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DISCUSSION PAPER

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Abstract

The UK voluntary sector - including charities, social enterprises, cooperatives and volunteers - plays a vital role in the national economy. It supports essential public services such as health and social care, contributes to employment and skills development, drives innovation in local communities, and generates significant economic value through volunteering and fundraising. However, its economic contribution is currently underrepresented in official statistics. The Non-Profit Institutions Serving Households (NPISH) sector within the UK National Account gives us only a subsection of the full voluntary sector as many organisations are excluded from NPISH because they earn income through trading or fall outside strict definitional criteria. This discussion paper explores how improving the measurement of NPISH can lay the groundwork for developing a voluntary sector satellite account; a supplementary statistical framework that would provide a more accurate, holistic view of the voluntary sector's role in the UK economy.

Keywords: Voluntary sector, Non-profit institutions, NPISH (Non-Profit Institutions Serving Households). Satellite accounts, Extended accounts, National accounts

JEL classification: L3, Z18, C18, C82, E01

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Executive Summary

The UK voluntary sector - including charities, social enterprises, cooperatives and volunteers - plays a vital role in the national economy. It supports essential public services such as health and social care, contributes to employment and skills development, drives innovation in local communities, and generates significant economic value through volunteering and fundraising.

However, its economic contribution is currently underrepresented in official statistics.

The Non-Profit Institutions Serving Households (NPISH) sector within the UK National Account gives us only a subsection of the full voluntary sector as many organisations are excluded from NPISH because they earn income through trading or fall outside strict definitional criteria.

This discussion paper explores how improving the measurement of NPISH can lay the groundwork for developing a voluntary sector satellite account; a supplementary statistical framework that would provide a more accurate, holistic view of the voluntary sector's role in the UK economy.

Key points include:

- Satellite Accounts are internationally recognised tools used to better represent sectors that are often invisible or undercounted in national statistics. They allow for sector-specific data sitting outside the core accounts. Countries like Canada, Belgium, and New Zealand have used such accounts to estimate the economic contribution of their non-profit sectors.
 - In the updated System of National Accounts 2025 (SNA 2025), the term satellite accounts has been replaced by the broader category of “thematic and extended accounts”. Although the terminology has changed, the purpose, scope and statistical function remain broadly the same. In this paper we continue to use the term “satellite account” for consistency with current UK usage and literature. Future ONS developments may wish to adopt the “extended account” terminology in line with SNA 2025 guidance.
- While NPISH currently includes non-market charities, political parties, trade unions, and higher education institutions, it excludes a broad range of other voluntary sector activity. International evidence shows NPISH-based figures can underestimate the sector's value by up to five times.

This research has been funded by the Office for National Statistics as part of the research programme of the Economic Statistics Centre of Excellence (ESCoE).

- An accompanying ESCoE technical report reviews the ONS method for measuring NPISH. A key recommendation is to expand data access by using full charity register, rather than relying on a sample. The report also suggests using a broader range of data sources and making gradual improvements to current methods.
- Improving NPISH data collection and broadening its coverage would lay the foundations needed to develop a voluntary sector satellite account. This approach is aligned with the modular, flexible model recommended in the [2024 Pro Bono Economics \(PBE\)](#) feasibility study commissioned by Department for Culture, Media and Sport (DCMS), which emphasizes a modular, flexible approach by starting with what is already measurable and expanding over time.
- By implementing the recommendations set out in our technical paper, the ONS can take a realistic and achievable first step towards such an account. Importantly, this step builds on existing NPISH infrastructure (data sources, processing systems, and established methodology). This means that progress can be made at relatively low cost and with limited additional burden.
- New ONS data shows that NPISH entities contribute significantly to GVA in sectors such as education (36%), membership organisations (27%), creative arts (14%), and social care (13%). However, the analysis remains incomplete due to exclusion of market-facing voluntary sector bodies. A satellite account would help to achieve this.
- To implement a full satellite account, several hurdles must be addressed - including gaps in administrative data (particularly in Scotland and Northern Ireland), unclear sector definitions, measurement of volunteer work, and technical alignment with national accounting standards.

The paper concludes that improvements to NPISH measurement offer a concrete and achievable first step toward a broader satellite account. Doing so would enhance the sector's visibility, support evidence-based policymaking, and ensure the voluntary sector is measured in the UK's economic statistics.

