	Transfers £	At 30 June 2023 £
Unrestricted funds					
Designated funds					
Property fund	2,254,018	—	—	21,508	2,275,526
Strategic development fund	50,200	—	—	(40,662)	9,538
General funds	490,413	1,267,034	(1,313,212)	19,154	463,389
Non-charitable trading	—	565,579	(565,579)	—	—
Total unrestricted funds	2,794,631	1,832,613	(1,878,791)	—	2,748,453
Restricted funds (analysis below)					
Total restricted funds	—	1,624,819	(1,624,819)	—	—
Total funds	2,794,631	3,457,432	(3,503,610)	(46,178)	2,748,453

19 Movements in funds (continued)

	1 July 2021 £	Income £	Expenditure £	Transfers £	At 30 June 2022 £
<i>Unrestricted funds</i>					
<i>Designated funds</i>					
Property fund	2,225,089	—	—	28,929	2,254,018
Strategic development fund	195,000	—	—	(144,800)	50,200
General funds	477,279	1,404,532	(1,507,269)	115,871	490,413
Non-charitable trading	(3,663)	729,135	(725,472)	—	—
Total unrestricted funds	2,893,705	2,133,667	(2,232,741)	—	2,794,631
<i>Restricted funds (analysis below)</i>					
Total restricted funds	—	1,000,730	(1,000,730)	—	—
Total funds	2,893,705	3,134,397	(3,233,471)	—	2,794,631

Purposes of designated funds

Designated funds relate to either: (a) the net book value of the freehold land and building less the loan on 10 Salamanca Place as these funds do not represent liquid reserves available for charitable purposes by NEF or (b) funds set aside for strategic development.

Strategic development funds provide the charity with the freedom to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. This fund was set up thanks to the receipt of a large legacy of £500,000 in 2018/19. The trustees authorised the expenditure of £40,662 (2022: £144,800) of strategic development funds during the year on building *Project Management* resource for the organisation. This reserve now amounts to £9,538 (2022: £50,200). The trustees expect to expend the remaining funds over the next year to complete the implementation of the resource.

Purpose of restricted funds

The restricted funds are balances of grants given to NEF to carry out specific projects. Please see our website (www.neweconomics.org) for more information about our work.

No transfers have been made from unrestricted reserves.

19 Movements in funds (continued)

Non-charitable trading

This fund represents the balance of NEF's wholly owned trading subsidiary NEF Consulting.

Movements on restricted funds for the year were in relation to the following funders:

Restricted Funds	01 July 2022 £	Income £	Expenditure £	30 June 2023 £
AEC Trust	—	31,465	(31,465)	—
Aviation Environment Trust	—	10,800	(10,800)	—
Barrow Cadbury Trust	—	20,000	(20,000)	—
Calouste Gulbenkian Foundation UK Branch	—	48	(48)	—
European Climate Foundation	—	83,770	(83,770)	—
Farming the Future	—	8,025	(8,025)	—
Frederick Mulder Foundation	—	5,000	(5,000)	—
Friends Provident Foundation	—	130,881	(130,881)	—
John Savery	—	10,000	(10,000)	—
The Joseph Rowntree Charitable Trust	—	23,400	(23,400)	—
Lankelly Chase Foundation	—	51,529	(51,529)	—
Laudes Foundation	—	49,143	(49,143)	—
National Lottery Community Fund, Partnerships England Wide	—	417,569	(417,569)	—
Oak Foundation	—	250,140	(250,140)	—
Partners for a New Economy	—	211,865	(211,865)	—
The Pickwell Foundation	—	4,000	(4,000)	—
Power to Change	—	10,000	(10,000)	—
The Samworth Foundation	—	9,516	(9,516)	—
The Smallwood Trust	—	86,923	(86,923)	—
The Sunrise Project	—	68,085	(68,085)	—
Trades Union Congress	—	10,000	(10,000)	—
The Tudor Trust	—	45,839	(45,839)	—
Trust for London	—	35,204	(35,204)	—
The William and Flora Hewlett Foundation	—	49,717	(49,717)	—
The Woodhaven Trust	—	1,900	(1,900)	—
Total restricted funds	—	1,624,819	(1,624,819)	—

20 Operating lease commitments

The group and charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	Equipment	
	2023 £	2022 £
Within one year	9,832	9,832
Between two to five years	7,266	17,098
	17,098	26,930

21 Contingent liabilities

The building owned by the charity has been identified as potentially containing combustible external wall materials, which may require replacement for fire safety purposes. An application was made to the Government's Building Safety Fund to cover any costs of replacing and rectifying the materials which may pose a risk, and the fund has confirmed the building's eligibility for support. This application was then transferred to the original developer, Telford Homes, who have signed the Building Safety pledge, requiring them to correct any defects identified. Telford Homes are currently re-assessing the property in line with the latest building requirements. In the event that building remediations are required, and that Telford Homes does not fulfil their contractual pledge to remedy them, and then the landlord is not successful in challenging that outcome, the charity's estimated share of the remediation costs are £2.0m.

22 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

NEW ECONOMICS FOUNDATION

England & Wales - Charity number 1055254

Accounts

New Economics Foundation

Annual report and financial statements

30 June 2022

Charity registration number
1055254

Company limited by guarantee
Company registration number
3193399 (England & Wales)

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Reference and administrative information Year ended 30 June 2022

Trustees	Lord Bob Kerslake, Chair Keren Jones, Deputy Chair Tariq Kazi, Treasurer Alison Cowan, Ciaran Driver Martin Koehring, Tim Jenkins Sotez Chowdhury Deniz Ugur Jouja Maamri Joshua Simons Laurie Laybourn-Langton Mary Riddell Richard Bryars Rebecca Willis
Secretary	Vicki Wright
Chief Executive Officer	Miatta Fahnbulleh
Registered office and operational address	New Economics Foundation 10 Salamanca Place London, SE1 7HB
Website	www.neweconomics.org
Charity registration number	1055254
Company registration number	3193399 (England & Wales)
Auditor	Buzzacott LLP 130 Wood Street London, EC2V 6DL
Banker	Handelsbanken London Bridge Branch 11-15 Borough High Street London, SE1 9SE
Solicitor	Bates Wells 10 Queen Street Place London EC4R 1BE

Chair's statement Year ended 30 June 2022

It has been another year of turmoil. Once again our economic system has proved to be unable to cope with shocks, with those least able to afford it, both at home and abroad, paying the price of its lack of resilience and impact on our climate.

As with Covid before him, Vladimir Putin's horrific invasion of Ukraine has exposed the inadequacies and instability of an economy suffering from decades of wealth accumulation by the richest and the hollowing out of public services and social security by austerity. The cost of living crisis has spiralled out of control, demanding government economic intervention on a scale even greater than during the pandemic to cap energy bills at unaffordable highs. Inflation is rising faster than wages that have already been stagnating for 15 years. A decade that should have been spent transitioning from fossil fuels by investing in renewables and energy efficiency has been wasted, leaving us exposed to the international market and Putin's aggression – on top of accelerating climate change.

NEF is perfectly positioned to respond to this confluence of social, environment and economic problems, and has done so to great effect this year. From the Chancellor adopting our Universal Credit taper rate proposal that enabled millions of low paid people to keep more of their income to the cut in VAT on retrofit measures, our policy ideas have translated into real impact in the here and now while laying the ground work for bigger change in the future.

Through alliance building, community organising and campaign actions we have built power around ideas that can transform our society. Our Homes For Us campaign is empowering people at the sharp end of the crisis to come together in a national grassroots campaign for three million new social homes. Our Great Homes Upgrade is putting long-term energy reduction measures at the heart of progressive demands for action on fuel bills.

We have also been successful in shaping the debate. Not only has NEF been a mainstay of the press, our spokespeople made a record number of broadcast appearances, including many on flagship and agenda-setting shows, including Question Time, Radio 4 Today, Good Morning Britain, Channel 4 News and numerous news and politics appearances. We have been putting in a great effort behind the scenes to shift the terms of the discourse, notably briefing BBC journalists and producers ahead of the budget to break the grasp of the 'nation's credit card' fallacy for describing the public finances.

We are excited to be developing a regional action plan approach to transforming local economies that seeks long-term systemic change including both a rebalancing of power and more equitable distribution of resources with a focus on wellbeing and sustainability.

Going forward, the ongoing impacts of the pandemic, the cost of living crisis and the ramifications of environmental destruction will make our work ever more critical. We cannot continue with this broken economic system and our voice will be joined with others in calling for sustainable change.

We would like to extend our personal thanks to four of our trustees, who stepped down this year, whose wisdom, counsel and considerable contributions have been invaluable. We also welcome four new trustees, with an exciting mix of skills, which will enhance our ability to deliver on our strategic ambitions.

Last but by no means least, we were incredibly sad to say good bye to our colleague and friend, Elizabeth Cox, who lost her battle against cancer this year. This is a huge loss for NEF, Liz worked with us for nearly 20 years and she was tireless in her determination to deliver change that would have an impact.

Trustees' report (incorporating the strategic report) Year ended 30 June 2022

Introduction

The trustees present our statutory report together with the financial statements of the New Economics Foundation (NEF) for the year ended 30 June 2022. The report, which constitutes a trustees' report for the purposes of charity law and a directors' report for the purposes of company law, has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 24 to 27 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Overview

NEF was set up in 1986 by the leaders of the first TOES (The Other Economic Summit) as an independent 'think-and-do' tank to promote a transition to a new economic system.

Our mission is to create an economy that works for people and the planet.

Objectives and activities

The objectives, as set out in the memorandum and articles of association, for which we were established, are:

- a) To advance education and undertake research for the benefit of the public (and to publish the useful results of such research), particularly in economics, citizenship, and environmental, social and political sciences; and
- b) To promote sustainable development for the benefit of the public by:
 - i. the preservation, conservation and the protection of the environment and the prudent use of resources
 - ii. the relief of poverty and improvement of the conditions of life in socially and economically disadvantaged communities
 - iii. pursuing such other related charitable purposes as the Trustees may determine.

By sustainable development, we mean "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

Public benefit

As trustees, we have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning our future activities. To further our charitable objectives for public benefit, all of our work is directed towards promoting the wellbeing of individuals and communities, ensuring this is achieved in a fair and socially just manner, and achieving this within ecological limits.

NEF achieves public benefit for the population as a whole through advancing knowledge and education about economic, social and environmental issues.

Trustees' report (incorporating the strategic report) Year ended 30 June 2022

Thanks

We are immensely grateful for the support of a wide range of trusts, foundations and individuals – our important work would not be possible without your generosity. NEF is committed to transparency and we list and thank on our website everyone who donates more than £5,000 in any financial year. We take this opportunity too to say a special thank you to those whose flexible funding has underpinned NEF's work this year, in particular the Friends Provident Foundation, the late Ronald Higgins, Claire Jones, Laudes Foundation, Sherwood Forest Fund, The William and Flora Hewlett Foundation, and everyone at Lots Road Auctions.

The impact of the pandemic in 2021/22

Over the last year the effects of the pandemic have continued to have an impact on our work. Although lockdowns were reduced we all continued to experience disruption to our lives and we had to manage the impact of higher transmission rates as society reopened. We provided practical support to staff to manage their work during this period of change and uncertainty, alongside safe working guidance as we reopened our office. We have maintained a hybrid working model which brings many benefits but also means adjustments are needed to work practices and our infrastructure. We continue to work on embedding this, as we acclimatise to a 'new normal'.

We have adapted our work on the ground where necessary and successfully implemented online tools and practices to increase engagement with stakeholders. We have invested more of our strategic reserves to drive forward our work at this critical time with a focus on pushing for change and rebuilding our economic model anew, rather than defaulting to the status quo.

Summary of activities & performance

Strategy & impact

From the pandemic to war in Ukraine and from the cost of living emergency to extreme weather, the impacts of our broken economic model and climate breakdown have been all too apparent. NEF has therefore continued with our strategy to accelerate the outcomes that will achieve our vision of a new economy – one that works for people and within environmental limits. The building blocks of this new economy are:

- A thriving and healthy environment at the core of the new system
- Better and more equal living standards with the basics for a decent quality of life guaranteed
- Greater common and co-operative ownership
- Progressive business with social purpose
- A decentralised, active state
- Empowered and active communities

We continue to strive for this new economy through our three missions – a New Social Settlement, a Green New Deal and a Democratic Economy. We have developed and embedded an impact framework to shape and focus our work and have set an ambitious programme aimed at achieving change, including; the introduction of a Living Income, a Just Transition to a green economy and a New Deal to transform and level up local economies as we transition to net zero.

We have identified three routes to change; influencing the debate, building power for change and delivering policy change & impact. We have built our delivery objectives around these routes to change and identified annual impact KPIs for each across our three missions and subset of work programmes.

Summary of activities & the impact of coronavirus control measures (continued)

Work programmes

Our programme of work consists of projects supporting our three fundamental missions, working within our impact framework. Brief highlights of 2021/22 in securing change within each of these three missions are outlined below.

New social settlement

Ensuring everyone can afford the basics for a decent quality of life.

