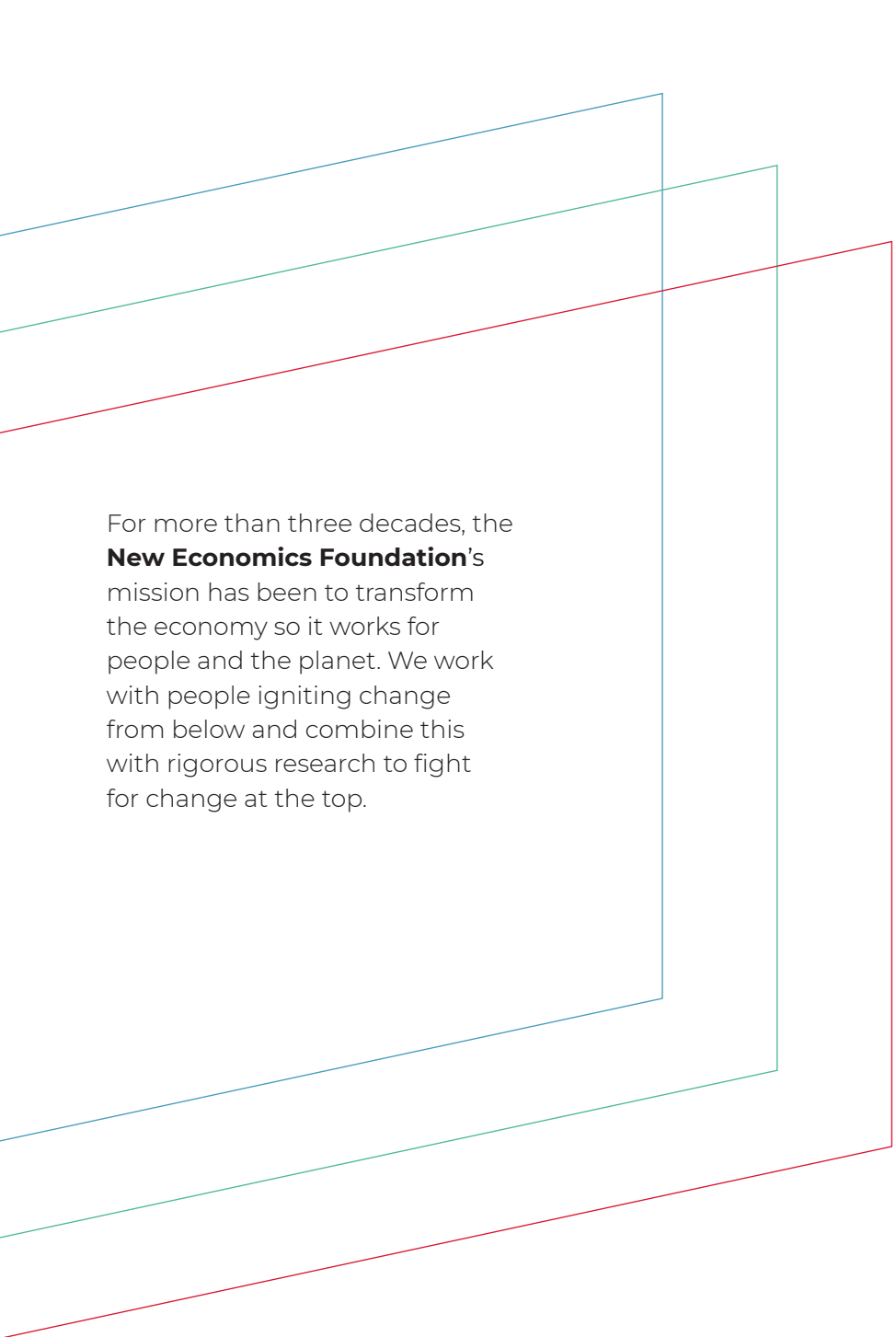


NEW
ECONOMICS
FOUNDATION



NEF REVIEW OF THE YEAR 2021



For more than three decades, the **New Economics Foundation's** mission has been to transform the economy so it works for people and the planet. We work with people igniting change from below and combine this with rigorous research to fight for change at the top.

CONTENTS

MESSAGE FROM NEF'S CHAIR	4
THE CHALLENGE OF NET ZERO	5
1. NEW SOCIAL SETTLEMENT	7
Reforming universal credit	7
A living income – 21st century social security	8
A future for furlough?	9
Fixing housing	9
2. GREEN NEW DEAL	11
Bringing home the green new deal	12
A just transition for workers	12
Climate crisis? What climate crisis?	13
Making central banks central to climate change	14
Paying for climate action	14
Levelling up from the bottom up	16
3. DEMOCRATIC ECONOMY	16
Inclusive local transitions	17
End surveillance advertising to children	17
The quay to sustainable fishing	18
NEF'S YEAR	19
THANK YOU	26

MESSAGE FROM NEF'S CHAIR



Lord Bob Kerslake
Chair

The year began with the UK going into full lockdown, this time in the depths of winter. Now we end the year hoping our vaccines protect us from the new variants that will inevitably keep arising as long as the global south is unable to access them. The medical, psychological and economic scars of Covid-19 already run deep and will not quickly or easily heal.

Despite its pretensions to Build Back Better, as the year has gone on the government has attempted little beyond back to before. 'Levelling up' is still a slogan without a plan. While Cop26 has thrust climate change to its rightful place at the top of the agenda, and the government's net zero plan contained some encouraging signs, action is disjointed and funding woefully inadequate.

Against this backdrop, NEF has been a driving force behind the progressive response to these challenges. At some points it has felt like every time I have turned on the TV or opened a newspaper I've seen a colleague's face or a new piece of NEF research; be it agenda-setting analysis of the impact of benefit changes, supporting council tenants in fighting forced evictions, or our new campaigns for a living income and upgrading our homes. Our brilliant team is ensuring that our agenda for people and planet is not only heard by more of the public, but also in Westminster, Holyrood, the Senedd and in town halls up and down the country.