Introduction

In recent years, the voluntary sector has attracted growing attention in the UK and around the world. This wide-ranging group of organisations operates independently from government and for-profit markets, and contributes significantly to community wellbeing, the delivery of public services, and the development of social capital.

In the UK, the Non-Profit Institutions Serving Households (NPISH) sector is the sector most closely aligned with the voluntary sector within the National Accounts. NPISH includes the following organisations: non-market charities, political parties, trade unions, and higher education institutions. However, this classification does not capture the full range of civil society organisations. Many charities and non-profits operate outside NPISH because they earn a

majority of their income through commercial activities, such as trading or service delivery, rather than grants or donations. As a result, they are often categorised under the corporations sector. Some organisations are also not included in NPISH by definition – such as religious organisations, social enterprises or cooperatives.

This means that NPISH alone underrepresents the full size and value of the voluntary sector. International studies have shown that in some high income countries, the economic contribution of the non-profit sector is up to five times greater than what is captured by NPISH alone ([Kenley, 2021](#)). This creates a disconnect between the reality of the sector and what is measured in national statistics.

In several countries, including New Zealand, Canada, and Mexico, the role of this sector has been formally recognised through the creation of satellite accounts within national statistical frameworks. Satellite accounts allow for a more complete and detailed representation of the sector's economic impact. Recently, [Pro Bono Economics \(2024\)](#), commissioned by DCMS, published a feasibility study into how a satellite account could be established for the civil society sector¹ in the UK.

As part of the 2023–2027 research programme, the Economic Statistics Centre of Excellence (ESCoE) has reviewed how NPISH is measured in the UK. This work is summarised in the accompanying technical report [Measurement of Non-Profit Institutions Serving Households in UK National Accounts \(2025\)](#). The report outlines how the Office for National Statistics (ONS) currently compiles NPISH statistics and makes recommendations for improvement. One key proposal is for the ONS to collaborate more closely with the UK's charity regulators to access and utilise full charity registers. This would improve data quality and enable better distinction between market and non-market organisations.

This discussion paper moves beyond the technical details to focus on the broader purpose of this work: how can better NPISH measurement support the development of a satellite account for the voluntary sector in the UK? As noted in [Pro Bono Economics \(2024\)](#) report *Towards a Satellite Account for Civil Society (2024)*, a dedicated satellite account would provide a clearer, more comprehensive picture of the sector's role in the economy, improve its visibility in national statistics, and support better-informed public policy.

By linking technical recommendations to this wider strategic goal, this paper contributes to ongoing efforts to ensure the voluntary sector is accurately and meaningfully reflected in the UK's national statistics.

Structure of the Paper

The remainder of the discussion paper is organised into four sections:

- What is a Satellite Account?

¹ The Pro Bono report refers to a 'civil society', whereas ESCoE work refers to 'voluntary sector'.

- How does the NPISH Technical Report Support a Sector Satellite Account?
- Preliminary Findings: NPISH Contribution to Sectoral GVA
- Remaining Challenges and Data Gaps

What is a Satellite Account?

A satellite account is an extension of the main national accounts, designed to provide a more detailed and focused picture of a specific area of interest (such as tourism, the environment, or the voluntary sector) without altering the structure of the core accounts. It consists of a series of linked data tables that rearrange, supplement, or expand on the standard economic framework to better capture activities that are often underrepresented or difficult to isolate using traditional methods ([SNA, 1993](#); [ONS, 2025](#)).

For example, the tourism sector includes a mix of different activities (like hotels, transport, restaurants, and visitor attractions) which are normally spread across various Standard Industrial Classification (SIC) codes in National Accounts. A tourism satellite account disaggregates these components from their original classifications and recombines them into a separate account that represents the tourism sector as a whole. This allows for a more accurate measurement of tourism's economic contribution, including metrics such as gross value added (GVA).

In the same way, a satellite account for the voluntary sector would combine information from different areas, such as market and non-market charities, education, healthcare, and community groups, to give a more complete and useful view of the sector's size.

Satellite accounts are valuable tools for policymakers because they allow for in-depth insight into sectors or activities that contribute significantly to social and economic wellbeing, but which may not be fully visible in the National Accounts. Satellite accounts follow internationally recognised statistical principles to ensure consistency and comparability.

How Satellite Accounts Work

Satellite accounts are constructed by:

- Rearranging existing data from national accounts to reflect sector-specific activity;
- Adding supplementary information that is not included in the core accounts;
- Incorporating new concepts or definitions where needed to better describe the economic realities of the sector in focus.