- The cost of living emergency has thrust our Living Income Campaign to the fore. We undertook intensive narrative and framing research to understand how to present social security reform in a way that appeals to voters. We have presented the resulting messaging guide widely in the new economy movement, produced an accompanying video and used in media appearances. We fleshed out the next stage of the living income policy with the publication of our auto-enrolment paper, which received coverage in the Daily Mirror, Daily Express, and others. The quality of our research and analysis outputs in this area resulted in proactive approaches from ITV and Channel 4 for exclusive pieces of analysis for them to air in response to key moments like the Chancellor's cost of living package.
- The government's flagship policy in the autumn Budget - cutting the Universal Credit taper rate - was a policy that we had been advocating for, although we had proposed a more generous cut. The cut would have been unlikely had Labour not recently announced a similar reform, explicitly based on our research. Moreover, the Chancellor's framing of the policy as a tax cut for the lowest paid was the exact framing that we used in our research and the argument we made when we advocated the move with his advisors.
- We launched a major new grassroots campaign for three million social homes. 'Homes for Us' is an ambitious five-year programme of organising, public education, research and communications to enable people to demand the genuinely affordable homes that can solve the housing crisis. With housing activists justifiably caught up in battles over immediate issues like unfair evictions and unaffordable rents, Homes for Us fills the gap where a nationwide movement for more social homes is needed. May's kick-off summit was attended by over 30 organisations from across the housing movement. We also ran a listening campaign to uncover people's lived experience of the housing crisis.

Green new deal

Achieving a green and fair recovery.

- Our Great Homes Upgrade campaign has pushed retrofit up the agenda. We have used the profile the campaign has given NEF and retrofitting to push the issue firmly into the civil society response to rising energy bills. Our resulting involvement in the Warm This Winter campaign means that this long-lasting measure is a core element in the demands for short-term assistance in the face of the impending crisis this winter. We formally launched the campaign last October with an online letter calling on the Prime Minister Johnson to back a national retrofit plan. Our coalition took its first action outside Parliament in the run up to the Spring Statement, delivering a letter to the Chancellor. This helped to win the concession of cutting VAT on retrofit measures to 0%. At a local level, we have supported the South Yorkshire Regional Authority and Hampshire County Council in developing retrofit delivery and financing strategies in their areas.

Summary of activities & performance (continued)

Green new deal (continued)

- Our Fiscal Matter coalition organised a week of events last October to open up a dialogue between civil society and the EU Commission as it began to review its fiscal governance programme. Our aim is to ensure the resulting fiscal framework does not prioritise debt reduction and balanced budgets at the expense of much more important human, economic and environmental outcomes – like creating well paid green jobs and implementing much needed green infrastructure projects. Participants in the highly successful week included Director-General for Economic and Financial Affairs at the European Commission, the Spanish Finance Minister, the Deputy Governor of Banca d'Italia, and numerous internationally renowned economists, including Mariana Mazzucato, Yanis Varoufakis and Nobel prize winner Joseph Stiglitz. The coalition later agreed a manifesto for fundamental reform of the EU's fiscal rules. It was signed by 273 organisations and academics (including Olivier Blanchard – former IMF chief economist). We have had two important wins. ECB President Christine Lagarde has publically said she's open to the idea of using the institution's lending facilities to encourage the transition to carbon neutrality (green credit guidance). This big step forward is a key policy recommendation that NEF developed and have worked with partners in Europe to persuade the ECB to adopt. The second was that the EU announced in May that it will suspend its fiscal rules for another year to enable increased spending in the Eurozone.
- We made considerable progress with the Bank of England this year. The redesign of its QE programme (CBPS) accepted the principle of exclusions by excluding thermal coal projects. The government has said that net zero transition plans for financial institutions and listed companies will be mandatory by 2023. And the main indicator of public sector net debt now excludes BoE debt.
- The US administration has explicitly endorsed a precautionary approach to climate related financial risks. It followed the Dutch National Bank's decision to apply the precautionary principle to corporate assets purchases and the Bank of Canada applying precautionary approach in selecting scenarios – both policies drawn from the work of our coalition.
- NEF's work was instrumental in the cancellation of the proposed expansion of Leeds Bradford Airport. Our researchers have supported GALBA, the local community action group campaigning against the expansion, through economic and climate impact analysis. The airport owners pinned the blame for the project's demise on the delay caused by the government calling in the project in response to the evidence we had put together.

Democratic economy

Supporting communities who make change happen

- Following the adoption of the bulk of the recommendations of the Greater Manchester Inequalities Commission in Andy Burnham's manifesto, we continued to engage with the city-region to ensure these manifesto pledges are converted into policies, programmes and projects.
- Our research showing that both income and regional inequality had risen sharply since the government announced it would "level up" made a big splash in December. As well as

Summary of activities & performance (continued)

Democratic economy (continued)

achieving significant BBC and Sky news coverage, the research did exceedingly well on social media thanks to a concerted digital campaign. This included hard-hitting videos, graphics and charts, and an interactive online map.

- NEF has been working hard behind the scenes to fill the gap in thinking on policy and practice around Levelling Up – we are recognised inside and outside government as perfectly placed to do so. We have been actively advocating our ideas with departments leading this work and have been invited to senior level cross-Whitehall discussions with Neil O'Brien, special advisers and officials leading this work in No 10, HMT, the Levelling Up Unit in Cabinet Office, MCLG and BEIS. There is huge appetite to engage with our work as the government tries to define and flesh out its agenda and we will continue to work across Whitehall to advocate for our ideas.
- Our report setting out NEF's approach to local transformation, Closing the Divide, gained support from mayoral teams including Andy Street (West Midlands), Andy Burnham (Greater Manchester), Dan Jarvis (South Yorkshire), Tracy Brabin (West Yorkshire) and Steve Rotherham (Liverpool).
- We continue to spearhead the testing and implementation of our proposals for revitalised local economies that work for people on the ground, in our work with councils, local authorities and key local infrastructure bodies through our strategic consultancy offer.

Plans for the future

With the cost of living crisis set to dominate politics until a general election now less than two years away, we must continue to look for ways to support people through the emergency while ensuring it is not used as a smokescreen to row back from net zero commitments. Priorities include creating a positive narrative on climate action and a boost to people's standard of living. This will not only require innovative new policies, evidence and analysis but also messaging research and organising to build power around the transition.

We will continue to work with allies in the progressive movement on high-profile public campaigns to demand responses to the cost of living crisis that will help people immediately while laying the foundations for longer term change. NEF is also building partnerships with leading community economic development organisations to work alongside metro mayors on new approaches to re-orientate local economies towards wellbeing and sustainability.

Our core programmes and aims are;

New social settlement

- **Living income:** adoption of living income to build sufficiency in social security system
- **Homes for us:** reverse decline of social housing & build 3 million social homes in 20 years
- **Universal services:** expand universal, free at the point of use provision to social care and childcare

Green new deal

- **Workers & transition:** creation of 'good green jobs' through a Great Homes Upgrade, supported by local schemes to upskill and reskill workers

Summary of activities & performance (continued)

Plans for the future (continued)

- **Consumers & transition:** adoption of policies to reduce costs of energy transition on low and modest income families
- **Funding the transition:** higher, sustained public investment in the transition plus private finance aligned with climate and social goals

Democratic economy

- **Local economic change:** Large-scale investment in communities, devolution of power and resources to tackle regional inequality and new economic approaches taking root in regional and local government. Support local economies to plan their transition to net zero.

Financial review

Principal funding sources

Our funding sources are diverse. We receive grants and donations from trusts, foundations, local, regional and national government, NGOs, and individuals. We have continued to secure new funders and renew many existing funders through our fundraising team's efforts, ably supported by strong leadership from the senior team. We work with a similarly broad range of clients through consultancy contracts.

Results & financial position

Despite the impact of the coronavirus pandemic – and the associated measures to control it – we have managed to deliver effectively the vast majority of our programmes and switched quickly and relatively smoothly to our teams working at home.

Early in 2019, we received a large legacy (£500,000) from the estate of the late Ronald Higgins, a long-term supporter of the charity. This sum was set aside as a strategic development fund and in spring 2020, the trustees authorised the deployment of some of this fund towards our *Build Back Better* programme to address the failings in our economy and society exposed so vividly by the pandemic. From the balance remaining at 1 July 2021 of £195,000, we spent £144,800, as planned, which has reduced the balance to £50,200. As a consequence of spending down these designated funds our expenditure has exceeded our income in both this year and the previous year.

Income for the year 2021/22, at £3,134,397, decreased from £3,327,043 the previous year, caused by small reductions in most of our income sources, including donations, our programme delivery funded by trusts and foundations, consulting activities and bank interest.

Headcount and FTE reduced to 44 and 40.7 respectively (49 and 45.8 in 2020/21), as a result of proactive management of overall staffing capacity and aligning this as far as possible to start and end dates of available funding.

The 2021/22 financial year was a good year for NEF Consulting Limited in terms of trading. Prior to overhead recharges (£192,520), NEF Consulting Limited delivered an overall surplus of £201,035. NEF Consulting made an operating profit of £8,515 (prior year an operating loss of £3,663). A donation of £4,852 was therefore made to the New Economics Foundation under gift aid. The trustees of NEF will continue to support NEF Consulting Limited based on its plans in the current year to continue to make a profit and further contributions to the charity.

Financial review (continued)

Remuneration policy for key management personnel

The trustees consider that they, together with the Chief Executive Officer, the Director of Finance & Operations and the senior management team, constitute the key management personnel for reporting purposes. The senior management team is comprised of the directors of practice areas and the director of NEF's consulting practice. The remuneration of these individuals is overseen by the Remuneration Committee giving due regard to pay bands informed by external benchmarking, and formal appraisals.

The New Economics Foundation is committed to ensuring a balance between (1) paying its staff fairly to attract and retain good people and (2) careful management of overall funding. Pay bands have been in place for a number of years and are periodically reviewed. The organisation remains committed to ensuring internal parity.

The Trustee Board is actively involved in two key elements of remuneration policy:

1. Senior staff pay
2. Annual cost of living adjustment

The Remuneration Committee reviews each year any recommended changes to salaries for senior positions and makes recommendations to the Board, which reserves to itself decisions on the pay of senior staff. The Finance, Audit and Risk Committee, as part of the annual budget setting process, considers any annual cost of living increase for affordability, before it is referred to the wider Board for final approval. The Board delegates decisions on progression-related pay increases (excluding senior staff) to the Chief Executive Officer.

Reserves policy and going concern

The Finance, Audit & Risk committee, on behalf of the Board of Trustees, conducts an annual review of the level of free reserves (being unrestricted reserves less non-current assets) in the general fund by considering risks associated with the various income streams, expenditure plans and balance sheet items. This enables an estimate to be made of the level of free reserves that are sufficient, having considered:

- The reasons we need reserves
- The potential impact of external factors outside our control
- The time required for reorganisation in the event of a downturn in income
- How to protect ongoing work programmes
- How to allow the charity to meet its working capital requirements
- How the charity is going to establish the level of reserves required
- How the policy and reserves will be monitored and reviewed

The charity needs reserves in order to protect continuity of operations during the peaks and troughs of funding cycles and to maintain core activities as individual projects finish and new ones start. In addition to such operational reserves, a fund of accumulated reserves allows the charity the potential to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects.

Financial review (continued)

Reserves policy and going concern (continued)

The reserves policy is set within the context that the New Economics Foundation owns its own office space, which has a net asset value of £2.25m (net book value less outstanding mortgage). This is not an operational asset, as the charity can function from any office space and has the option, if required, to dispose of this asset and move to rented accommodation. The trustees consider that this asset, though illiquid, underpins the long-term financial health of the charity. Trustees acknowledge that there is uncertainty around the likely ability of the charity to dispose of the asset readily, and therefore we put more emphasis on maintaining appropriate operational funds and cash balances (see below).

The Trustees have concluded that, alongside the designated fund relating to the building, there are two other reserves to be considered, one being a general fund, the other being a second designated fund:

1. Operational funds (a general fund). In order to ensure that the charity can accommodate variations in funding cycles, it is the policy of the Trustees to maintain general funds equivalent to three months' worth of future operational costs, net of reliable and recurring income, at any time. At 30 June 2022, this target amounts to £608,000 (2021: £547,000). General reserves at 30 June 2022 actually amounted to £490,413 (2021: £477,279). It is the intention of the Trustees to rebuild these reserves over the next three years.
2. Strategic development funds (a second designated fund). The trustees believe the charity should maintain a designated fund to provide the freedom to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. This fund was originally set up thanks to the receipt of a large legacy in 2018/19. Subsequent spend means this reserve now amounts to £50,200 (2021: £195,000). Trustees expect to expend these funds over the next year.

Alongside the reserves policy, it is the policy of the trustees to maintain at least three months' cover as cash at bank for all operational costs at any time. The finance team monitors cash flow on a weekly basis and the trustees review this regularly. Three month's group operational costs equate to £740,000; group cash at bank at the year-end was £919,000 (2021: £988,000). The trustees have agreed on a policy of saving the cash reserves in a high interest paying ethical saving account available in the market.

The trustees are also required to consider whether there are significant doubts about the charity's ability to continue as a going concern and to disclose whether there are any material uncertainties looking forward for at least one year from the date of signature of these financial statements. The Trustees have considered the future strategic plans of the charity and have reviewed the level of funding secured, detailed cash flow projections, and the underlying trading position of NEF Consulting. The trustees have also considered potential downside scenarios that might reasonably arise in relation to the coronavirus pandemic. They are satisfied that the New Economics Foundation remains a going concern.

Principal risks and uncertainties

The Trustees actively review both the strategic and operational risks that the New Economics Foundation faces. These cover both short and long-term risks and in particular concern financial sustainability and reputation. The Trustees confirm that they are satisfied that strategies, systems and controls are, as far as possible, in place to mitigate significant risks, including those presented by the coronavirus pandemic and measures taken by public authorities to control it.