NEF itself has faced its own challenges with Covid over the last year. That it has managed to come through this so well is down to the great leadership of Miatta and the senior team, the commitment of NEF staff, and the support and challenge of my fellow trustees.

Finally, a huge thank you to all of the generous individuals and charitable foundations whose support has made everything in the following pages possible. None of it would happen without you.

THE CHALLENGE OF NET ZERO



Miatta Fahnbulleh
CEO

As the pandemic has shone a spotlight on the failings of the old economy, the two defining questions of our time are: '*How do we ensure everyone has a decent standard of living*' and '*How do we transition the economy to net zero?*'

'Levelling up' is this government's favourite phrase – Boris Johnson said it no less than 12 times in his party conference speech. While we are still none the wiser about exactly what

he means by it, let alone how the government plans to deliver it, we do understand why it has such traction. Living standards have stagnated for most people for more than a decade as the gains from economic prosperity have been unfairly distributed.

Alongside rising inequality, we have the ever-intensifying issue of climate change. We've heard a lot from the PM about how proud he is of our ambitious targets to cut greenhouse gas emissions. And while encouraging in some respects, the recently published net-zero strategy leaves much to be desired.

These challenges are two sides of the same coin – products of a broken economic system. The problems are immense, and more difficult to resolve in the economic aftershocks of the pandemic, but we can meet them if treated together.

As yet, neither the government nor wider conservative thinking (with a small c) have realistic answers to them. This gives NEF and our allies the chance to turn this into a pivotal moment – one on which we could look back on in 10 years' time and say: that is when we laid the groundwork for the changes we achieved.

Our work is organised around three overlapping missions – a new social settlement, a green new deal and a democratic economy. Making the economy work for everyone and tackling the climate crisis requires all three. Investment in cutting emissions must be directed into communities to create good jobs and train local people to take them. Regional and local government is better placed than Whitehall to understand local challenges so it should be devolved more powers. And local leaders must use

‘The two defining questions of our time are: ‘How do we ensure everyone has a decent standard of living’ and ‘How do we transition the economy to net zero?’

MIATTA FAHNBULLEH

their powers to ensure local people have a greater stake in, and benefit from, their economy.

But we cannot win these changes without public pressure. Last year, working with partners including Green New Deal UK, Compass and NEON, we brought over 400 civil society and business leaders together under the Build Back Better banner. This year, we have built on this success to launch public campaigns that organise communities in key constituencies across the country to push for specific policies that will make a huge difference – the Living Income and the Great Homes Upgrade.

Alongside these campaigns, we have seen adoption of our ideas at all levels of government and by the main political parties – from the Chancellor greening the Bank of England’s mandate, to Labour adopting our housing retrofit policy.

I’d like to thank everyone in NEF’s fantastic team for working so hard and achieving so much, especially in the challenging conditions of the pandemic. Thank you also to all of our funders, in particular everyone at Lots Road Auctions, Friends Provident Foundation, the late Ronald Higgins, Laudes Foundation and Sherwood Forest Fund whose flexible funding enabled us to respond impactfully to the fast moving political landscape. And I’m incredibly grateful to members of NEF’s Supporters Network whose generous donations and support are the foundation for all of NEF’s work.

Thank you

Miatta

1. NEW SOCIAL SETTLEMENT

We live in one of the wealthiest nations in the world. There is no excuse for children to go hungry or for anyone not to have a secure, warm home. Shockingly, over 21 million people this winter do not have enough income for a decent standard of living. That’s nearly a third of us. Even before the pandemic, one in four children lived in poverty.

Covid-19 has exploded any doubts about the adequacy of our social protections. But it has also demonstrated that government has the power to support large numbers of people through huge upheavals. NEF is showing how universal credit and furlough can be reformed to provide a living income and support workers through the transition to a low-carbon economy.

Thank you to the Greater London Authority, The Joseph Rowntree Charitable Trust, Laudes Foundation, The Nationwide Foundation, Oak Foundation, Persula Foundation, The Smallwood Trust, Standard Life Foundation, Sustainability. Health. Environment. Development, The Tudor Trust, and all the individuals who have supported our work in this area this year.

REFORMING UNIVERSAL CREDIT

NEF was a member of the coalition that pushed for the extension of the £20 uplift to universal credit, and campaigned against its withdrawal in October.

NEF’s analysis of the September announcement of a rise in National Insurance Contributions showed that, combined with the end of the universal credit uplift, 2.5 million families would be impacted. It was featured heavily in the media, including in the Sun and Mirror, and Keir Starmer used our figures at Prime Minister’s Questions. Other NEF analyses picked up by the media included forecasts for the number of people living below an acceptable standard of living in the UK, and modelling showing that even if it had stayed in place, the £20 uplift only replaced around a third of the cuts to welfare since 2010.

Even with the uplift, universal credit is inadequate. Among the reforms we have proposed was cutting the taper rate to ensure low-income workers could earn more without seeing their welfare payments cut. NEF helped lead the debate in framing this as a tax cut for the low-paid rather than a welfare increase. In August, the Labour Party adopted this policy and attributed their



Dawn and family, Druids Heath
(Photo by Ella Carman)

position to NEF's work. In his autumn budget, Chancellor Rishi Sunak then implemented a cut in the taper rate, albeit at a watered down 55% rather than the 50% suggested by NEF.

A LIVING INCOME – 21ST CENTURY SOCIAL SECURITY

While we propose changes to universal credit to help people now, we recognise that fundamentally it is not fit for today's world. For too many of us, the future feels uncertain. When life throws a curveball – whether that be a broken boiler, a sick child or losing a shift at work, it knocks us back. Many people are one missed paycheck away from being in real trouble.

