

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.

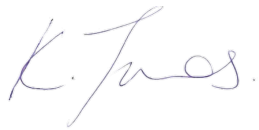
Launched in February, our major new project is bringing together place-based policy and practice with this new model of organising. Our partnership of leading organisations - NEF, CLES, Co-ops UK and the Centre for Thriving Places - is drawing on decades of combined experience in new economy practice 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 blue 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.

Independent auditor's report Year ended 30 June 2023

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.

Independent auditor's report Year ended 30 June 2023

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							
Raising funds	5						
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

Notes to the financial statements Year ended 30 June 2023

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	2022
	No.	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

Notes to the financial statements Year ended 30 June 2023

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

Notes to the financial statements Year ended 30 June 2023

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.