The pandemic has heightened our assessment of the likelihood and potential impact of principal risks and introduced a new risk, which is the impact on the wellbeing of our employees caused by an extended period of home-working. This is particularly the case for those employees who have had to manage caring responsibilities and home-schooling, and those who are living in shared accommodation or otherwise have a sub-optimal working environment at home. In response we have increased our internal communications and touchpoints across the organization, building in additional all staff time, in office socials and renewing focus on scheduling collaborative meetings on in office days to increase contact and engagement across teams. We promoted our Employee Assistance programme and shared resources to support wellbeing and working from home. We provided appropriate equipment for staff for use in their homes and increased our flexible working offer to support staff managing home life commitments.

Although the New Economics Foundation continues to have good success rates in securing project funding, this is within the context of an ever-challenging funding environment, made more unpredictable by the pandemic. The New Economics Foundation is aware that careful management is required to mitigate against this, which includes regular communication with funders, the review of project budgeting and costing procedures and ensuring adequate monitoring and reporting procedures.

Risks to the New Economics Foundation's reputation are mitigated by ensuring that senior staff monitor all projects, working closely on appropriate dissemination strategies, and ensuring that quality and rigor is regularly monitored in terms of output and impact.

The other main area of risk we have identified relates to infrastructure – moving permanently to a hybrid working model brings with it a need to reassess both office and digital infrastructure and align this to a new way of working. We have begun a piece of work to review and update our IT hardware to account for the additional wear caused by intensive use of video conferencing alongside sourcing and deploying digital project management software which will support us to work more flexibly, collaboratively and efficiently going forward. Alongside this we are assessing our office lay out and building a business case to invest in redesigning the space to support an increase in meeting spaces and flexible work spaces that will serve staff better and enable the space to be used more effectively. It will also increase its appeal to potential tenants.

The Finance, Audit & Risk Committee of the Board of Trustees regularly reviews NEF's risk register and undertakes a detailed review of a particular area of the register at each of its meetings, which are reported to and discussed by the Board of Trustees. The Committee's principal role is one of oversight and scrutiny and it does not relieve the Board of its responsibilities for the monitoring and management of risk.

Trustees' report (incorporating the strategic report) Year ended 30 June 2022

Fundraising

We aim to achieve best practice in the way in which we communicate with donors and other supporters. We take care with both the tone of our communications and the accuracy of our data to minimise the pressures on supporters. We are registered with the Fundraising Regulator and adhere to the Code of Fundraising Practice. We apply best practice to protect supporters' data and never sell data, we never swap data, and ensure that supporters' and donors' communication preferences can be changed at any time.

We manage our own fundraising activities and do not employ the services of professional fundraisers. We undertake to react to and investigate any complaints regarding our fundraising activities and to learn from them and improve our service. During the year ended 30 June 2022, we received no complaints about our fundraising activities (2021 – none).

Trustees' report (incorporating the strategic report) Year ended 30 June 2022

Structure governance and management

NEF is constituted through articles of association and registered as a limited company.

The appointment of a new trustee to the board of trustees takes place after due consideration from both parties to ensure a good strategic fit for the board and the prospective trustee. In the last year we reviewed the skills of our Board and identified gaps; additionally four trustees retired. We recruited four new trustees this year to address skills gaps and also extend breadth of experience of our Board.

The induction process for new trustees includes meeting programme staff and receiving information about the role and responsibilities of charity trustees. We have adapted our approach this year to support a virtual induction, this has also facilitated new trustees meeting a wider pool of staff and stakeholders more easily. They are also briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Trustees are eligible to attend appropriate external training events where these will facilitate the undertaking of their role.

The Board of Trustees usually meets four or five times a year and focuses on its three roles of strategy, performance and assurance. The trustees delegate the day-to-day running of the charity to the Chief Executive, and the management team.

The Chief Executive, who reports to the Board of Trustees, carries out the overall management of the Charity. The Chief Executive is particularly responsible for managing the programme portfolio and acts as the figurehead of the organisation. The Director of Finance & Operations runs the administration of the organisation and also reports to the Trustees.

Decisions are made according to the levels of delegated authority defined in the organisation's policies and procedures and according to job descriptions and commensurate levels of authority for different grades of staff. The major risks to which the organisation is exposed are consistently reviewed at the request of the Board and where necessary amended, and risk management policies, strategies, actions and procedures identified and implemented to minimise these risks. The Director of Finance & Operations is charged with keeping the risk register updated.

The Board has a small number of committees. The Finance, Audit and Risk Committee meets six times a year, consists of Trustees with appropriate experience, and is chaired by the Treasurer. A Remuneration Committee meets to consider any recommended changes to the pay of senior staff. A Board & Officers' Committee (previously the General Purposes Committee), meets at least four times a year and focuses particularly on overseeing NEF's impact, business planning and staffing issues. It also has the power to act on all day-to-day matters not within the province of any other committee of the Board of Trustees. It has executive powers to deal with matters of importance which would normally be referred to the Board of Trustees, but which require decisions as a matter of urgency, and any such decisions are reported to the next meeting of the Board. A Governance Working Group focusses on trustee recruitment and developing and improving the governance of the charity.

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up.

Trustees' report (incorporating the strategic report) Year ended 30 June 2022

Structure governance and management (continued)

Trustees

The trustees, who are the directors of the company for the purposes of company law, who served during the year and up to the date of this report were:

Trustees	From / until	
Lord Bob Kerslake, <i>Chair</i>	B & R	
Keren Jones, <i>Deputy Chair</i>	B,R & G	
Tariq Kazi, <i>Treasurer</i>	F & B	From 24 February 2021
Mike Tuffrey	F & B	Until 15 December 2021
Ian Christie	F	Until 15 December 2021
Alison Cowan	F	From 02 March 2022
Ciaran Driver	G	
Jouja Maamri		
Joshua Simons		From 22 June 2022
Deniz Ugur		
Sotez Chowdhury		
Tim Jenkins		
Anna Fielding (formerly Anna Laycock)	F	Until 22 June 2022
Martin Koehring	F	From 02 March 2022
Laurie Laybourn-Langton	G	
Mary Riddell	R	
Richard Bryars	F	From 22 June 2022
Rebecca Willis	G	
Rebecca Woo	G	Until 22 June 2022

B Member of the Board & Officers' Committee (previously the General Purposes Committee)

F Member of the Finance, Audit & Risk Committee

G Member of the Governance Working Group

R Member of the Remuneration Committee

NEF Consulting Limited

NEF Consulting Limited is a wholly-owned trading subsidiary of the charity. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. Its results are consolidated within the group financial statements (see note 13 for further details).

Structure governance and management (continued)

Statement of trustees' responsibilities

The trustees (who are also directors of New Economics Foundation for the purposes of company law) are responsible for preparing the trustees' report and 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 which give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure, of the 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Trustees on 14 December 2022 and signed on its behalf by:

Chair of Trustees

Independent auditor's report to the members of New Economics Foundation

Opinion

We have audited the financial statements of New Economics Foundation (the 'charitable company') for the year ended 30 June 2022 which comprise the consolidated statement of financial activities, the group and parent balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group and parent charitable company's affairs as at 30 June 2022 and of 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 Companies Act 2006.

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 charitable company 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 and charitable parent 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. 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records; 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, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of trustees (continued)

In preparing the financial statements, the trustees are responsible for assessing the group and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities Act 2011 and those that relate to data protection (General Data Protection Regulation).
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Auditor's responsibilities for the audit of the financial statements (continued)

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- ◆ used data analytics to identify and investigated the rationale behind any significant or unusual transactions;
- ◆ tested authorisation controls on expenditure items, ensuring expenditure was approved in line with the charitable company's financial procedures; and
- ◆ challenged assumptions made by management in their significant accounting estimates, in particular those relating to the recognition of project income
- ◆ In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
 - ◆ agreeing financial statement disclosures to underlying supporting documentation;
 - ◆ reading the minutes of meetings of those charged with governance; and
 - ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Auditor's responsibilities for the audit of the financial statements (continued)

Use of this 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. Our audit work has been undertaken so that we might state to the charitable company's members 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Edward Finch, Senior Statutory Auditor
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year ended 30 June 2022
(incorporating the income and expenditure account)

	Notes	Un- restricted funds £	Restricted funds £	2022 Total funds £	Un- restricted funds £	Restricted funds £	2021 Total funds £
Income from							
Donations and legacies	1	132,570	—	132,570	171,990	—	171,990
Charitable activities							
Programmes	2	1,287,267	1,000,730	2,287,997	1,177,909	1,235,695	2,413,604
Other trading activities	3	711,398	—	711,398	737,905	—	737,905
Investments	4	2,432	—	2,432	3,544	—	3,544
Total income		2,133,667	1,000,730	3,134,397	2,091,348	1,235,695	3,327,043
Expenditure on	5						
Raising funds							
Costs of generating donations		112,335	—	112,335	112,537	—	112,537
Costs of trading activities		757,172	—	757,172	623,443	—	923,443
Charitable activities							
Programmes		1,363,234	1,000,730	2,363,964	1,305,515	1,235,695	2,541,210
Total expenditure		2,232,741	1,000,730	3,233,471	2,341,495	1,235,695	3,577,190
Net expenditure and net movement in funds	6	(99,074)	—	(99,074)	(250,147)	—	(250,147)
Reconciliation in funds							
Fund balances brought forward at 1 July		2,893,705	—	2,893,705	3,143,852	—	3,143,852
Fund balances carried forward at 30 June	18	2,794,631	—	2,794,631	2,893,705	—	2,893,705

All the above results are derived from continuing activities.

Balance sheets As at 30 June 2022

	Notes	Group		Charity	
		2022 £	2021 £	2022 £	2021 £
Fixed assets					
Tangible fixed assets	11	3,181,995	3,227,081	3,181,955	3,227,081
Investments	12	—	—	1	1
		3,181,995	3,227,081	3,181,996	3,227,082
Current assets					
Debtors	14	367,172	466,454	313,283	412,807
Cash at bank and in hand		918,577	988,294	912,796	984,744
		1,285,749	1,454,748	1,226,079	1,397,551
Liabilities					
Creditors: amounts falling due within one year	15	(845,713)	(906,147)	(786,044)	(845,288)
Net current assets		440,036	548,601	440,035	552,263
Creditors: amounts falling due after one year	17	(827,400)	(881,977)	(827,400)	(881,977)
Total net assets		2,794,631	2,893,705	2,794,631	2,897,368
The funds of the charity:	18				
Funds and reserves					
Restricted funds		—	—	—	—
Unrestricted funds					
Designated funds:					
- Property fund		2,254,018	2,225,089	2,254,018	2,225,089
- Strategic development fund		50,200	195,000	50,200	195,000
General funds		490,413	477,279	490,413	477,279
Non-charitable trading funds		—	(3,663)	—	—
Total unrestricted funds		2,794,631	2,893,705	2,794,631	2,897,368
Total funds	18	2,794,631	2,893,705	2,794,631	2,897,368

Approved by the Board of Trustees on 14 December 2022 and signed on its behalf by

Chair of Trustees

	Note	2022 £	2021 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	12,938	(1,074,075)
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,269)	(7,012)
Investment income received		2,432	3,544
Interest payable		(28,306)	(29,025)
Net cash used in investing activities		(27,143)	(32,493)
Cash flows from financing activities:			
Repayments of borrowing		(55,512)	(54,307)
Net cash used in financing activities		(55,512)	(54,307)
Change in cash and cash equivalents in the reporting period		(69,717)	(1,160,875)
Cash and cash equivalents at the beginning of the year	B	988,294	2,149,169
Cash and cash equivalents at the end of the reporting period	B	918,577	988,294

Notes to the cash flow statement for the year to 30 June:

A Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net income for the reporting period (as per the statement of financial activities)	(99,074)	(250,147)
Depreciation charges	46,355	51,109
Investment income receivable	(2,432)	(3,544)
Interest payable	28,306	29,025
Decrease (increase) in debtors	99,282	(173,812)
Decrease in creditors	(59,499)	(726,706)
Net cash provided by (used in) operating activities	12,938	(1,074,075)

B Analysis of cash and cash equivalent

	2022 £	2021 £
Total cash and cash equivalents: Cash at bank and in hand	918,577	988,294

Analysis of movements in net cash (debts)

	At 1 July 2021 £	Cash flows £	Non-cash changes £	At 30 June 2022 £
Cash and Cash Equivalents	988,294	(69,717)	—	918,577
Borrowings				
Debt due within one year	(55,958)	55,958	(55,023)	(55,023)
Debt due after one year	(881,977)	—	54,577	(827,400)
	(937,935)	55,958	(446)	(882,423)
Total	50,359	(13,759)	(446)	36,154

Principal accounting policies Year ended 30 June 2022

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. These financial statements are presented in sterling and rounded to the nearest pound.

Basis of preparation

These financial statements have been prepared for the year ended 30 June 2022 with comparative information presented for the year ended 30 June 2021.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover overhead costs;
- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ allocating expenditure between funds based on an estimate of staff time.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. They have made this assessment in respect to a period of one year from the date of approval of these financial statements.

Principal accounting policies Year ended 30 June 2022

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. In making this assessment the trustees have paid particular attention to both the impact that the Covid-19 pandemic has had and may have on the group and charity alongside the wider economic pressures accumulating due to the cumulative effects of Brexit, the war in Ukraine and cumulative pressures leading to the ongoing cost of living crisis. The most significant areas of judgement that affect items in the financial statements are detailed above.