NEF is campaigning for a Living Income – a bold reimagining of income support for the 21st century. Based on the same calculation as the Real Living Wage, it would provide access to an income which meets everyday needs – like putting

food on the table or a child needing new school shoes – without forcing people to go into debt. The Living Income would offer no strings support when needed – enabling us all to thrive amid the insecurities of the modern economy.

We conducted a listening campaign to capture the voices of those with lived experience of UK social security, which received more than 900 responses, with around 40% of respondents signing up as volunteers. They join 15 leading poverty organisations in backing the campaign. Thanks to the generosity of our supporters, we have carried out detailed research on framing and audience values to generate messaging that will resonate with voters and cut through a decade of strivers vs skivers rhetoric.

The campaign's formal launch was attended by nearly 200 people and featured a keynote address by Mayor of Greater Manchester Andy Burnham. We generated considerable media interest, including coverage in an Independent feature piece on living standards:

"Families living below the poverty line were typically short by £5,670 a year according to economic modelling by the New Economics Foundation (NEF), a social and economic justice think tank whose data is regularly cited by government."

Politicians are also starting to take notice. The Scottish government has announced it is taking the first steps on the road to a Scottish Minimum Income Guarantee, and officials have held a number of meetings with NEF researchers to gather intelligence and advice.

A FUTURE FOR FURLOUGH

At the start of the year, our goal was to secure an extension of the job retention scheme (furlough) and other Covid support measures beyond their planned April end date. Our analysis showed that ending the scheme would result in between 1.8 million and 2.7 million job losses. The subsequent decision to extend for a third time was welcome and should have been made far sooner.

Despite NEF analyses on the number of jobs at risk from ending furlough, which received strong media pickup throughout the spring and summer, it became increasingly clear furlough would not be extended again beyond September. Our focus, therefore, has shifted to how to remodel the programme for the long term. The UK economy is undergoing structural change. Some impacts of the pandemic are unavoidable and come on top of changes from automation and the zero-carbon transition.

At the same time, the UK is suffering from a skills gap. As the economy changes this gap is destined to grow.

In new research, we showed that if the government is to 'level up' at the same time as decarbonising the economy, it will need an ambitious plan to retrain the UK workforce. The analysis demonstrated that skills policy to date, including detail in the government's net-zero strategy and the Chancellor's announcement of £500m post-furlough support, isn't nearly enough to meet the urgency and scale of the challenge.

We propose repurposing furlough into a new Future Skills Scheme, which would address the twin challenges of retraining and income security. Employers can access upskilling and revenue support during turbulent times, employees receive fully-funded training while working part-time with a secure income, and the government sees progress against its objective of a high-skill, high-productivity and low-carbon economy. It's a win-win-win.

TUC General Secretary Frances O'Grady backed the idea: *"We need a proper skills guarantee – as outlined by NEF – so that people can retrain for the jobs of tomorrow. The pandemic has shown the importance of an active government and we can't leave everything to the market."*

FIXING HOUSING

Everyone needs a healthy and secure home. But decades of market-driven policy has left UK housing in crisis. Since 2010, homelessness has more than doubled and we pay a vast housing benefit bill to private landlords. An estimated 8.4 million people in England are living in unaffordable, insecure or unsuitable homes. We have a generation of adults for whom the security afforded by homeownership is

simply unobtainable. Affordability has worsened over the past 18 months as the Chancellor's stamp duty holiday inflated prices, pushing homes further out of reach.

More social housing is the only route out of the housing crisis. Only the state can create the conditions needed for councils, housing associations and community-led housing groups to build genuinely affordable homes at the scale needed in the places they are needed. But Right to Buy has decimated social housing and government rules and funding severely restrict how much social housing can be delivered. Cash-starved social housing providers are struggling to maintain existing stock and pay for fire safety and energy efficiency improvements.

In March we organised a major summit, bringing together social housing tenants and campaign groups from every English

region together to share skills and build relationships. Speakers included representatives from groups in Druids Heath (Birmingham) and Southend with whom NEF has been working for several years. The summit featured workshops on topics spanning taking on your council, bringing workers and residents together to win, and building a plan that works for your community.

The summit was a springboard for a major new project supported by the Oak Foundation. Through community organising and policy research, we will strengthen, diversify and grow the grassroots social housing movement into a national campaign to engage local authorities to increase supply, and pressure every political party to commit to a major social housing building programme in their next election manifestos.



Druids Heath (Photo by Ella Carman)

2. GREEN NEW DEAL

Back in 2008, NEF was part of a visionary group that proposed a green new deal in response to the financial crisis, to power the transition to a low-carbon economy while creating millions of green jobs. The intervening years of austerity, the pandemic and worsening climate crisis have made the need even more urgent.

Transitioning to a low-carbon economy is a huge undertaking that will require the marshalling of state resources and the levers of power to be a success. And the government has shown it can do it. Over the last 18 months, in response to the pandemic, even a right-leaning government will deploy the state in a crisis situation – and there is no bigger threat to humanity and our wellbeing than climate change. NEF's work is providing the government the tools it needs to transition to a low-carbon economy – from new fiscal rules enabling it to borrow at historically low rates to changing the Bank of England's mandate to reduce investment in fossil fuel industries.

But this cannot be a top-down exercise. Transition to a low-carbon, high-living standards economy will look very different in South Wales than it will in

South East England. By taking a local approach centred on the workers and communities affected, we can ensure a just transition that not only reduces opposition to action but succeeds in levelling up the country at the same time.

And, vitally, we must build pressure on the government to take the actions needed. Over the past 12 months we have built on the foundations of the Build Back Better alliance of organisations that signed up to a green recovery from the pandemic, to lay the foundations for new campaigns that bring the green new deal to life, starting with the Great Homes Upgrade.

Thank you to those who have funded our work on climate and the environment this year, including The Big Give #GreenMatchFund donors and champions, Campaign for the Protection of Rural England, Sir Trevor Chinn, Esmée Fairbairn Foundation, Farming the Future, Friends Provident Foundation, Jam Today, John Ellerman Foundation, The Joseph Rowntree Charitable Trust, Keep It In The Ground! Fund, Laudes Foundation, MAVA Foundation, Partners for a New Economy, The Pickwell Foundation, The Samworth Foundation, and many individual supporters too numerous to name.