The resulting framework maintains coherence with the main national accounts while offering the flexibility to include data sources, concepts, and classifications tailored to the subject of the satellite account.

UK Examples of Satellite Accounts

The UK currently produces a small number of satellite accounts that illustrate how this approach can be applied:

- [The Environmental Satellite Account](#): estimates the contribution of the environment to the economy, the impact of economic activity on the environment, and responses to environmental issues.
- [The UK Tourism Satellite Account](#): measures annual inbound, outbound and domestic expenditure on tourism, internal tourism consumption and employment for the tourism industries.

These accounts help to shine a light on sectors whose economic significance might otherwise be underestimated using standard metrics.

International Guidance and Application to Voluntary Sector

The United Nations Handbook on Satellite Accounts for Non-profit and Related Institutions and Volunteer Work ([UN, 2018](#)) provides a comprehensive framework for constructing a satellite account for the voluntary sector. It includes:

- Guidance on measuring the economic contribution of non-profit institutions (NPIs), social enterprises, cooperatives, and mutual societies;
- Methods for valuing volunteer work using observed wage data or replacement cost approaches;
- A set of eligibility criteria for inclusion, such as institutional independence, non-profit distribution, self-governance, and voluntary participation.

The handbook is designed to ensure international comparability while allowing countries to integrate the account into their existing national statistical infrastructure.

International Experience

A growing number of countries have adopted or piloted satellite accounts for the non-profit sector. These include Canada, Norway, Australia, Belgium, Mexico and New Zealand. Those countries have generally found that the voluntary sector makes a substantially bigger economic contribution than standard national account measures, in some cases by a factor of five.

However, the frequency of updates and the level of detail vary widely. For example, Norway last updated its satellite account in 2018 and has since paused further updates due to data limitations. This highlights the importance of sustained data availability and institutional support in maintaining such accounts over time.

- [Canada](#) produces a regular, ongoing satellite account for non-profits — the Satellite Account of Non-profit Institutions and Volunteering (SANIV). It is updated annually, with

some components (like GDP and employment estimates) now available quarterly through Statistics Canada's system. This makes it one of the most established and up-to-date non-profit satellite accounts in the world.

- [New Zealand](#), by contrast, has produced its Non-profit Institutions Satellite Account (NPISA) only once so far, covering data for 2018 (released in 2020). While the methods were designed to be repeatable, it is not currently updated every year. However, the 2018 account provided a comprehensive benchmark — including the value of volunteering — and could be used as a foundation for future updates.

How does a satellite account differ from NPISH?

While the NPISH sector provides some insight into the voluntary sector in the UK, it captures only a subset of organisations; specifically, those that meet strict international criteria for non-market production. As a result, many important parts of the sector are excluded, including:

- Charities that earn more than 50% of income through trading (i.e., pass the “market test”);
- Charitable organisations which are excluded by general charity definition, such as Religious body or place of worship;
- Social enterprises and cooperatives;
- Mutuels and other hybrid organisational forms;
- Volunteering activity both formal (e.g., through organisations) and informal (e.g., neighbourly help).

The UK Civil Society Satellite Account Proposal

Recognising these limitations, the DCMS commissioned [Pro Bono Economics \(PBE, 2024\)](#) to explore the feasibility of a UK civil society satellite account. The resulting 2024 report reviews the UN guidance in the context of available UK data and puts forward a series of practical steps for implementation.

A satellite account would allow for meaningful comparisons across industries (for example, how many people are employed in the voluntary sector compared to the hospitality sector) and within industries (for example, what proportion of organisations in the child day-care sector are part of the voluntary sector). This would provide a fuller understanding of civil society's contribution to the UK economy and society.

The PBE report adopts the term “civil society satellite account” rather than “voluntary” or “voluntary sector” account. The authors argue this broader framing is more appropriate in a UK context, as it can encompass unincorporated groups such as sports clubs, informal networks, and

community campaigns. These are organisations that may not be registered charities but nonetheless contribute to the sector's social and economic value.

The PBE report recommends:

- Following the spirit of the UN Handbook rather than adhering rigidly to its definitions;
- Taking a modular and flexible approach that allows different types of organisations or activities to be included or excluded depending on user needs and data availability;
- Building the account in stages, starting with what is feasible now and expanding as new data sources and partnerships become available.