Basis of consolidation

The consolidated statement of financial activities, consolidated statement of cash flows and group balance sheet consolidate each reporting line of the financial statements of New Economics Foundation and its subsidiary company, NEF Consulting Limited, made up at the balance sheet date.

A separate statement of financial activities, or income and expenditure account, has not been presented for the charity because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The total income of the parent charity amounted to £2,713,264 (2020/21: £3,050,340) and total expenditure was £2,816,001 (2020/21: £3,296,824), resulting in the net expenditure for the year of £102,737 (2020/21: net expenditure of £246,484).

Income recognition

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income is deferred where it relates to specific future periods either via explicit or implicit time conditions within the grant agreement.

Income earned under a contract for services is recognised in the financial statements as entitlement is earned through completion of the contract. Deferred income from the sales of goods is recognised once the good has been delivered. Income from the sales of goods and services is the amount derived from ordinary activities (net of VAT).

Income received by way of subscriptions and donations are included in full in the statement of financial activities when receivable.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group or charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure is comprised of direct costs and support costs. Direct costs are allocated to a specific activity. The classification between activities is as follows:

- a) Expenditure on raising funds includes all expenditure associated with raising funds for the charity and the operating costs of NEF Consulting Limited.

Expenditure recognition (continued)

- b) Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Expenditure on charitable activities includes both direct costs and indirect support costs.

All expenditure is inclusive of irrecoverable VAT.

Allocation of support costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Expenditure is allocated to activities based on an estimate of staff time spent on each activity.

Leases

Payments under operating leases are charged to the statement of financial activities in equal annual installments over the period of the leases.

Financial instruments

The charity only 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

- | | |
|---------------------------------|------------|
| ♦ Freehold buildings | - 50 years |
| ♦ Fixtures and fittings | - 10 years |
| ♦ Computer software & equipment | - 4 years |

Principal accounting policies Year ended 30 June 2022

Assets are depreciated from when they are brought into use.

Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Investments in subsidiaries

Investments in subsidiaries are included at cost less any impairment.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash and cash equivalents

Cash and cash equivalents represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 7. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Unrestricted general funds

These are funds which can be used for any purpose within the charitable objects of the group.

Designated funds

Funds set aside by the trustees out of unrestricted funds for specific future purposes.

Restricted funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

1 Income from donations and legacies

	Unrestricted funds	
	2022 Total £	2021 Total £
Unrestricted grants	25,855	19,748
Regular giving, individual donations and legacies	106,715	152,242
	132,570	171,990

2 Income from charitable activities – programmes

Grants receivable funded work in the following programme areas:

	Un- restricted funds £	Restricted funds £	2022 Total £
Grants receivable			
New Social Settlement	410,282	478,853	889,135
Green New Deal	596,632	410,875	1,07,507
Democratic Economy	280,353	111,002	391,355
2022 Total	1,287,267	1,000,730	2,287,997

	Un- restricted funds £	Restricted funds £	2021 Total £
<i>Grants receivable</i>			
<i>New Social Settlement</i>	362,978	485,975	848,953
<i>Green New Deal</i>	397,256	600,739	997,995
<i>Democratic Economy</i>	417,675	148,981	566,656
2021 Total	1,177,909	1,235,695	2,413,604

Our programme areas are analysed based on our mission areas since our programme work is focused on three urgent missions to transform the economy.

Our organising and movement building programme works across our mission to build coalitions to campaign for change across NEF's agenda.

3 Income from other trading activities

	Unrestricted funds	
	2022 Total £	2021 Total £
Consulting	644,638	599,212
Books and publications	4,960	7,933
Licensee income	61,800	130,760
	711,398	737,905

4 Income from investments

	Unrestricted funds	
	2022 Total £	2021 Total £
Interest earned	2,432	3,544

5 Total expenditure

	Direct costs		Support costs £	2022 Total £
	Staff costs (note 7) £	Other costs £		
Costs of raising funds				
- Strategic fundraising	45,171	49,466	17,698	112,335
- NEF Consulting	377,251	107,369	272,552	757,172
Costs of charitable activities				
- Programmes	1,160,469	424,773	778,722	2,363,964
2022 Total funds	1,582,891	581,608	1,068,972	3,233,471

	Direct costs		Support costs £	2021 Total £
	Staff costs (note 7) £	Other costs £		
Costs of raising funds				
- Strategic fundraising	42,488	30,150	19,988	92,626
- NEF Consulting	476,849	65,185	387,762	929,796
Costs of charitable activities				
- Programmes	1,157,941	569,334	827,493	2,554,768
2021 Total funds	1,677,278	664,669	1,235,243	3,577,190

5 Total expenditure (continued)

	2022 Total £	2021 Total £
Support costs		
Staff costs (note 7)	632,912	803,109
Communications	35,244	37,555
Depreciation	46,355	51,109
Legal and professional	12,800	23,081
Premises	120,271	101,214
Human resources	57,147	11,588
Office running costs	67,767	114,580
Information technology	60,492	58,895
Irrecoverable VAT	35,984	34,112
	1,068,972	1,235,243

6 Net income (expenditure) for the year

This is stated after charging:

	2022 £	2021 £
Depreciation	46,355	51,109
Interest payable	28,306	29,025
Operating lease rentals	9,832	9,832
Auditor's remuneration		
- Statutory audit	12,500	11,500
Foreign exchange gains or losses	248	111

7 Staff costs and trustees' remuneration

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	1,902,040	2,109,318
Redundancy and termination costs	11,637	46,369
Social security costs	214,659	232,541
Pension costs	87,467	92,159
	2,215,803	2,480,387

Included within redundancy and termination costs are ex-gratia payments totalling £11,637 to two employees (2021 - £46,369 to five employees).

The following number of employees whose total remuneration, on an annual equivalent basis, was in excess of £60,000 during the year were as follows:

	2022 No.	2021 No.
£60,001 - £70,000	2	1
£70,001 - £80,000	3	2
£90,001 - £100,000	—	1
£100,001 - £110,000	1	—

7 Staff costs and trustees' remuneration (continued)

The total value of employee benefits, including employers' national insurance and pension contributions, of the key management personnel was £461,243 (2021: £467,230). The slight change was due to departure and arrival timing of SMT team members.

No trustees received emoluments during the year for services provided to the charity (2021: £nil).

Total expenses of £nil were reimbursed to Trustees during the year (2021: £nil).

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	Headcount		FTE	
	2022 £	2021 £	2022 £	2021 £
Strategic fundraising	1	1	0.5	0.5
NEF Consulting	9	10	7.7	9.7
Programmes	23	23	22.0	20.7
Support (including Communications)	16	14	9.5	13.9
Governance	1	1	1.0	1
	44	49	40.7	45.8

9 Related party transactions

Donations totalling £100 were made to the charity by trustees during the year (2021: £265). These donations contributed to core costs and ongoing projects. There were no other related party transactions during the year (2021: none).

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary NEF Consulting Limited transfers available profits to the parent charity by way of gift aid. Accordingly, no provision for current or deferred tax is required.

11 Tangible fixed assets

Group and charity	Freehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 July 2021	3,329,171	115,839	132,442	3,577,452
Additions in the year	—	—	1,269	1,269
At 30 June 2022	3,329,171	115,839	133,711	3,578,721
Depreciation				
At 1 July 2021	166,147	73,757	110,467	350,371
Charge for the year	26,584	11,583	8,188	46,355
At 30 June 2022	192,731	85,340	118,655	396,726
Net book values				
At 30 June 2022	3,136,440	30,499	15,056	3,181,995
At 30 June 2021	3,163,024	42,082	21,975	3,227,081

Freehold land and buildings includes land with a value of £2,000,000 which is not depreciated.

12 Investments

Investments, at cost, comprise:

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Investment in wholly owned trading subsidiary	—	—	1	1

13 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of NEF Consulting Limited, a company registered in England. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2022 Total £	2021 Total £
Turnover	729,053	867,124
Cost of sales	(302,073)	(330,915)
Gross Profit	426,980	536,209
Operating expenses	(418,547)	(539,997)
Interest receivable	82	125
Profit (loss) for the financial year	8,515	(3,663)
Accumulated deficit at 30 June 2021	(3,663)	—
Donation to parent undertaking under gift aid	(4,852)	—
Retained earnings (accumulated deficit) at 30 June 2022	—	(3,663)

14 Debtors

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	156,302	169,905	116,670	119,421
Amounts due from subsidiary	—	—	95,741	77,907
Prepayments	61,077	79,536	61,077	79,536
Accrued income	149,793	214,684	39,795	133,614
Other debtors	—	2,329	—	2,329
	367,172	466,454	313,283	412,807

15 Creditors: amounts falling due within one year

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Bank loans (note 17)	55,023	55,958	55,023	55,958
Trade creditors	54,773	200,283	48,893	186,725
Taxation and social security	73,410	86,322	65,771	69,445
Other creditors	494	3,362	494	3,362
Accruals	253,518	236,628	251,718	236,628
Deferred income (note 16)	408,495	323,594	364,055	293,170
	845,713	906,147	786,044	845,288

16 Deferred income

All restricted grants for the delivery of projects have been treated as performance related grants. Income relating to these grants has been recognised on the basis of the level of performance delivered by the year-end. Any amounts received in excess of the level of performance delivered have been treated as deferred income for recognition in future accounting periods.

Movements in deferred income were as follows:

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Deferred income brought forward	323,594	1,256,750	293,170	1,191,733
Amount released to income in the year	(906,210)	(1,858,047)	(853,259)	(1,800,942)
Amount deferred in the year	991,111	924,891	924,144	902,379
Balance at the end of the year	408,495	323,594	364,055	293,170

17 Creditors: amounts falling due after one year

	Group and charity	
	2022 £	2021 £
Bank loans	827,400	881,977

Bank loans are repayable as follows:

	Group and charity	
	2022 £	2021 £
Bank loans		
. Payable within one year (note 15)	55,023	55,958
. Payable one to five years	241,900	241,379
. Payable more than five years	585,500	640,598
	882,423	937,935

The charity has a loan from Triodos Bank which is secured by a charge on 10 Salamanca Place, London, SE1 7HB. The total loan amount was £1.25 million, repayable over 20 years. Interest is charged at the greater of 3% or the Bank of England base rate plus 2.5%.

18 Analysis of group net assets between funds

	General unrestricted £	Designated funds £	Total funds £
As at 30 June 2022			
Tangible fixed assets	45,555	3,136,440	3,181,995
Net current assets	444,859	(4,823)	440,036
Long term liabilities	—	(827,400)	(827,400)
Net assets at the end of the year	490,414	2,304,217	2,794,631

18 Analysis of group net assets between funds (continued)

<i>As at 30 June 2021</i>	<i>General unrestricted £</i>	<i>Designated funds £</i>	<i>Total funds £</i>
<i>Tangible fixed assets</i>	64,057	3,163,024	3,227,081
<i>Net current assets</i>	409,559	139,042	548,601
<i>Long term liabilities</i>	—	(881,977)	(881,977)
<i>Net assets at the end of the year</i>	<u>473,616</u>	<u>2,420,089</u>	<u>2,893,705</u>

19 Movements in funds

	<i>1 July 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers £</i>	<i>At 30 June 2022 £</i>
Unrestricted funds					
Designated funds					
Property fund	2,225,089	—	—	28,929	2,254,018
Strategic development fund	195,000	—	—	(144,800)	50,200
General funds	477,279	1,404,532	(1,507,269)	115,871	490,413
Non-charitable trading	(3,663)	729,135	(725,472)	—	—
Total unrestricted funds	<u>2,893,705</u>	<u>2,133,667</u>	<u>(2,232,741)</u>	<u>—</u>	<u>2,794,631</u>
Restricted funds (analysis below)					
Total restricted funds	<u>—</u>	<u>1,000,730</u>	<u>(1,000,730)</u>	<u>—</u>	<u>—</u>
Total funds	<u>2,893,705</u>	<u>3,134,397</u>	<u>(3,233,471)</u>	<u>—</u>	<u>2,794,631</u>

	<i>1 July 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers £</i>	<i>At 30 June 2021 £</i>
Unrestricted funds					
Designated funds					
Property fund	2,197,366	—	—	27,723	2,225,089
Strategic development fund	448,395	—	—	(253,395)	195,000
General funds	498,091	1,224,099	(1,470,583)	225,672	477,279
Non-charitable trading	—	867,249	(870,912)	—	(3,663)
Total unrestricted funds	<u>3,143,852</u>	<u>2,091,348</u>	<u>(2,341,495)</u>	<u>—</u>	<u>2,893,705</u>
Restricted funds (analysis below)					
Total restricted funds	<u>—</u>	<u>1,235,695</u>	<u>(1,235,695)</u>	<u>—</u>	<u>—</u>
Total funds	<u>3,143,852</u>	<u>3,327,043</u>	<u>(3,577,190)</u>	<u>—</u>	<u>2,893,705</u>

Purposes of designated funds

Designated funds relate to either: (a) the net book value of the freehold land and building less the loan on 10 Salamanca Place as these funds do not represent liquid reserves available for charitable purposes by NEF or (b) funds set aside for strategic development.

19 Movements in funds (continued)

Purposes of designated funds (continued)

Strategic development funds provide the charity with the freedom to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. This fund was set up thanks to the receipt of a large legacy of £500,000 in 2018/19. The trustees authorised the expenditure of £144,800 (2021:£253,395) of strategic development funds during the year on our *Build Back Better and Living Income* programme. This reserve now amounts to £50,200 (2021:£195,000). The trustees expect to expend the remaining funds over the next year.