BRINGING HOME THE GREEN NEW DEAL

This autumn, we launched a major public campaign to get the government to commit to retrofitting the UK's housing: the Great Homes Upgrade. To stand any chance of the UK reaching its zero-carbon commitments, 19 million leaky, cold, homes need insulating by 2030. The campaign brings the green new deal to life enabling us to mobilise broad public support through tangible and impactful change.

We've designed it to address five challenges holding back climate action:

- Climate change is a remote problem for many. This brings the issue right into everyone's living room.
- The UK has some of the least efficient housing in Europe. For every £4 we spend on heating, £1 leaks out. There is simply no chance of meeting our climate targets without retrofitting our homes.
- Action on climate change is too often seen as a negative – people being made to give up their cars or eat less meat. The Great Homes Upgrade is a positive. It will cut our energy bills, make our homes more healthy to live in and create jobs in every part of the country.
- The climate crisis is of a scale where progress can seem impossible, leading to defeatism. The Great Homes Upgrade can produce tangible, immediate results and demonstrate that we can take successful climate action.

- 'Green jobs' are often perceived as purely 'green industries', like manufacturing solar panels or electric vehicles. This will create a green workforce in every part of the country, which also supports the levelling up agenda.

Thanks to the generosity of our supporters, we were able to launch the Great Homes Upgrade with a coalition of businesses, trade unions, green NGOs and politically diverse mayors and local authorities supporting our work. We won an early victory at the Labour Party conference when Keir Starmer adopted our headline policy, referencing our figures in his speech.

Our next target is to secure an £11.7bn investment package in the spring budget – enough to upgrade 7 million homes over the next three years. We aim to take that to 19 million by 2030.

A JUST TRANSITION FOR WORKERS

Tackling climate change should not come at the expense of workers or communities that have already suffered from decades of deindustrialisation and neglect. We need look no further than former coal mining communities to see the lasting damage a badly handled industrial transition can inflict on an area and its people.

Any transition that pits climate action against livelihoods is destined to fail or, at the very least, stir up huge resentment and resistance from large portions of the population. We have seen this play out this year with the controversial Cumbrian coal mine planning application. While



NEF protested its approval, we also acknowledged that the mine was locally popular. Jobs in high-carbon sectors tend to be relatively well paid, secure and unionised. It's no surprise these are highly sought-after when the alternative, if there is one, is low-paid, precarious work. We need to offer an alternative.

NEF's work is doing just that. Yorkshire and the Humber has one of the most carbon-reliant economies of any English region. 360,000 people – 15% of the workforce – are employed in high-carbon industries. Here NEF is involved in a multi-year programme with workers, communities and unions to put them at the centre of the region's transition plans and demonstrate a model for a collaborative approach that could be replicated across the country.

In June, our initial report called for the government to incorporate a just transition into its levelling up plans by, among other measures, creating a 'Just Transition Fund' to support regions

in reskilling and engaging workers in the process. The report made a big impression, landing the front page of the Yorkshire Post. This has opened even more doors locally and we are now exploring opportunities to work with more local leaders to deliver a green recovery and just transition for workers.

CLIMATE CRISIS? WHAT CLIMATE CRISIS?

Despite the urgent need to cut carbon emissions, the UK is in the midst of an airport expansion bonanza. Eight projects are in development: Heathrow, Gatwick, Bristol, Leeds Bradford, Southampton, Stansted, Manston and Luton.

The carbon cost of each project is huge. But the vagaries of our planning system means that each expansion is treated separately, enabling each airport to independently claim reduced carbon impact by taking passengers away from the others – as our analysis exposed.

This is not the only flaw in business cases our research has uncovered. NEF has responded to calls for help from community groups fighting their local expansion to provide expert economic challenge to previously undisputed assumptions in planning applications. We found that proponents had underestimated climate impact by up to eight times as well as hugely over claiming economic benefits. Our economist Alex Chapman's intense cross examination at the Bristol Airport appeal formed part of probably the strongest ever challenge to the economics of airport expansion.

Meanwhile, our Frequent Flyer Levy (FFL) is increasingly cited as a route to reduce air travel, in particular in response to Rishi Sunak's disastrous cut to air passenger duty (APG) for domestic flights. Under the FFL, APG would be scrapped and replaced by a tax that increases with every journey taken – reflecting the fact that a small number of wealthy people are responsible for the vast majority of flights taken.

MAKING CENTRAL BANKS CENTRAL TO CLIMATE CHANGE

One of the Chancellor's less widely heralded announcements in his spring budget could have significant repercussions for investment in high-carbon companies across the financial markets. On the back of years of intensive work by NEF and our coalition partners, and breaking decades of orthodoxy, the Bank of England's mandate was changed to include climate considerations.