This discussion paper builds on the vision outlined in the PBE report by offering a bottom-up perspective. While the PBE proposal lays out a high-level roadmap, this paper focuses on how improvements to NPISH measurement (especially through better use of charity register data) can serve as a practical first step in developing a civil society satellite account. By strengthening the foundations, we aim to support future efforts to provide a fuller, more accurate representation of the voluntary sector in UK economic statistics.

How does the NPISH Technical Report Supports a Sector Satellite Account?

Following the recommendations outlined in the technical paper would help move towards a satellite account in two ways:

1. Improved Measurement of NPISH Organisations (NPIs): A core recommendation of the report is for the ONS to work with the Charity Commission to access the full register of all charities in England and Wales, and - over time- to incorporate full registers from Scotland and Northern Ireland. Currently, the ONS relies only on a sample of charities from England and Wales, meaning that many organisations are not captured at all in NPISH estimates.

Using full register data would:

- significantly improve the accuracy and completeness of NPISH measurement;
- ensure that more charities are correctly classified as NPISH or non-NPISH
- help improve measurement of other NPISH components (universities, political parties, trade unions);
- improve subnational estimates, particularly for Scotland and Northern Ireland, which are currently under-represented.

These improvements strengthen the existing NPISH framework and provide a more reliable foundation on which to build an extended account.

2. Improved Measurement of non-NPISH NPIs: Access to full charity registers would also allow the ONS to identify NPI organisations that do not meet the NPISH criteria², typically those that earn most of their income from trading activity or are not considered a general charity. Although these organisations sit outside NPISH, they remain an essential part of the wider voluntary sector, and would be included in a satellite account.

Expanding data collection to the full registers therefore has a dual benefit:

- it improves NPISH measurement and
- it produces the raw data needed to begin measuring the rest of the voluntary sector that lies outside NPISH.

Because these recommendations build on existing ONS NPISH infrastructure (established data sources, processing systems, and National Accounts methods) the improvements can be made at *relatively* low cost and without *major* additional burden.

In effect, the ONS would be taking the first logical step toward a voluntary sector satellite account by expanding the charity data it already uses, rather than creating an entirely new system. This makes the approach both realistic and cost-effective, while providing a scalable foundation that can be extended over time as data quality and coverage improve.

Preliminary Findings: NPISH Contribution to Sectoral GVA

The findings below present an initial analysis using newly available [ONS \(2025\)](#) data which shows the proportion of Gross Value Added (GVA) that can be attributed to NPISH institutions across different economic sectors.

It's important to note that this analysis only captures the contribution of organisations classified as NPISH. This means it excludes many voluntary sector bodies that operate in the market — such as social enterprises, cooperatives, and trading charities — which fall outside the NPISH definition. As a result, the figures shown here represent only part of the voluntary sector's overall economic contribution.

If the ONS were to adopt our recommendations, particularly by working in closer alignment with all UK charity regulators, this analysis could be expanded to include the market component of the voluntary sector. This would enable the development of a comprehensive voluntary sector satellite account, capturing both NPISH and non-NPISH non-profit organisations across the economy. Including these organisations would significantly increase the estimated economic value of the