Purpose of restricted funds

The restricted funds are balances of grants given to NEF to carry out specific projects. Please see our website (www.neweconomics.org) for more information about our work.

No transfers have been made from unrestricted reserves to subsidise restricted funds in deficit at the year end.

Non-charitable trading

This fund represents, in previous years, the accumulated losses of NEF's wholly owned trading subsidiary NEF Consulting Limited.

Movements on restricted funds for the year were in relation to the following funders:

	1 July 2021	Income	Expenditure	30 June 2022
Restricted Funds	£	£	£	£
abrdn Financial Fairness Trust	—	29,375	(29,375)	—
ClimateWorks Foundation	—	5,000	(5,000)	—
Eastbourne U10 Fisherman's CIC	—	6,000	(6,000)	—
Economic and Social Research Council	—	4,385	(4,385)	—
European Climate Foundation	—	65,033	(65,033)	—
Farming the Future	—	8,775	(8,775)	—
Friends Provident Foundation	—	77,139	(77,139)	—
The Joseph Rowntree Charitable Trust	—	127,277	(127,277)	—
Laudes Foundation	—	109,852	(109,852)	—
MAVA Foundation	—	12,920	(12,920)	—
The Nationwide Foundation	—	17,492	(17,492)	—
Network for Social Change	—	4,848	(4,848)	—
Oak Foundation	—	173,981	(173,981)	—
Open Society Policy Center	—	6,006	(6,006)	—
Partners for a New Economy	—	40,166	(40,166)	—
Paul Hamlyn Foundation	—	6,106	(6,106)	—
The Pickwell Foundation	—	10,000	(10,000)	—
Sabi Foundation	—	10,500	(10,500)	—
The Samworth Foundation	—	63,497	(63,497)	—
The Smallwood Trust	—	102,835	(102,835)	—
Sustainability. Health. Environment. Development	—	20,000	(20,000)	—
The Tudor Trust	—	52,273	(52,273)	—
Trust for London	—	2,750	(2,750)	—
Walton Charity	—	31,420	(31,420)	—
The Woodhaven Trust	—	13,100	(13,100)	—
Total restricted funds	—	1,000,730	(1,000,730)	—

19 Operating lease commitments

The group and charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	Equipment	
	2022 £	2021 £
Within one year	9,832	9,940
Between two to five years	17,098	26,930
	26,930	36,870

20 Contingent liabilities

The building owned by the charity has been identified as potentially containing combustible external wall materials which may require replacement for fire safety purposes. An application has been made to the Government's Building Safety Fund to cover any costs of replacing and rectifying the materials which pose a risk, and the fund has confirmed the building's eligibility for support. This application has now been transferred to the original developer, Telford Homes, who have signed the Building Safety pledge, requiring them to correct any defects identified. Telford Homes have since re-assessed the property in line with the latest building requirements, and they have indicated that the results of this re-assessment are that no further remediation works are required. The managing agent has reviewed the re-assessment and responded to Telford Homes with some concerns and is awaiting their response. In the event that building remediation is found to be required, the charity's estimated share of the remediation costs are £2.0m. The likelihood of this becoming due is deemed low based on the current status of the review of the building, Telford Homes adoption of the Building Safety pledge and the Government Building Safety Fund accepting our application for eligibility for support.

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

NEW ECONOMICS FOUNDATION

England & Wales - Charity number 1055254

Accounts

New Economics Foundation

Annual report and financial statements

30 June 2021

Charity registration number
1055254

Company limited by guarantee
Company registration number
3193399 (England & Wales)

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Reference and administrative information Year to 30 June 2021

Trustees	Lord Bob Kerslake, Chair Keren Jones, Deputy Chair Tariq Kazi, Treasurer Mike Tuffrey Ian Christie Ciaran Driver Anna Fielding (<i>formerly Anna Laycock</i>) Tim Jenkins Sotez Chowdhury Deniz Ugur Jouja Maamri Laurie Laybourn-Langton Mary Riddell Rebecca Willis Rebecca Woo
Chief Executive Officer	Miatta Fahnbulleh
Registered office and operational address	New Economics Foundation 10 Salamanca Place London, SE1 7HB
Website	www.neweconomics.org
Charity registration number	1055254
Company registration number	3193399 (England & Wales)
Auditor	Buzzacott LLP 130 Wood Street London, EC2V 6DL
Banker	Handelsbanken London Bridge Branch 11-15 Borough High Street London, SE1 9SE
Solicitor	Bates Wells 10 Queen Street Place London EC4R 1BE

Chair's statement Year to 30 June 2021

It has been another tumultuous year, dominated by the Covid-19 pandemic.

As when the virus first struck the UK last year, subsequent waves have torn through the country leaving a trail of bereavement, ill-health and economic hardship in their wake. The harms inflicted by the pandemic has shone a light on the inadequacy of the social safety net in this country and thrown millions more families into poverty.

However, the way the country has come together in response has clarified what we as a society value. NEF's missions – that we should all have the basics for a decent quality of life, we should protect our environment and we should have more equal power in the economy – have resonated with public opinion that rejected a return to how things were.

After bringing together the Build Back Better coalition in the summer of 2019, NEF has overseen the campaign's evolution to push for policies that will ensure a green and fair recovery. Our research and analysis is becoming increasingly influential while our organisers have helped grassroots groups to win change in their communities here and now.

On behalf of the board of trustees, I'd like to thank the brilliant team at NEF who have worked so hard to adapt to these turbulent times and proved over and over again to be powerful advocates for those at the sharp end of the economic shock. I'd also like to express my gratitude to my colleagues on the board of trustees who have stepped down in the past 12 months, as well as welcome the new members to the team.

As we move forward, the economic impacts of the pandemic will be deep and long, and combine with the effects of leaving the EU. We must ensure not only that the government does not retreat into its comfort zone and the false economy of 'balancing the books', but that it mobilises its resources into a green recovery towards a low-carbon future. NEF will be at the heart of the movement to make it happen

Lord Bob Kerslake

Chair of the trustees

Trustees' report (incorporating the strategic report) Year to 30 June 2021

Introduction

The trustees present our statutory report together with the financial statements of the New Economics Foundation (NEF) for the year ended 30 June 2021. The report, which constitutes a trustees' report for the purposes of charity law and a directors' report for the purposes of company law, has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 234 to 267 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Overview

NEF was set up in 1986 by the leaders of the first TOES (The Other Economic Summit) as an independent 'think-and-do' tank to promote a transition to a new economic system.

Our mission is to create an economy that works for people and the planet.

Objectives and activities

The objectives, as set out in the memorandum and articles of association, for which we were established, are:

- a) To advance education and undertake research for the benefit of the public (and to publish the useful results of such research), particularly in economics, citizenship, and environmental, social and political sciences; and
- b) To promote sustainable development for the benefit of the public by:
 - i. the preservation, conservation and the protection of the environment and the prudent use of resources
 - ii. the relief of poverty and improvement of the conditions of life in socially and economically disadvantaged communities
 - iii. pursuing such other related charitable purposes as the Trustees may determine.

By sustainable development, we mean "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

Public benefit

As trustees, we have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning our future activities. To further our charitable objectives for public benefit, all of our work is directed towards promoting the wellbeing of individuals and communities, ensuring this is achieved in a fair and socially just manner, and achieving this within ecological limits.

NEF achieves public benefit for the population as a whole through advancing knowledge and education about economic, social and environmental issues.

Thanks

We are immensely grateful for the continued support of a wide range of trusts, foundations and individuals. In particular, we want to express thanks to those trusts and foundations who have been long-term supporters of ours and to those who offered flexibility, advice, support and extra funds as the pandemic continued to hit the UK.

We list and thank on our website everyone who donates more than £5,000 in any financial year. We take this opportunity too to say a special thank you to those whose flexible funding has underpinned NEF's work this year, in particular Sir Trevor Chinn, the Friends Provident Foundation, the late Ronald Higgins, Laudes Foundation, Sherwood Forest Fund, and everyone at Lots Road Auctions.

Summary of activities & the impact of coronavirus control measures

During our financial year, the UK had two lockdowns in October 2020 and January 2021. We are thankful that the small number of our employees and trustees who became infected recovered well. We closed our office a week before the official lockdown, having asked staff earlier in the month to prepare for an extended period of working at home. On the whole, we have continued to operate reasonably well as an organisation. Meetings, training and events were quickly switched to being delivered online. Around one in ten of our employees have been unable to work at home owing to the challenges of childcare and home-schooling. Some therefore took the option of taking furlough leave for limited periods. Although the delivery of some of our projects have been affected – especially those with a large community-based element – we have adapted and driven forward our overall work programme.

The most significant impact of the coronavirus has been on the shape of our work. We have made use of some of our strategic reserves to develop our Build Back Better programme, which will form a significant part of our work over the next two years.

Strategy & impact

Over the past year, the weaknesses of our economic model and social protections have been brutally exposed by the pandemic. At the same time, the impacts of the climate crisis have become increasingly clear – with the knowledge they will only get more severe.

NEF has therefore continued with our strategy to accelerate the outcomes that will achieve our vision of our new economy – one that works for people and within environmental limits. The building blocks of this new economy are:

- A thriving and healthy environment at the core of the new system
- Better and more equal living standards with the basics for a decent quality of life guaranteed
- Greater common and co-operative ownership
- Progressive business with social purpose
- A decentralised, active state
- Empowered and active communities

We continue to strive for this new economy through our three core areas of work – a New Social Settlement, a Green New Deal and a Democratic Economy – which have never been more relevant than during this last year of the pandemic.

While Covid-19 is still with us and we continue to push the government to improve its response, inevitably attention is increasingly focussed on what kind of economy we should aim for in recovery. With the government stating an ambition to 'build back better' from the pandemic, the importance of strong civil society pressure to make this a reality has become vital.

Summary of activities & the impact of coronavirus control measures (continued)

Strategy & impact (continued)

In response, internally we have embedded an impact framework to shape and focus our work over the next five years. We have set ourselves an ambitious work programme aimed at achieving change across our three core work areas, including: the introduction of a Living Income, a New Deal to transform local economies as we transition to net zero and a new fiscal framework based on wellbeing.

Externally, we have built on the Build Back Better coalition's success in bringing together more than 300 leaders – including the heads of the Confederation of British Industry (CBI), Trades Union Congress (TUC), Federation of Small Businesses (FSB), Trussell Trust, Shelter, Greenpeace and numerous faith groups – to commit to play their part in rebuilding the economy by tackling inequality and the climate crisis. Alongside core partners, we have begun to evolve Build Back Better to focus around specific campaigns for significant but winnable policies, starting with social security reform, in the form of the Living Income, and the New Deal for Workers and Communities to transition to a low-carbon economy while reducing inequality.

NEF's research continues to be central to the organisation and has become increasingly influential in Whitehall and Fleet Street. We have kept up a constant drum-beat of analysis and policy proposals that have been instrumental in shaping the government's support programmes, while always making the case that they need to go further. Our influence reached way beyond Westminster, with NEF policies appearing in manifestos of many metro mayor and devolved assembly candidates.

And while lockdowns have made travelling and face-to-face meetings more difficult, we have continued to work directly with the likes of renters, council tenants, precarious workers and local authorities to support them through the pandemic and tackle the underlying problems in areas such as housing and decarbonisation.

NEF experts continue to be in demand, with regular appearances on television and radio from BBC News, Politics Live, Question Time and Radio 4 to Sky News, Channel 4 News, LBC, Talk Radio and Times Radio. And our Weekly Economics Podcast passed the 2m downloads landmark this year – a fantastic achievement for an independent show.

Work programmes

Our programme of work consists of projects supporting our three fundamental missions, working within our impact framework. Brief highlights of 2020/21 in securing change within each of these three missions are outlined below.

New social settlement

Ensuring everyone can afford the basics for a decent quality of life.

- Our modelling showed the Chancellor's job support scheme would put millions of people at risk of redundancy, directly prompting a u-turn as reported in the Financial Times: "Officials had read a carefully researched report by the New Economics Foundation which warned that 2.2m jobs were at risk under the original version of the job support scheme."
- Build Back Better's Winter plan for jobs, incomes and communities generated significant press coverage after launching with a Guardian op-ed co-authored by five UK metro mayors. The minimum policy ask was achieved with the extension of the £20 universal credit uplift.

Summary of activities & the impact of coronavirus control measures (continued)

New social settlement (continued)

- We secured public commitments from both the Mayor of Manchester and the Greater London Authority for new pilots for radical social security reform, including living income. Both undertakings followed directly from interventions from NEF – first through our secretariat role on the Manchester Inequalities Commission and second through oral evidence given to the Greater London Authority (GLA) Economic Affairs Committee prior to their vote on social security trials.
- The Living Income campaign launched in June at an online event attended by nearly 200 people and a keynote address from Mayor of Greater Manchester, Andy Burnham. The growing coalition working together on the campaign already includes 10 members across antipoverty charities and trade unions, including the Living Wage Foundation, Save the Children and the TUC. Planning and development work for the campaign is ongoing but a listening campaign has already garnered more than 900 responses, with around 40% of respondents signing up as campaign volunteers.

Green new deal

Achieving a green and fair recovery.