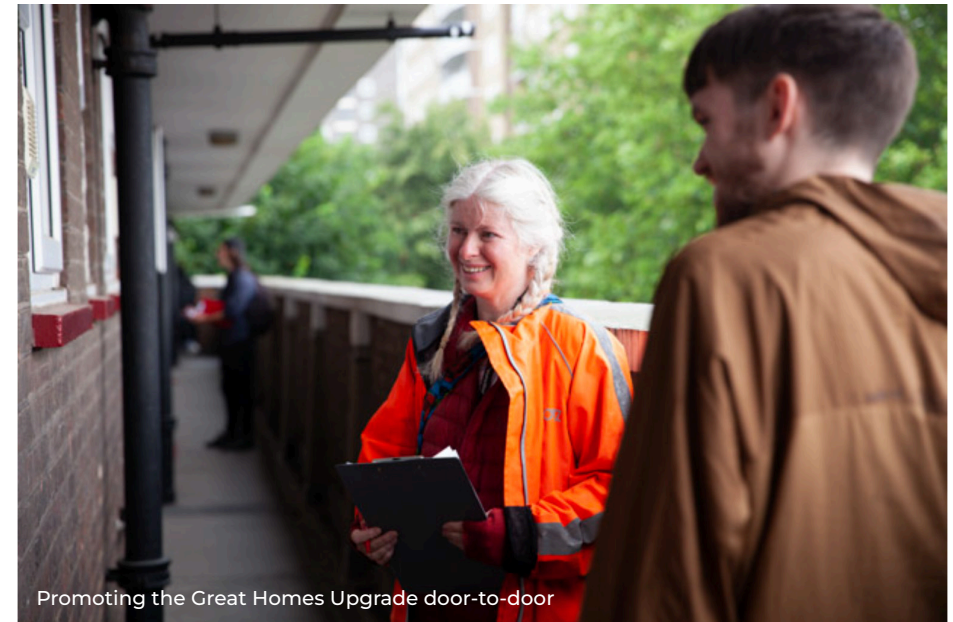
While this represents a huge win, there is still a great deal of progress that needs to be made. But we're getting there: the Bank of England's latest consultation on how to green its quantitative easing programme drew heavily from our work and referenced NEF directly.

We also had success at an international level. In July the European Central Bank Governing Council announced a commitment to 'incorporating climate change considerations into its monetary policy framework'. This monumental shift for a deeply conservative institution comes as a result of a NEF-led campaign, including meeting with bank president Christine Lagarde.

PAYING FOR CLIMATE ACTION

With almost universal consensus on the need to transition to a low-carbon economy, attention has shifted to how to make it happen and how to pay for it fairly. The Committee for Climate Change estimates that annual investment will need to reach £55bn a year by 2035. Anyone who says the market and private finance have the ability or capacity to do this job alone is guilty of wishful thinking.

However, increasing public debt to fund the transition is being labelled as unfair on future generations by some, including the Chancellor. Ignoring the obvious truth that it is unfair to saddle future generations with the devastating impacts of climate change, our research has demonstrated that governments borrowing costs are currently so low that this argument is null and void. As well as historically low interest rates, we worked



Promoting the Great Homes Upgrade door-to-door

out that 99.5% of government borrowing during Covid-19 has been matched by the Bank of England printing money. In effect the government owes this debt to itself.

Successive governments have chosen to be constrained by self-imposed fiscal rules – crudely speaking, targets for debt and borrowing. While giving the appearance of neutral common sense, they are ideologically driven – skewed strongly against borrowing and ignoring the costs of not spending. And they are repeatedly rewritten as targets are consistently missed. While it has been recognised that fiscal rules need reform, an alternative mechanism was missing. Until now.

To enable the Chancellor to make the investments needed to decarbonise and level up, we challenged the Treasury in the autumn statement to hand over control of the fiscal rules to a new independent panel housed in the Office for Budget Responsibility. By this point the Labour Party had already adopted our proposal for fiscal spending in the run-up to the local elections in May, with a £30bn green stimulus creating 400,000 jobs.

3. DEMOCRATIC ECONOMY

Too often the economy can look like a stitch-up between large, distant institutions and corporations. It looks like this because frequently it is. Free-market ideology has been combined with our highly centralised state to create an economy with huge regional imbalances that does not work for huge swathes of the population. And despite its promises to the contrary, the data economy is entrenching existing inequalities. Two decades of stalled living standards have left people feeling poorer and powerless.

Politicians of all stripes now recognise the scale of this feeling, resulting in the salience of 'levelling up'. But they do not yet have a plan that can deliver a more equal economy. Market-led investment or Whitehall-led approaches will not work. Every area has its own challenges and its own special opportunities. There is no one-size fits all approach.

This is a gap in political thinking and it is recognised inside and outside government that NEF is perfectly placed to fill it. We are 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.

Thank you to Barrow Cadbury Trust, Calouste Gulbenkian Foundation UK Branch, Communication Workers Union, Eastbourne U10 Fisherman's CIC, Esmée Fairbairn Foundation, Global Action Plan, Luminate, Network for Social Change, People's Health Trust, and Trust for London, whose funding has supported our democratic economy work this year.

LEVELLING UP FROM THE BOTTOM UP

NEF provided the secretariat to the Greater Manchester Inequalities Commission, where our CEO Miatta was a commissioner, which concluded in April. Its report, *The Next Level: Good Lives for All in Greater Manchester*, received a glowing reception from Mayor Andy Burnham who, before adopting its recommendations in his mayoral election manifesto, described it as 'the first major attempt to define what levelling up should look like, with ambitious but practical recommendations on what could be done from the bottom up'.

We called for spending to be geared around wellbeing outcomes while specific recommendations included strengthening the mandate of equalities panels, establishing an independent anti-discrimination body, working with education and training providers to bridge the skills divide, and community wealth building and investment initiatives.

INCLUSIVE LOCAL TRANSITIONS

Around 300 councils up and down the country have declared a climate emergency. As the living standards crisis bites, more and more are recognising the need to reform local economies that, at best, are failing to support communities to thrive and, at worst, are contributing to poverty, poor health and inequality. NEF is working with local authorities to tackle both crises together.

Our consultancy arm NEF Consulting has been commissioned by Hampshire County Council to support the creation of a strategy for green recovery with a focus on living standards rather than growth. Extensive engagement meant our recommendations were based around local strengths and needs.

The Croydon Climate Crisis Commission, chaired by our CEO and supported by NEF, delivered its final report in May. Drawing on the findings of a local citizens assembly, the Commission was tasked with developing an action plan for the borough to be carbon neutral by 2030, while promoting good jobs and fairness.