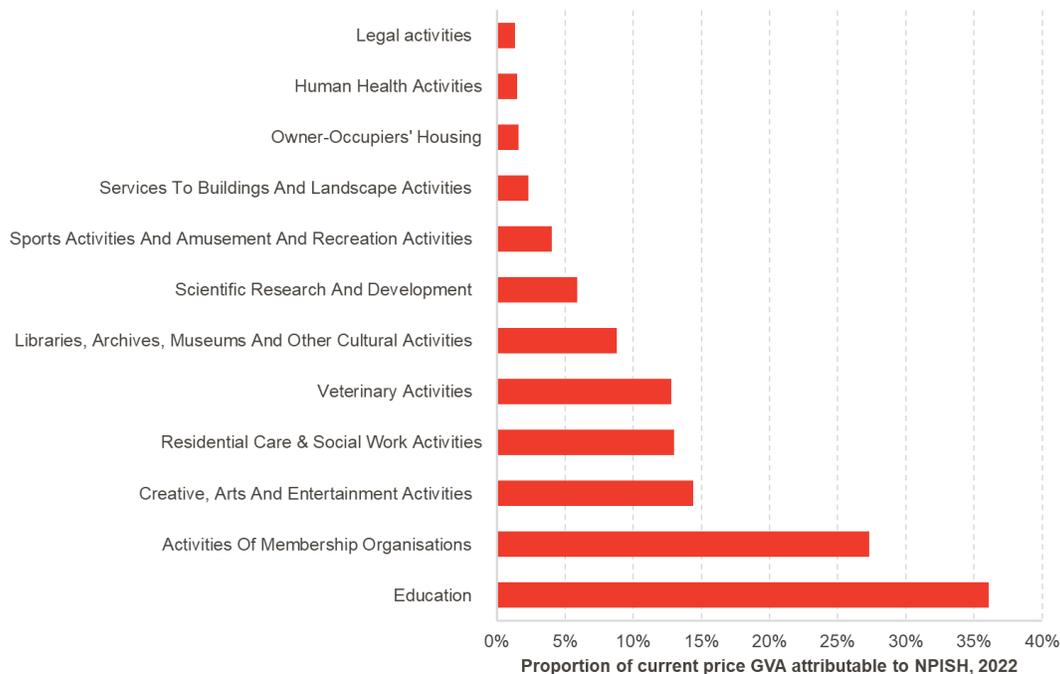
² The main difference between NPISH and non-NPISH not-for-profit organisations is that NPISH must (1) charge economically significant prices (i.e. for free or below market prices); (2) be independent of government control and (3) be a formalised legal entity. Examples of organisations which may fall outside this definition but still are considered NPI's could be market-based charities, some museums or cultural institutions and local sports clubs.

sector, given the scale of trading activity by large charities, retail operations, and the growing number of social enterprises and cooperatives.

This analysis should be viewed as a starting point for future research efforts aiming to build a more comprehensive understanding of the voluntary sector's impact across the whole economy.

NPISH GVA Contributions in 2022

Chart 1: Proportion of current price GVA attributable to NPISH, 2022



Source: [ONS \(2025\)](#)

*Chart 1 shows only the top 12 sectors of NPISH GVA

Chart 1 presents the proportion of current price GVA attributable to NPISH by sector for the latest available year (2022). Unsurprisingly, the sectors with the highest NPISH contributions are those traditionally included within the NPISH framework:

- Education (36% of current price GVA attributable to NPISH) – likely reflecting Higher and Further Education institutions
- Membership organisations (27%) – encompassing trade unions and political parties

Beyond these, there are several other sectors where NPISH contributions to GVA are substantial. These likely represent charities that have failed the market test and are therefore included in NPISH. Notably, the sectors with the highest GVA attributable to NPISH after Education and Membership organisations, are;

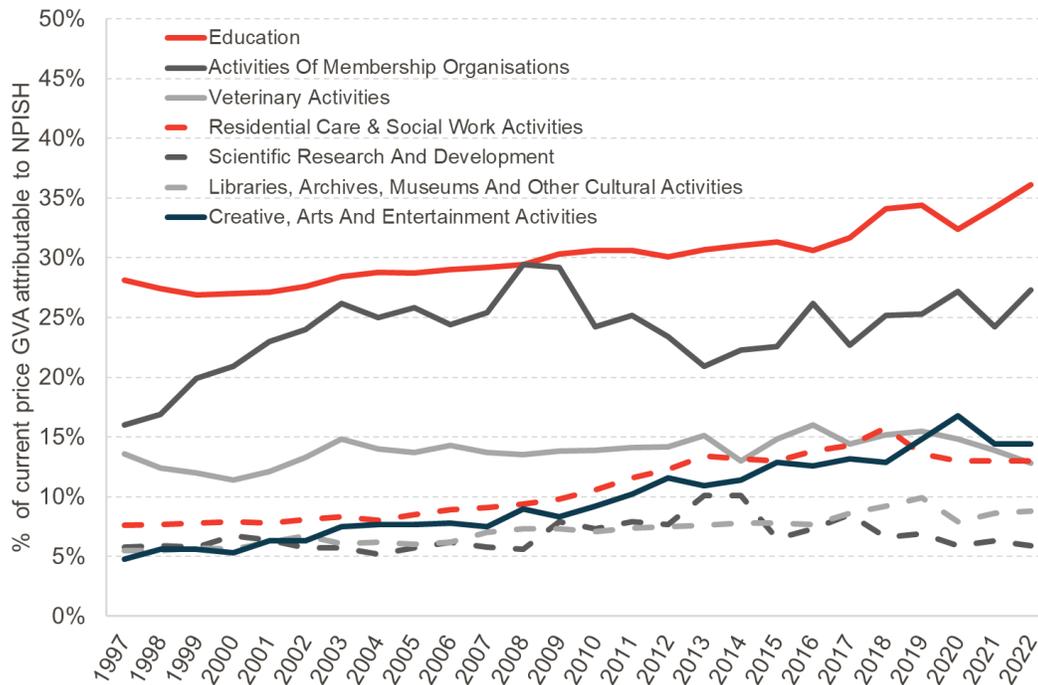
- Creative, arts and entertainment activities (14%)
- Veterinary activities (13%)
- Residential care and social work (13%)
- Libraries, Archives, Museums And Other Cultural Activities (9%)