- Our Building a green stimulus for Covid-19 report formed the basis for the Labour Party's own £30bn green jobs stimulus proposals, which then formed the central policy proposal from the leader of the opposition, Keir Starmer, going into the May 2021 local elections across England.
- A green stimulus for housing took a deep dive into housing to propose retrofitting 8.7m homes by 2024. This would create 382,885 jobs, increase gross domestic product (GDP) by 1.58%, reduce average household energy bills by £418 and cut household emissions by 21%. This research is one of the foundations of the campaign to create one million low-carbon jobs as the first public intervention by Build Back Better in the New Deal for Workers and Communities.
- In our green finance work, the most significant policy win has been the Bank of England's change in mandate to include explicit environmental responsibility, announced at the March 2021 budget. In addition, the Bank of England will be decarbonising its quantitative easing (QE) programme commencing in December 2021. Partners including NEF and Positive Money also convened a letter, signed by 125 academics, responding to the chancellor's plans for greening finance. Signatories included Willem Buiter, a former member of the Bank of England's monetary policy committee and Nouriel Roubini, the former lead economist at the US treasury.
- Our Decarbonising is easy report published in October alongside Greenpeace and academic partners called for the European Central Bank (ECB) to change its approach to corporate QE purchases and adopt low-carbon strategies. The report received good news coverage in the Financial Times and Bloomberg and prompted a meeting with ECB President Christine Lagarde who indicated she broadly agreed with the findings.

Summary of activities & the impact of coronavirus control measures (continued)

Green new deal (continued)

- At the local level, NEF is supporting a number of local authorities develop plans for a green recovery including the Croydon Climate Crisis Commission. Set up as an independent body set up by the south London borough, the Commission is drawing on the findings of a local citizens' assembly to find ways to reduce climate and ecological impact. Chaired by our chief executive Miatta Fahnbulleh, the Commission has established a blueprint for councils looking to respond to the climate emergency while securing buy-in from their residents.

Democratic economy

Supporting communities who make change happen

- The culmination of years of research and work with the local families, the Family Friendly Nursery opened in Lewisham, south-east London, establishing a new model of childcare in the UK. The pandemic made it clear how fundamental childcare is to the functioning of the economy yet it barely received any government attention. It is hoped the nursery's parent-led approach and progressive fee structure represents an affordable and sustainable future for a sector on the brink of collapse.
- Since 2016, NEF has been working with the People's Health Trust on its Local Conversations programme which takes a community-led approach to improving social determinants of health and reducing inequalities. When the pandemic stuck, the infrastructure proved a lifeline for residents, from delivering food packages to translating public health messaging.
- Our work with Patients Not Passports partners Medact and Migrants Organise drew attention to the problems the hostile environment was causing in the fight against coronavirus. Despite an exemption for coronavirus treatment, policies were still being enforced, deterring Black, Asian and Minority Ethnic (BAME) and people from migrant backgrounds from accessing healthcare. The Channel 4 News feature highlighted the case of a Black British man asked to prove his eligibility for free care whilst in a Covid-19 induced coma. In a letter sent to his family, the hospital demanded detailed evidence within seven days otherwise he would be charged for his treatment.

Trustees' report (incorporating the strategic report) Year to 30 June 2021

Plans for the future

Over the next year we will continue to operationalise and sharpen our campaigning approach to winning change – where, alongside our traditional think-tank and practice work, we mobilise a coalition around campaigns and work in a co-ordinated way to apply pressure on policymakers to adopt key demands.

On the Living Income, we will aim to mobilise public support and pressure for an adequate income floor in the social security system to shift the politics around this issue and create the groundwork for bigger policy change in the medium term. On the New Deal, our priority will be to pull together a NEF prospectus on levelling up to create a million green jobs to shape policy development in Whitehall – drawing from our back catalogue of work on local economies, insights from our practice work and new policy work on just transition. We will combine this with intensive advocacy across departments and external pressure from coalition partners to get the government to be more ambitious than they would otherwise be, particularly on the issue of investment. We will launch a programme to support and grow the grassroots social housing movement to create pressure for a commitment to build 3m social homes over the next 20 years. Finally, we will continue to develop and push out high-quality research, backed by smart advocacy to influence the policy debate on social care reform, a new fiscal framework, greening the finance system and the digital economy.

Financial review

Principal funding sources

Our funding sources are diverse. We receive grants and donations from trusts, foundations, local, regional and national government, NGOs, and individuals. We also work with a similarly broad range of clients through consultancy contracts.

Results & financial position

Despite the impact of the coronavirus pandemic – and the associated measures to control it – we have managed to deliver effectively the vast majority of our programmes and switched quickly and relatively smoothly to our teams working at home.

Overall our financial position weakened during the year with total funds reducing by £250,147 by year end, as total spending across the group exceeded available income to fund our *Build Back Better* programme.

Early in 2019, we received a large legacy (£500,000) from the estate of the late Ronald Higgins, a long-term supporter of the charity. This sum was set aside as a strategic development fund and in spring 2020, the trustees authorised the deployment of some of this fund towards our *Build Back Better* programme to address the failings in our economy and society exposed so vividly by the pandemic. From the balance of £448,395 (2019/20), we spent £253,395, as planned, which has reduced the balance to £195,000.

Income for the year 2020/21, at £3,327,043, increased from £3,325,365 the previous year which is broadly consistent, though the sources of that income has shifted slightly. We received slightly more from donations and our programme delivery funded by trusts and foundations and a little less from consulting activities and bank interest.

Headcount and FTE reduced to 49 and 45.8 respectively (52 and 48.6 in 2019/20), as a result of modest changes to teams arising from the natural course of change in an organisation of our size.

Financial review (continued)

Results and financial position (continued)

The 2020/21 financial year was a challenging year for NEF Consulting Limited in terms of trading. Prior to overheads (£284,036), NEF Consulting Limited delivered an overall surplus of £280,373. After these payments NEF Consulting made an operating loss of £3,663 (prior year an operating profit of £80,435 excluding donation to New Economics Foundation). As at 30 June 2021 the retained earnings of the company were in deficit. The trustees of NEF will continue to support NEF Consulting Limited based on its plans in the current year to return to profit and make further contributions to the charity.

Remuneration policy for key management personnel

The trustees consider that they, together with the Chief Executive Officer, the Director of Finance & Operations and the senior management team, constitute the key management personnel for reporting purposes. The senior management team is comprised of the directors of practice areas and the director of NEF's consulting practice. The remuneration of these individuals is overseen by the Remuneration Committee giving due regard to pay bands informed by external benchmarking, and formal appraisals.

The New Economics Foundation is committed to ensuring a balance between (1) paying its staff fairly to attract and retain good people and (2) careful management of overall funding. Pay bands have been in place for a number of years and are periodically reviewed. The organisation remains committed to ensuring internal parity.

The Trustee Board is actively involved in two key elements of remuneration policy:

1. Senior staff pay
2. Annual cost of living adjustment

The Remuneration Committee reviews each year any recommended changes to salaries for senior positions and makes recommendations to the Board, which reserves to itself decisions on the pay of senior staff. The Finance, Audit and Risk Committee, as part of the annual budget setting process, considers any annual cost of living increase for affordability, before it is referred to the wider Board for final approval. The Board delegates decisions on progression-related pay increases (excluding senior staff) to the Chief Executive Officer.

Reserves policy and going concern

Trustees fundamentally revised the charity's reserves policy in June 2019, having substantially rebuilt our general reserves and, in the course of the 2018/19 financial year, having received a large legacy. Trustees have revisited the reserves policy in 2021 in light of the economic environment, the charity's current situation and assessment of risks.

Trustees have considered the amounts that the New Economics Foundation needs to hold in reserve to ensure financial sustainability in an era of income volatility within the sector. In developing this policy, the Trustees have considered:

- The reasons why the charity needs reserves;
- The level of reserves the Trustees believe the charity needs;
- How the charity is going to establish the level of reserves required; and
- How the Trustees monitor and review the policy and the actual reserves.

Financial review (continued)

Reserves policy and going concern (continued)

The charity needs reserves in order to protect continuity of operations during the peaks and troughs of funding cycles and to maintain core activities as individual projects finish and new ones start. In addition to such operational reserves, a fund of accumulated reserves allows the charity the potential to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects.

The reserves policy is set within the context of the fact that the New Economics Foundation owns its own office space, which has a net book value of £2.20m (asset less outstanding mortgage). This is not an operational asset, as the charity can function from any office space and has the option, if required, to dispose of this asset and move to rented accommodation. The trustees consider that this asset, though illiquid, underpins the long-term financial health of the charity. Trustees acknowledge that owing to the impact of the pandemic on the London commercial property market there is uncertainty around the likely ability of the charity to dispose of the asset readily, and therefore we put more emphasis on maintaining appropriate operational funds and cash balances (see below).

The Trustees have concluded that, alongside the designated fund relating to the office space, there are two other reserves to be considered, one being a general fund, the other being a second designated fund:

1. Operational funds (a general fund). In order to ensure that the charity can accommodate variations in funding cycles, it is the policy of the Trustees to maintain general funds equivalent to three months' worth of future operational costs, net of reliable and recurring income, at any time. At 30 June 2021, this target amounts to £547,000. General reserves at 30 June 2021 actually amounted to £477,279 (2020: £498,000). It is the intention of the Trustees to rebuild these reserves over the next two years.
2. Strategic development funds (a second designated fund). The trustees believe the charity should maintain a designated fund to provide the freedom to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. Thanks to the receipt of a large legacy in 2018/19, this reserve amounts to £195,000 (2020: £448,000). Trustees expect to expend these funds over the next one to two years.

The trustees set an objective that the charity should – in ordinary circumstances – generate a general, underlying surplus equivalent to around three per cent of annual income. This provides funds either to respond to changes in the amount required to be held as operational reserves or for designation for strategic development in future years.

Alongside the reserves policy, it is the policy of the trustees to maintain at least three months' cover as cash at bank for all operational costs at any time. The finance team monitors cash flow on a weekly basis and the trustees review this regularly. Three month's group operational costs equate to £740,000; group cash at bank at the year-end was £988,000 (2020: £2,149,000). The trustees have agreed on a policy of saving the cash reserves in a high interest paying ethical saving account available in the market. Currently, £500,000 is saved in a CAF Shawbrook bank saving account paying interest of 0.90%, this has been reduced to 0.30% from 13 July 2021.

Financial review (continued)

Reserves policy and going concern (continued)

The trustees are also required to consider whether there are significant doubts about the charity's ability to continue as a going concern and to disclose whether there are any material uncertainties looking forward for at least one year from the date of signature of these financial statements. The Trustees have considered the future strategic plans of the charity and have reviewed the level of funding secured, detailed cash flow projections, and the underlying trading position of NEF Consulting. The trustees have also considered potential downside scenarios that might reasonably arise in relation to the coronavirus pandemic. They are satisfied that the New Economics Foundation remains a going concern.

Principal risks and uncertainties

The Trustees actively review both the strategic and operational risks that the New Economics Foundation faces. These cover both short and long-term risks and in particular concern financial sustainability and reputation. The Trustees confirm that they are satisfied that strategies, systems and controls are, as far as possible, in place to mitigate significant risks, including those presented by the coronavirus pandemic and measures taken by public authorities to control it.

The pandemic has heightened our assessment of the likelihood and potential impact of principal risks and introduced a new risk, which is the impact on the wellbeing of our employees caused by an extended period of home-working. This is particularly the case for those employees who have had to manage caring responsibilities and home-schooling, and those who are living in shared accommodation or otherwise have a sub-optimal working environment at home.

Although the New Economics Foundation continues to have good success rates in securing project funding, this is within the context of an ever-challenging funding environment, made more unpredictable by the pandemic. Volatility in financial markets might still have impacts on the funding approaches of trusts and foundations. The New Economics Foundation is aware that careful management is required to mitigate against this, which includes regular communication with funders, the review of project budgeting and costing procedures and ensuring adequate monitoring and reporting procedures.

Risks to the New Economics Foundation's reputation are mitigated by ensuring that senior staff monitor all projects, working closely on appropriate dissemination strategies, and ensuring that quality and rigour is regularly monitored in terms of output and impact.

The Finance, Audit & Risk Committee of the Board of Trustees regularly reviews NEF's risk register and undertakes a detailed review of a particular area of the register at each of its meetings, which are reported to and discussed by the Board of Trustees. The Committee's principal role is one of oversight and scrutiny and it does not relieve the Board of its responsibilities for the monitoring and management of risk.

During the 2019/20 financial year, NEF created a coronavirus-specific risk register to record and manage the particular risks associated with the pandemic and the measures taken by public authorities to control it. This risk register is also reviewed regularly by the Finance, Audit & Risk Committee and by the Board of Trustees.

Trustees' report (incorporating the strategic report) Year to 30 June 2021

Structure governance and management

NEF is constituted through articles of association and registered as a limited company. Trustees reviewed and updated the articles of association in the reporting period. Recruitment of new trustees is informed by a trustee skills audit, which is periodically undertaken. The induction process for new trustees includes meeting programme staff and receiving information about the role and responsibilities of charity trustees.

The Board of Trustees usually meets four or five times a year and focuses on its three roles of strategy, performance and assurance. Owing to the heightened risks posed to the organisation by the coronavirus pandemic, the Board and its Committees held a number of additional meetings from April 2020 onwards. The trustees delegate the day-to-day running of the charity to the Chief Executive, and the management team.

The Chief Executive, who reports to the Board of Trustees, carries out the overall management of the Charity. The Chief Executive is particularly responsible for managing the programme portfolio and acts as the figurehead of the organisation. The Director of Finance & Operations runs the administration of the organisation and also reports to the Trustees.

Decisions are made according to the levels of delegated authority defined in the organisation's policies and procedures and according to job descriptions and commensurate levels of authority for different grades of staff. The major risks to which the organisation is exposed are consistently reviewed at the request of the Board and where necessary amended, and risk management policies, strategies, actions and procedures identified and implemented to minimise these risks. The Director of Finance & Operations is charged with keeping the risk register continually updated.