The report was clear that if the urgent task of getting to zero carbon was to be achieved, the council needs to show leadership to get buy-in from across the borough. As Miatta said: *"It must be shared and owned by all parts of Croydon's resourceful and vibrant community from the council to the health service, schools, colleges, local businesses, trade unions and residents."*

END SURVEILLANCE ADVERTISING TO CHILDREN

One in three internet users are children. Every time they go online they are exposed to data collection, profiling and surveillance ads. For under-13s this practice is supposed to be heavily restricted. But as is so often in the digital economy, government and regulators have not been able to keep up with the businesses driving the system, leaving children vulnerable and parents powerless.

In research commissioned by Global Action Plan we uncovered that at least 820 million digital profiles of UK children are being broadcast over online advertising networks every day. We demonstrated that current measures are not fit for purpose and called upon the government to stop ad tech companies from spying on our kids in order to track and advertise to them.



THE QUAY TO SUSTAINABLE FISHING

For the past eight years, NEF has helped Eastbourne's sustainable fishers with economic research, analysis and community development planning. Together we've secured the £3.5 million in grants, loans and capital they needed to acquire and develop the land where they moor and land their catch into a state of the art processing unit, smoker and fish shop.

Owning their own processing facilities and shop, they can capture more of the value of their catch by cutting out middlemen and selling directly. The quay's visitor centre (also funded through NEFs help) will be a new visitor attraction for Sovereign Harbour.

Last year we reported that they had finally broken ground on the project's first phase. This time there is even more exciting news: having survived the lockdowns when their market all but disappeared with the closure of restaurants, the quay finally opened in August. With the smoker and shop now open, they are at last able to sell directly to the public – more than 30 years after they first embarked on the project. So if you're in Eastbourne and fancy some fresh sustainable seafood bought direct from the people who caught it, then do pop down to the harbour and visit their shop quayfisheries.co.uk

NEF'S YEAR

JANUARY

NEF Consulting began work with **Hampshire County Council** to create a strategy for a green economic recovery that prioritised living standards over growth while reducing greenhouse gas emissions in the county.

Our *Building a resilient economy* report with the ZOE Institute and the Wellbeing Economy Alliance set out eight practical steps that countries need to take to achieve fundamental change of the economic system.

NEF is working with The People's Health Trust with its Local Conversations programme which supports 15 neighbourhoods experiencing high levels of deprivation. This year we conducted special research in five of the places to learn about **how approaches taken by local groups can impact on the local economy** as they come out of the Covid-19 crisis.

FEBRUARY

The success of our online **New Economics Briefings** for supporters introduced in the first lockdown convinced us to continue this format for our events this year. NEF experts have appeared alongside political front benchers, mayors, academics, economists, journalists and activists – including then Shadow Work and Pensions Secretary Jonathan Reynolds, North of Tyne Mayor Jamie Driscoll and the Mirror's Ros Wynne-Jones – to answer your questions on topics including the budget, Cop26, a just transition and the living income.

We brought together unions, charities and community campaigns for a **Workers' Summit** with skill-sharing workshops on topics like digital organising and building links between workplace campaigns and the wider community. Communication Workers Union General Secretary Dave Ward was among the speakers.

MARCH

Our **social housing summit** brought together tenants and campaign groups from across England to share skills and build relationships, laying the foundation for a national movement for more and better social homes to fix the housing crisis.

Our **new analysis with Welsh Future Generations Commissioner** Sophie Howe and Wales TUC showed that the principality could lead the way with a 'green recovery' to net zero in the wake of Covid if there was investment in upskilling the population.

Ahead of the budget, NEF worked with the London Renters Union to call on the Chancellor **to bail out renters, not just landlords**. Our campaign was picked up by The Independent and Big Issue.

Years of intensive work by NEF and our partners paid off when it was announced in the budget that **the Bank of England's mandate would be changed to include climate considerations**. Elsewhere in the budget, key goals of the Build Back Better Winter Plan were achieved with **extensions to the £20 universal credit uplift and the furlough scheme**.

NEF IN THE NEWS



Throughout the year, we have demonstrated we are now established go-to commentators on news and politics with regular panel slots and countless appearances, including in response to big set piece events like budgets, the Queen's Speech and party conference speeches. NEF's opinions have regularly been heard on agenda-setting shows such as Radio 4 Today, ITV's Good Morning Britain, Sky News The View, BBC Westminster Hour, BBC Politics Live and Channel 4 News. We have also appeared on Sky's All Out Politics Podcast, The Bunker, Smarter 7 and Reasons to be Cheerful.

As well as reaching more left-leaning audiences through regular coverage in papers and websites like the Guardian, Independent, Big Issue, OpenDemocracy, Tribune and Daily Mirror, our analysis this year has brought our arguments to readers of the Sun, the Times, Daily Telegraph, Daily Express, Daily Mail and the Financial Times. Outside of

the national press, we have scored hits with influential papers including the Scotsman, Evening Standard, Yorkshire Post, Liverpool Echo and City AM.

Miatta made three appearances on BBC Question Time this year, successfully arguing that cuts to reduce the public deficit were a political choice, not a necessity. On the prime post-budget episode, she won plaudits for her takedown of the Chancellor's lack of support for people out of work and failure to mention 'climate' even once.

Elsewhere NEF's autumn budget response featured on BBC Politics Live, Sky, Radio 4 Westminster Hour, BBC News, Guardian, Independent, LBC, Times Radio and City AM. This coverage was boosted by our quick analysis of the budget's changes to universal credit, showing that keeping the £20 uplift instead would have prevented 300,000 people slipping into poverty this winter.

The *Greening the Eurosystem Collateral Framework* report showed how to decarbonise the ECB's monetary policy.

APRIL

The **Greater Manchester Inequalities Commission** published its final report, calling for wellbeing and equality goals to be put at the heart of the Greater Manchester Strategy.

The **Weekly Economics Podcast** returned, providing a platform for both established and new voices to reach a wider audience, from teenage climate activists to Oxford University professors. Presenter Ayeisha Thomas-Smith and her guests covered diverse topics, including fast fashion, culture wars, trans liberation, online misogyny and what really happens at a UN climate conference. This year **the pod passed two million listens**.