These findings offer early insight into where NPISH activity is most prevalent in the UK economy and highlight the diversity of NPISH activity.

Trends in NPISH GVA Contributions from 1997 to 2022

Chart 2 tracks changes in the proportion of sectoral GVA attributable to NPISH over the available period of data.

Chart 2: Proportion of current price GVA attributable to NPISH, 1997 - 2022*



*Chart 2 shows only the top 12 sectors of NPISH GVA

Source: [ONS \(2025\)](#)

One immediate observation from the analysis is that many sectors (not shown in Chart 2) have shown a consistent 0% NPISH contribution over the entire 25-year period. While this may be accurate for certain industries, the complete absence of NPISH in the same sectors over time raises concerns about the static nature of sectoral allocation and underlying data source.

Chart 2 shows that, across the economy, the overall NPISH contribution to sectoral GVA has increased, particularly in sectors that serve public interests or foster community engagement.

Education remains the most significant contributor to NPISH GVA, showing steady and consistent growth over the 25-year period. In 1997, Education accounted for around 28% of NPISH-attributed GVA, rising to 36% by 2022. This reflects the continued inclusion of Higher and Further Education institutions in the NPISH classification.

Membership organisations (including trade unions and political parties) also experienced a significant increase in their share of NPISH GVA. However, their trend is more volatile, with notable peaks corresponding to major political or societal events, such as the 2008 financial crisis, the 2016 Brexit referendum, and the Covid-19 pandemic. These fluctuations may reflect changes in public engagement, funding cycles, or organisational activity during periods of national uncertainty.

In addition, sectors such as Creative Arts and Social Work have emerged as clear areas of growth in their contributions to GVA. This likely indicates the increasing presence of non-profit organisations providing services in cultural, care, and welfare domains.

The reasons for the overall growth in NPISH contributions to GVA are not yet fully clear. It may reflect a combination of structural factors (such as increased reliance on non-profits to deliver public services post-austerity), demographic changes (rising community needs particularly in education, care, and cultural sectors), or the changing financial profiles of charities (if more organisations fail or pass the market test). This is initial work that we hope future researchers will build upon.

Remaining Challenges and Data Gaps

While a satellite account for the voluntary sector would provide a more complete picture of its economic contribution, several challenges remain before it can be implemented. One of the most fundamental issues is defining the scope of what should be included. The current NPISH sector captures only a portion, excluding voluntary sector organisations including social enterprises, cooperatives, and trading charities. A satellite account would need to clearly define whether and how to include these more hybrid or market-facing organisations. The suggested modular approach as set out in the PBE report is a strong option.

There are also significant data limitations. Existing administrative data, such as that from the Charity Commission, does not cover all UK nations equally and lacks consistency in financial detail. Many smaller or unregistered organisations don't report regularly or lack detail. Volunteering is another key area with measurement gaps; while essential to the sector, data on volunteer hours and their value is patchy and infrequent.

Technical challenges also arise in aligning voluntary sector data with national accounting frameworks. Many organisations don't map neatly onto Standard Industrial Classification (SIC) codes, making it difficult to allocate GVA or employment by industry. Integrating this data without

overlap or omission, particularly where voluntary sector activity intersects with government services, is complex.

Finally, there are resource and institutional constraints. Developing and maintaining a satellite account would require long-term investment and close collaboration across ONS, charity regulators, and voluntary sector bodies across the UK. Nonetheless, these are solvable problems and addressing them would allow civil society to be measured alongside other sectors of the economy with far greater clarity and credibility.