The Board has a small number of committees. The Finance, Audit and Risk Committee meets six times a year, consists of Trustees with appropriate experience, and is chaired by the Treasurer. A Remuneration Committee meets to consider any recommended changes to the pay of senior staff. A Board & Officers' Committee (previously the General Purposes Committee), meets at least four times a year and focuses particularly on overseeing NEF's impact, business planning and staffing issues. It also has the power to act on all day-to-day matters not within the province of any other committee of the Board of Trustees. It has executive powers to deal with matters of importance which would normally be referred to the Board of Trustees, but which require decisions as a matter of urgency, and any such decisions are reported to the next meeting of the Board. A Governance Working Group focusses on trustee recruitment and developing and improving the governance of the charity.

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up.

Charity Governance Code

In September 2019, Trustees agreed to make use of the Charity Governance Code to develop and improve governance. The Governance Working Group has reviewed where NEF stands in relation to the code and identified priorities for improvement and development. During the year, the group has focussed particularly on inclusion and diversity at board level and establishing a framework for considering NEF's impact.

Trustees' report (incorporating the strategic report) Year to 30 June 2021

Structure governance and management (continued)

Trustees

The trustees, who are the directors of the company for the purposes of company law, who served during the year and up to the date of this report were:

Trustees	From / until	
Lord Bob Kerslake, <i>Chair</i>	B & R	
Keren Jones, <i>Deputy Chair</i>	B, R & G	
Tariq Kazi, <i>Treasurer (from 1 June 2021)</i>	F & B	From 24 February 2021
Mike Tuffrey, <i>Treasurer (until 1 June 2021)</i>	F & B	
Tess Gill	B & R	Until 16 December 2020
Ian Christie	F	
Ciaran Driver	G	
Jouja Maamri		From 24 February 2021
Deniz Ugur		From 24 February 2021
Sotez Chowdhury		From 24 February 2021
Tim Jenkins		
Anna Fielding (formerly Anna Laycock)	F	
Laurie Laybourn-Langton	G	
Mary Riddell	R	
Jeremy Till	F	Until 16 December 2020
Fiona Weir	G	Until 16 December 2020
Rebecca Willis	G	
Rebecca Woo	G	

- B* Member of the Board & Officers' Committee (previously the General Purposes Committee)
F Member of the Finance, Audit & Risk Committee
G Member of the Governance Working Group
R Member of the Remuneration Committee

NEF Consulting Limited

NEF Consulting Limited is a wholly-owned trading subsidiary of the charity. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. Its results are consolidated within the group financial statements (see note 12 for further details).

Fundraising

We aim to achieve best practice in the way in which we communicate with donors and other supporters. We take care with both the tone of our communications and the accuracy of our data to minimise the pressures on supporters. We are registered with the Fundraising Regulator and adhere to the Code of Fundraising Practice. We apply best practice to protect supporters' data and never sell data, we never swap data, and ensure that supporters' and donors' communication preferences can be changed at any time.

We manage our own fundraising activities and do not employ the services of professional fundraisers. We undertake to react to and investigate any complaints regarding our fundraising activities and to learn from them and improve our service. During the year ended 30 June 2021, we received no complaints about our fundraising activities.

Coronavirus measures have not so far had any discernably negative impact on our ability to fundraise.

Trustees' report (incorporating the strategic report) Year to 30 June 2021

Structure governance and management (continued)

Statement of trustees' responsibilities

The trustees (who are also directors of New Economics Foundation for the purposes of company law) are responsible for preparing the trustees' report and 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 which give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure, of the 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Trustees on _____ and signed on its behalf by:

Chair of Trustees

Independent auditor's report to the members of New Economics Foundation

Opinion

We have audited the financial statements of New Economics Foundation (the 'charitable company') for the year ended 30 June 2021 which comprise the consolidated statement of financial activities, the group and parent balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group and parent charitable company's affairs as at 30 June 2021 and of 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 Companies Act 2006.

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 charitable company 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 and charitable parent 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. 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records; 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, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities Act 2011 and those that relate to data protection (General Data Protection Regulation).
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- ◆ used data analytics to identify and investigated the rationale behind any significant or unusual transactions;
- ◆ tested authorisation controls on expenditure items, ensuring expenditure was approved in line with the charitable company's financial procedures; and
- ◆ challenged assumptions made by management in their significant accounting estimates, in particular those relating to the recognition of project income
- ◆ In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Auditor's responsibilities for the audit of the financial statements (continued)

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.

Use of this 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. Our audit work has been undertaken so that we might state to the charitable company's members 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Edward Finch, Senior Statutory Auditor
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year to 30 June 2021
(incorporating the income and expenditure account)

	Note	Unrestricted funds £	Restricted funds £	2021 Total funds £	Unrestricted funds £	Restricted funds £	2020 Total funds £
Income from							
Donations and legacies	1	171,990	—	171,990	154,677	—	154,677
Charitable activities							
Programmes	2	1,177,909	1,235,695	2,413,604	586,643	1,643,467	2,230,110
Other trading activities	3	737,905	—	737,905	929,208	—	929,208
Investments	4	3,544	—	3,544	11,370	—	11,370
Total income		2,091,348	1,235,695	3,327,043	1,681,898	1,643,467	3,325,365
Expenditure on	5						
Raising funds							
Costs of generating donations		112,537	—	112,537	69,561	—	69,561
Costs of trading activities		623,443	—	923,443	843,781	—	843,781
Charitable activities							
Programmes		1,305,515	1,235,695	2,541,210	788,273	1,644,025	2,432,298
Total expenditure		2,341,495	1,235,695	3,577,190	1,701,615	1,644,025	3,345,640
Net (expenditure) income for the year before transfers between funds	6	(250,147)	—	(250,147)	(19,717)	(558)	(20,275)
Transfers between funds	19	—	—	—	(558)	558	—
Net (expenditure) income and net movement in funds		(250,147)	—	(250,147)	(20,275)	—	(20,275)
Reconciliation in funds							
Fund balances brought forward at 1 July		3,143,852	—	3,143,852	3,164,127	—	3,164,127
Fund balances carried forward at 30 June	18	2,893,705	—	2,893,705	3,143,852	—	3,143,852

All the above results are derived from continuing activities.

Balance sheets As at 30 June 2021

	Notes	Group		Charity	
		2021 £	2020 £	2021 £	2020 £
Fixed assets					
Tangible fixed assets	11	3,227,081	3,271,178	3,227,081	3,271,178
Investments	12	—	—	1	1
		3,227,081	3,271,178	3,227,082	3,271,179
Current assets					
Debtors	14	466,454	292,642	412,807	286,855
Cash at bank and in hand		988,294	2,149,169	984,744	2,065,399
		1,454,748	2,441,811	1,397,551	2,352,254
Liabilities					
Creditors: amounts falling due within one year	15	(906,147)	(1,631,201)	(845,288)	(1,541,645)
Net current assets		548,601	810,610	552,263	810,609
Creditors: amounts falling due after one year	17	(881,977)	(937,936)	(881,977)	(937,936)
Total net assets		2,893,705	3,143,852	2,897,368	3,143,852
The funds of the charity:	19				
Funds and reserves					
Restricted funds		—	—	—	—
Unrestricted funds					
Designated funds:					
- Property fund		2,225,089	2,197,366	2,225,089	2,197,366
- Strategic development fund		195,000	448,395	195,000	448,395
General funds		477,279	498,091	477,279	498,091
Non-charitable trading funds		(3,663)	—	—	—
Total unrestricted funds		2,893,705	3,143,852	2,897,368	3,143,852
Total funds	19	2,893,705	3,143,852	2,897,368	3,143,852

Approved by the Board of Trustees on

and signed on its behalf by

Chair of Trustees

Consolidated statement of cash flows Year to 30 June 2021

	Note	2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	(1,074,075)	939,683
Cash flows from investing activities:			
Purchase of property, plant and equipment		(7,012)	(12,800)
Investment income received		3,544	11,370
Interest payable		(29,025)	(32,437)
Net cash used in investing activities		(1,106,568)	(33,867)
Cash flows from financing activities:			
Repayments of borrowing		(54,307)	(51,994)
Net cash used in financing activities		(54,307)	(51,994)
Change in cash and cash equivalents in the reporting period		(1,160,875)	853,822
Cash and cash equivalents at the beginning of the year	B	2,149,169	1,295,347
Cash and cash equivalents at the end of the reporting period	B	988,294	2,149,169

Notes to the cash flow statement for the year to 30 June:

A Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income for the reporting period (as per the statement of financial activities)	(250,147)	(20,275)
Depreciation charges	51,109	52,163
Investment income receivable	(3,544)	(11,370)
Interest payable	29,025	32,437
(Increase) decrease in debtors	(173,812)	386,016
Increase (decrease) in creditors	(726,706)	500,712
Net cash (used in) provided by operating activities	(1,074,075)	939,683

B Analysis of cash and cash equivalent

	2021 £	2020 £
Total cash and cash equivalents: Cash at bank and in hand	988,294	2,149,169

Analysis of movements in net cash (debts)

	At 1 July 2020 £	Cash flows £	Non-cash changes £	At 30 June 2021 £
Cash and Cash Equivalents	2,149,169	(1,160,875)	—	988,294
Borrowings				
Debt due within one year	(54,306)	54,306	(55,958)	(55,958)
Debt due after one year	(937,936)	—	55,958	(881,977)
	(992,242)	54,306	—	(937,935)
Total	1,156,927	(1,106,569)	—	50,359

Principal accounting policies Year to 30 June 2021

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. These financial statements are presented in sterling and rounded to the nearest pound.

Basis of preparation

These financial statements have been prepared for the year to 30 June 2021 with comparative information presented for the year ended 30 June 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover overhead costs;
- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ allocating expenditure between funds based on an estimate of staff time.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. They have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. In making this assessment the trustees have paid particular attention to the impact that the Covid-19 pandemic has had and may have on the group and charity. The most significant areas of judgement that affect items in the financial statements are detailed above.

Principal accounting policies Year to 30 June 2021

Basis of consolidation

The consolidated statement of financial activities, consolidated statement of cash flows and group balance sheet consolidate each reporting line of the financial statements of New Economics Foundation and its subsidiary company, NEF Consulting Limited, made up at the balance sheet date.

A separate statement of financial activities, or income and expenditure account, has not been presented for the charity because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The total income of the parent charity amounted to £3,050,340 (2019/20: £2,969,259) and total expenditure was £3,296,824 (2019/20: £2,989,534), resulting in the net expenditure for the year of £246,484 (2019/20: net expenditure of £20,275).

Income recognition

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income is deferred where it relates to specific future periods either via explicit or implicit time conditions within the grant agreement.

Income earned under a contract for services is recognised in the financial statements as entitlement is earned through completion of the contract. Deferred income from the sales of goods is recognised once the good has been delivered. Income from the sales of goods and services is the amount derived from ordinary activities (net of VAT).

Income received by way of subscriptions and donations are included in full in the statement of financial activities when receivable.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group or charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure is comprised of direct costs and support costs. Direct costs are allocated to a specific activity. The classification between activities is as follows:

- a) Expenditure on raising funds includes all expenditure associated with raising funds for the charity and the operating costs of NEF Consulting Limited.

Principal accounting policies Year to 30 June 2021

- b) Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Expenditure on charitable activities includes both direct costs and indirect support costs.

All expenditure is inclusive of irrecoverable VAT.

Allocation of support costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Expenditure is allocated to activities based on an estimate of staff time spent on each activity.

Leases

Payments under operating leases are charged to the statement of financial activities in equal annual installments over the period of the leases.

Financial instruments

The charity only 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

- | | |
|---------------------------------|------------|
| ◆ Freehold buildings | - 50 years |
| ◆ Fixtures and fittings | - 10 years |
| ◆ Computer software & equipment | - 4 years |

Assets are depreciated from when they are brought into use.

Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Investments in subsidiaries

Investments in subsidiaries are included at cost less any impairment.

Principal accounting policies Year to 30 June 2021

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash and cash equivalents

Cash and cash equivalents represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 7. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Unrestricted general funds

These are funds which can be used for any purpose within the charitable objects of the group.

Designated funds

These are funds set aside by the trustees out of unrestricted funds for specific future purposes.

Restricted funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

1 Income from donations and legacies

	Unrestricted funds	
	2021 Total £	2020 Total £
Gifts in kind	—	21,167
Unrestricted grants	19,748	18,633
Regular giving, individual donations and legacies	152,242	114,877
	171,990	154,677

2 Income from charitable activities – programmes

Grants receivable funded work in the following programme areas:

	Unrestricted funds £	Restricted funds £	2021 Total £
Grants receivable			
New Social Settlement	362,978	485,975	848,953
Green New Deal	397,256	600,739	997,995
Democratic Economy	417,675	148,981	566,656
2021 Total	1,177,909	1,235,695	2,413,604

	Unrestricted funds £	Restricted funds £	2020 Total £
Grants receivable			
New Social Settlement	183,715	168,651	352,366
Green New Deal	237,133	722,242	959,375
Democratic Economy	165,795	752,574	918,369
2021 Total	586,643	1,643,467	2,230,110

During the year ended 30 June 2021 the charity reviewed the basis of presentation of the programme areas. Our programme areas are now analysed based on our mission areas since our programme work now is focused on three urgent missions to transform the economy. The comparatives have been reanalysed for consistency.