MAY

Labour and Green London Mayoral candidates Sadiq Khan and Sian Berry adopted our proposals for implementing **rent controls** in the capital in their election manifestos.

Turbulence Expected revealed the true **climate costs of UK airport expansion**. Our report exposed how planning applications had obscured potential climate impacts, failed to account for the monetised cost of emissions by up to £13.4bn and vastly overstated the economic case for expansion.

The **Croydon Climate Crisis Commission's** final report identified 23 actions across five priority areas to enable the London borough to be carbon neutral by 2030, while creating good jobs and raising living standards.



Senior Researcher Fernanda Balata appeared in the stirring BBC documentary *The People vs Climate Change* covering the Citizens Assembly on Climate Change.

I-Spy uncovered the **vast scale of online surveillance advertising targeting children** and the inadequacies of the protections in place. The report called upon the government to ban a practice that serves no purpose beyond exploiting vulnerable children for ad company profits.

JUNE

The **EU Commission's fiscal rules relaxation extension 2023** was a reprieve for the citizens of member states spared immediate cuts during the pandemic and a victory for our FiscalMatters international coalition working together to prevent a return to austerity.

We launched the **Living Income campaign** with an address from Andy Burnham at an event attended by nearly 200 people.





Our *Powering the just transition* report detailing how to put workers and unions at the centre of

decarbonisation of the Yorkshire and Humber Region landed the front page splash in the Yorkshire Post.

Cleaners are on the frontline in the fight against Covid-19. But the current system of outsourcing neither protects, nor supports them. Our research *Outsourcing as a threat to public health* made the case for **insourcing public sector cleaners** and facilities management.

NEF worked with the ZOE Institute to develop an assessment framework for the **National Recovery and Resilience Plans** (NRRPs) recently released by EU Member States. The ZOE team has also presented the findings directly to the European Commission task force assessing the NRRPs.



NEF economist Alex Chapman spent four hours giving evidence at the **Bristol Airport expansion planning appeal**, including two hours being grilled by the airport's lawyer, who had previously won Heathrow's case at the Supreme Court.

The *Greening finance to build back better* laid out a **policy roadmap to reshape UK finance and harnesses its power to support a green and socially just recovery**.

To prevent collapse in sectors hardest hit by Covid-19, *Business in arrears* recommended that the government put in place a policy of partial rent cancellation, with up to 100% of rent being cancelled for those businesses forced to close during the pandemic.

Credit where due: Financing a just transition to agroecology in the aftermath of Brexit identified access to finance as a major barrier to more environmentally friendly farming and set out steps government and investors could take to overcome it.

JULY

After 18 months of deliberations, the **European Central Bank committed to incorporating climate change into its monetary policy framework** – a huge victory for NEF and our allies who have been leading the campaign for this huge change of direction for the ECB.

We published our report updating the **Frequent Flyer Levy** making the case that air passenger duty should be scrapped and replaced by a frequent flyers' tax to cut the number of flights



taken while minimising the impact on those that are least well off. This was picked up by Radio 4 Today, The FT and Daily Mail and MPs from different parties.

AUGUST

The doors finally opened at the **Eastbourne Fishers' Quay** a mere 30-years after the small-scale fishing fleet embarked on the journey and eight years since NEF got involved.

NEF is cited by the Labour Party as they **adopt our proposal to cut the universal credit taper rate** as a tax cut for low-paid workers.

SEPTEMBER

NEF led the response to the government's plan to use National Insurance (NI) to pay for social care. Our analysis showing **2.5 million families would lose £1,290 next year as a result of the NI rise and universal credit cuts** got write ups in the Sun and Mirror among others. Chief Economist Alfie Stirling wrote for the Guardian that making workers foot the bill for social care and pensions is deeply unfair, arguing that taxing wealth and scrapping the upper earnings limit on national insurance would address generational inequality.



The UK's state-owned financial institutions have no obligation to support the green transition and, in some cases, are investing in fossil fuels. Our *Greening Public Finance* report argued that the **British Business Bank, UK Export Finance and the CDC Group should be mandated to support the government's net zero target**.

Our FiscalMatters international coalition hosted a major, week-long online conference to **build a movement of NGOs against a return to austerity in Europe**. We heard from delegates from 47 countries, such as the Spanish Finance Minister, the Deputy Governor of Banca d'Italia, figureheads of EU institutions, and numerous internationally renowned economists, including Mariana Mazzucato, Yanis Varoufakis and Nobel prize winner Joseph Stiglitz.

We launched the **Great Homes Upgrade**



campaign for a big investment in retrofitting the UK's housing stock and scored an early victory when Keir Starmer adopted the policy in his Labour Party conference speech.

With so many people unable to meet their essential needs, *A social guarantee* made **the case for universal services** arguing three initiatives are crucial: a living wage; a living income; and more and better universal services alongside health and education.

NEF joined **Greenpeace and fishers** to issue a statement declaring a 'state of emergency' in the English Channel and southern North Sea due to industrial fishing pressure. This was covered by ITV and the Daily Express.

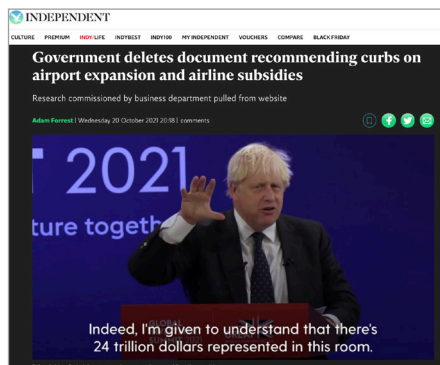
NEW ECONOMICS ZINE

Sixteen months after the first UK lockdown, issue 3 of the New Economics Zine asked ‘what world do we want to return to?’, featuring articles from Nim Ralph, Beth Stratford, Minnie Rahman, Christine Berry, Miriam Brett and many more. Issue 4 of the zine was published during Cop26 and asked ‘Is a greener world possible?’. It featured pieces from Alice Bell, Michael Jacobs, Joycelyn Longdon, Josina Calliste, Jonathon Porritt and others.