Our organising and movement building programme works across our mission to build coalitions to campaign for change across NEF's agenda.

3 Income from other trading activities

	Unrestricted funds	
	2021 Total £	2020 Total £
Consulting	599,212	712,788
Books and publications	7,933	6,238
Events income	—	7,500
Licensee income	130,760	202,682
	737,905	929,208

4 Income from investments

	Unrestricted funds	
	2021 Total £	2020 Total £
Interest earned	3,544	11,370

5 Total expenditure

	Direct costs		Support costs £	2021 Total £
	Staff costs (note 7) £	Other costs £		
Costs of raising funds				
- Strategic fundraising	42,488	30,150	19,988	92,626
- NEF Consulting	476,849	65,185	387,762	929,796
Costs of charitable activities				
- Programmes	1,157,941	569,334	827,493	2,554,768
2021 Total funds	1,677,278	664,669	1,235,243	3,577,190

	Direct costs		Support costs £	2020 Total £
	Staff costs (note 7) £	Other costs £		
Costs of raising funds				
- Strategic fundraising	39,930	15,843	13,788	69,561
- NEF Consulting	439,244	73,630	330,907	843,781
Costs of charitable activities				
- Programmes	1,115,405	520,649	796,244	2,432,298
2020 Total funds	1,594,579	610,122	1,140,939	3,345,640

5 Total expenditure (continued)

	2021 Total £	2020 Total £
Support costs		
Staff costs (note 7)	803,109	735,446
Communications	37,555	48,467
Depreciation	51,109	52,163
Legal and professional	23,081	16,314
Premises	101,214	95,336
Human resources	11,588	18,478
Office running costs	114,580	76,405
Information technology	58,895	70,670
Irrecoverable VAT	34,112	27,660
	1,235,243	1,140,939

6 Net income (expenditure) for the year

This is stated after charging:

	2021 £	2020 £
Depreciation	51,109	52,163
Interest payable	29,025	32,437
Operating lease rentals	9,832	15,004
Auditor's remuneration		
- Statutory audit	11,500	10,800
Foreign exchange gains or losses	111	(473)

7 Staff costs and trustees' remuneration

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	2,109,318	2,028,661
Redundancy and termination costs	46,369	—
Social security costs	232,541	217,351
Pension costs	92,159	84,013
	2,480,387	2,330,025

Included within redundancy and termination costs are ex-gratia payments totalling £46,369 (2020 - £nil) to five employees.

7 Staff costs and trustees' remuneration (continued)

The following number of employees whose total remuneration, on an annual equivalent basis, was in excess of £60,000 during the year were as follows:

	2021 No.	2020 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	2	1
£90,001 - £100,000	1	—
£100,000-£110,000	—	1

The total value of employee benefits, including employers' national insurance and pension contributions, of the key management personnel was £467,230 (2020: £454,005). The increase in costs was due to salary changes following an organisational benchmarking, (beginning in May 2020 and was completed during the financial year).

No trustees received emoluments during the year for services provided to the charity (2020: £nil).

Total expenses of £ nil were reimbursed to Trustees during the year (2020: £166).

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	Headcount		FTE	
	2021 £	2020 £	2021 £	2020 £
Strategic fundraising	1	1	0.5	1.0
NEF Consulting	10	9	9.7	9.6
Programmes	23	27	20.7	23.1
Support (including Communications)	14	14	13.9	13.9
Governance	1	1	1	1.0
	49	52	45.8	48.6

9 Related party transactions

Donations totalling £265 were made to the charity by trustees during the year (2020: £240). These donations contributed to core costs and ongoing projects.

In the prior year transactions occurred between the charity and Peabody, a charity for which one of the trustees of NEF is also a trustee. Peabody entered into a lease with NEF (from 18 February 2019) giving NEF use of a nursery building at below-market rent which was transferred to a separate charity on 25 June 2020. In the prior year Peabody also provided training and support to NEF Childcare project with a gift in kind value of £21,167. No transactions occurred between NEF and Peabody during the year ended 30 June 2021.

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary NEF Consulting Limited transfers available profits to the parent charity by way of gift aid. Accordingly, no provision for current or deferred tax is required.

11 Tangible fixed assets

Group and charity	Freehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 July 2020	3,329,171	115,839	125,430	3,570,440
Additions in the year	—	—	7,012	7,012
At 30 June 2021	<u>3,329,171</u>	<u>115,839</u>	<u>132,442</u>	<u>3,577,452</u>
Depreciation				
At 1 July 2020	139,563	60,816	98,883	299,262
Charge for the year	26,584	12,941	11,584	51,109
At 30 June 2021	<u>166,147</u>	<u>73,757</u>	<u>110,467</u>	<u>350,371</u>
Net book values				
At 30 June 2021	<u>3,163,024</u>	<u>42,082</u>	<u>21,975</u>	<u>3,227,081</u>
At 30 June 2020	<u>3,189,608</u>	<u>55,023</u>	<u>26,547</u>	<u>3,271,178</u>

Freehold land and buildings includes land with a value of £2,000,000 which is not depreciated.

12 Investments

Investments, at cost, comprise:

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Investment in wholly owned trading subsidiary	<u>—</u>	<u>—</u>	<u>1</u>	<u>1</u>

13 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of NEF Consulting Limited, a company registered in England. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2021 Total £	2020 Total £
Turnover	867,124	886,093
Cost of sales	(330,915)	(307,153)
Gross Profit	536,209	578,940
Operating expenses	(539,997)	(499,119)
Interest receivable	125	614
(Loss) profit for the financial year	(3,663)	80,435
Accumulated deficit at 30 June 2020	—	—
Donation to parent undertaking under gift aid	—	(80,435)
Accumulated deficit at 30 June 2021	(3,663)	—

14 Debtors

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	169,905	85,299	119,421	79,501
Amounts due from subsidiary	—	—	77,907	80,435
Prepayments	79,536	52,143	79,536	52,143
Accrued income	214,684	150,867	133,614	70,443
Other debtors	2,329	4,333	2,329	4,333
	466,454	292,642	412,807	286,855

15 Creditors: amounts falling due within one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Bank loans (note 17)	55,958	54,306	55,958	54,306
Trade creditors	200,283	178,729	186,725	177,114
Taxation and social security	86,322	28,744	69,445	14,207
Other creditors	3,362	5,966	3,362	5,966
Accruals	236,628	106,706	236,628	98,319
Deferred income (note 16)	323,594	1,256,750	293,170	1,191,733
	906,147	1,631,201	845,288	1,541,645

16 Deferred income

All restricted grants for the delivery of projects have been treated as performance related grants. Income relating to these grants has been recognised on the basis of the level of performance delivered by the year-end. Any amounts received in excess of the level of performance delivered have been treated as deferred income for recognition in future accounting periods.

Movements in deferred income were as follows:

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Deferred income brought forward	1,256,750	636,824	1,191,733	547,109
Amount released to income in the year	(1,858,047)	(2,032,057)	(1,800,942)	(1,842,994)
Amount deferred in the year	924,891	2,651,983	902,379	2,487,618
Balance at the end of the year	323,594	1,256,750	293,170	1,191,733

17 Creditors: amounts falling due after one year

	Group and charity	
	2021 £	2020 £
Bank loans	881,977	937,936

Bank loans are repayable as follows:

	Group and charity	
	2021 £	2020 £
Bank loans		
. Payable within one year (note 15)	55,958	54,306
. Payable one to five years	241,379	234,254
. Payable more than five years	640,598	703,682
	937,935	992,242

The charity has a loan from Triodos Bank which is secured by a charge on 10 Salamanca Place, London, SE1 7HB. The total loan amount was £1.25 million, repayable over 20 years. Interest is charged at the greater of 3% or the Bank of England base rate plus 2.5%.

18 Analysis of group net assets between funds

	General unrestricted £	Designated funds £	Total funds £
As at 30 June 2021			
Tangible fixed assets	64,057	3,163,024	3,227,081
Net current assets	409,559	139,042	548,601
Long term liabilities	—	(881,977)	(881,977)
Net assets at the end of the year	473,616	2,420,089	2,893,705

18 Analysis of group net assets between funds (continued)

	General unrestricted £	Designated funds £	Total funds £
<i>As at 30 June 2020</i>			
<i>Tangible fixed assets</i>	81,570	3,189,608	3,271,178
<i>Net current assets</i>	416,521	394,089	810,610
<i>Long term liabilities</i>	—	(937,936)	(937,936)
<i>Net assets at the end of the year</i>	498,091	2,645,761	3,143,852

19 Movements in funds

	1 July 2020 £	Income £	Expenditure £	Transfers £	At 30 June 2021 £
Unrestricted funds					
Designated funds					
Property fund	2,197,366	—	—	27,723	2,225,089
Strategic development fund	448,395	—	—	(253,395)	195,000
General funds	498,091	1,244,099	(1,490,583)	225,672	477,279
Non-charitable trading	—	867,249	(870,912)	—	(3,663)
Total unrestricted funds	3,143,852	2,111,348	(2,361,495)	—	2,893,705
Restricted funds (analysis below)					
Total restricted funds	—	—	—	—	—
Total funds	3,143,852	2,111,348	(2,361,495)	—	2,893,705

	1 July 2019 £	Income £	Expenditure £	Transfers £	At 30 June 2020 £
Unrestricted funds					
Designated funds					
Property fund	2,171,955	—	—	25,411	2,197,366
Strategic development fund	500,000	—	(51,605)	—	448,395
General funds	492,172	846,796	(814,908)	(25,969)	498,091
Non-charitable trading	—	835,102	(835,102)	—	—
Total unrestricted funds	3,164,127	1,681,898	(1,701,615)	(558)	3,143,852
Restricted funds (analysis below)	—	1,643,467	(1,644,025)	558	—
Total restricted funds	—	1,643,467	(1,644,025)	558	—
Total funds	3,164,127	3,325,365	(3,345,640)	—	3,143,852

Purposes of designated funds

Designated funds relate to either: (a) the net book value of the freehold land and building less the loan on 10 Salamanca Place as these funds do not represent liquid reserves available for charitable purposes by NEF or (b) funds set aside for strategic development.

19 Movements in funds (continued)

Purposes of designated funds (continued)

Strategic development funds provide the charity with the freedom to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. Thanks to the receipt of a large legacy in 2018/19 (£500,000), this reserve amounts to £195,000. The trustees authorised the expenditure of £253,395 (2020:£51,605) of strategic development funds during the year on our *Build Back Better* programme. The trustees expect to expend the remaining funds over the next one to two years.

Purpose of restricted funds

The restricted funds are balances of grants given to NEF to carry out specific projects. Please see our website (www.neweconomics.org) for more information about our work.

Transfers have been made from unrestricted reserves to subsidise restricted funds in deficit at the year end where no further match funding or donor contributions are expected.

19 Movements in funds (continued)

Non-charitable trading

This fund represents, in previous years, the accumulated losses of NEF's wholly owned trading subsidiary NEF Consulting Limited.

Movements on restricted funds for the year were in relation to the following funders:

	01 Jul 2020	Income	Expenditure	Transfers	30 June 2021
Restricted Funds	£	£	£	£	£
The AIM Foundation		5,250	(5,250)	—	—
The A Team Foundation		44,983	(44,983)	—	—
Barrow Cadbury Trust		46,179	(46,179)	—	—
The Big Give		10,000	(10,000)	—	—
Calouste Gulbenkian Foundation UK Branch		10,231	(10,231)	—	—
Campaign for the Protection of Rural Environment		13,405	(13,405)	—	—
ClimateWorks Foundation		592	(592)	—	—
Common Wealth		5,600	(5,600)	—	—
Communication Workers Union		7,500	(7,500)	—	—
Eastbourne U10 Fisherman's CIC		6,000	(6,000)	—	—
Economic and Social Research Foundation		12,375	(12,375)	—	—
Esmée Fairbairn Foundation		16,610	(16,610)	—	—
European Climate Foundation		141,190	(141,190)	—	—
Friends Provident Foundation		52,300	(52,300)	—	—
Global Action Plan		12,000	(12,000)	—	—
The Greater London Authority		9,975	(9,975)	—	—
Jam Today		5,000	(5,000)	—	—
John Ellerman Foundation		24,156	(24,156)	—	—
The Joseph Rowntree Charitable Trust		87,048	(87,048)	—	—
Keep It In The Ground! Fund		5,000	(5,000)	—	—
Luminate		24,835	(24,835)	—	—
MAVA Foundation		53,484	(53,484)	—	—
The Nationwide Foundation		91,542	(91,542)	—	—
Network for Social Change		12,183	(12,183)	—	—
Oak Foundation		38,913	(38,913)	—	—
Open Society Foundations		6,550	(6,550)	—	—
Partners for a New Economy		114,953	(114,953)	—	—
Paul Hamlyn Foundation		11,775	(11,775)	—	—
People's Health Trust		149,867	(149,867)	—	—
Revive		2,500	(2,500)	—	—
The Samworth Foundation		58,613	(58,613)	—	—
The Smallwood Trust		48,425	(48,425)	—	—
Standard Life Foundation		1,875	(1,875)	—	—
Sustainability.Health.Environment. Development		25,000	(25,000)	—	—
Trust for London		30,354	(30,354)	—	—
The Tudor Trust		49,432	(49,432)	—	—
Total restricted funds	—	1,235,695	(1,235,695)	—	—

20 Operating lease commitments

The group and charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	Equipment	
	2021 £	2020 £
Within one year	9,940	9,832
Between two to five years	26,930	36,870
	36,870	46,702

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.