OCTOBER

As the government published its long anticipated net zero plan, eagle-eyed economist Alex Chapman spotted the government’s **climate behaviour change report** among the documents before it was hastily withdrawn. His exposé of the government’s own damning analysis went viral on Twitter before becoming the subject of Guardian and Independent articles. Head of Environment Chaitanya Kumar penned a leading reaction piece for the Guardian.



Our research showed that the **government’s fiscal rules are preventing it meeting the challenges of climate change and inequality** and called upon the Chancellor to overhaul them at the upcoming Spending Review.

Ahead of the autumn budget, Miatta did a **BBC budget briefing** with 70 producers and editors across the network alongside Paul Johnson from the Institute for Fiscal Studies – the first time an alternative view on the public finances has been put to this group, as BBC Economics correspondent Andy Verity tweeted. Our budget response had considerable media impact (see NEF in the News, page 20).

Upskilling Britain for a high-wage future identified the skills gap if we are to level up and decarbonise, and recommended the government introduce a **Future Skills Scheme**, building on furlough and European short-time working schemes.

Timed to land just before Cop26, alongside Friends of the Earth we exposed that **Shell and BP had paid zero tax on North Sea gas and oil for three years**. The research also found that the industry was **seeking approval for 30 offshore projects** by 2025, and featured in the Times, Guardian and the Big Issue, as well in numerous speeches by activists at Cop.

NOVEMBER

The *Social case for nature* used the case study of Benacre-Kessingland in Suffolk to demonstrate **the socio-economic benefits of nature-based flood defences** for coastal communities and how these were routinely underestimated in infrastructure decisions.

Our analysis on the carbon costs of prospective UK transport infrastructure projects highlighted a multi-billion pound gap between the cost of cleaning up their climate pollution and the carbon taxes which will be collected. **We prescribed progressive climate taxes and a new approach to green investment.**

New data crunching highlighted how **the wellbeing gap between unpaid carers and the wider population grew during the pandemic**, expanding an already wide gulf in experiences of anxiety and social isolation. We called for an increase in support provided to unpaid carers, as well as emphasising their experiences in our Living Income campaign.

The scandal over the spread of Covid-19 in care homes ratcheted up the pressure on the government to follow through on its pledge to fix social care. With

our partners Friedrich Ebert Stiftung (London) and Women’s Budget Group, we brought together experts from Sweden, Germany and Japan to examine **what we can learn from international efforts to improve access to quality care**.

At a parliamentary event alongside the Campaign for the Protection of Rural England and Shared Assets, we unveiled our vision for council-owned county farms. They could play a significant role in **making farming sustainable and more equitable** – if we stop selling them off.

Ed Miliband joined our first Great Homes Upgrade training session, where we launched **a toolkit for activists looking to push for retrofitting in their neighbourhoods**.

Our report with Common Wealth *FFS? Fossil fuels support in the UK tax system* exposed that since signing up to the Paris Treaty the government has not cut its **tax reliefs for fossil fuels, which have averaged £12bn annually for the past five years**.

THANK YOU

The MP consultancy scandal and continued controversy around party donations highlights the huge sums of money that wealthy individuals and companies put into influencing our democracy.

We will never be able to match their resources but together we can be a powerful voice that is impossible to ignore. Everyone at NEF is incredibly grateful to all of you who give donations so that we give people and planet a place at the table. And thank you to everyone who has got involved in our campaigns or participated in our events. You are what makes NEF unique and special.

We are proud to be an independent voice – free from political parties and special interests. This means we rely on funding from charitable trusts and a broad cross-section of individuals. We believe that transparency is fundamental to democracy. It is vital that think tanks and anyone else seeking to influence policy can be trusted. We publish the names and donation amounts of everyone that gives us over £5,000, and every report we write acknowledges who its funders were. When you see us in the media, you can be certain we are not representing a hidden agenda or vested interests.

OUR MAJOR FUNDERS

The AIM Foundation	£5,250
Barrow Cadbury Trust	£46,179
The Big Give #GreenMatchFund	£22,760
Calouste Gulbenkian Foundation UK Branch	£10,231
Campaign for the Protection of Rural England	£13,405
Sir Trevor Chinn	£20,000
Common Wealth	£5,600
Communication Workers Union	£7,500
Eastbourne U10 Fisherman's CIC	£6,000
Economic and Social Research Council	£12,375
Esmée Fairbairn Foundation	£16,610
European Climate Foundation	£141,190
Everyone at Lots Road Auctions	£20,000
Farming the Future	£44,983
Friends Provident Foundation	£152,300
Global Action Plan	£12,000
The Greater London Authority	£9,975
Jam Today	£5,000
John Ellerman Foundation	£24,156
The Joseph Rowntree Charitable Trust	£87,048
Keep It In The Ground! Fund	£5,000
Laudes Foundation	£822,700
Luminate	£24,835
MAVA Foundation	£53,484
The Nationwide Foundation	£91,542
Network for Social Change	£12,183
Oak Foundation	£38,913
Open Society Foundations	£6,550
Partners for a New Economy	£114,953
Paul Hamlyn Foundation	£11,775
People's Health Trust	£149,867
The Samworth Foundation	£58,613
Sherwood Forest Fund	£5,000
The Smallwood Trust	£48,425
Sustainability. Health. Environment. Development	£25,000
Trust for London	£30,354
The Tudor Trust	£49,432

WWW.NEWECONOMICS.ORG

info@neweconomics.org

+44 (0)20 7820 6300

Registered charity number 1055254

© 2021 New Economics Foundation

NEF is a charitable thinktank, wholly independent of political parties and committed to being transparent about how it is funded.

PUBLISHED:

December 2021

COVER IMAGE:

Druids Heath photo
by Ella Carman

