

Improving how we measure the UK's Voluntary Sector

Mairi Spowage, **Brodie Gillan** & Ciara Crummey
Fraser of Allander Institute,
University of Strathclyde





Acknowledgements & Disclaimer

- **Office for National Statistics:** NPISH team
- **Sector and project partners:** National Council for Voluntary Organisations (NCVO), Charity Commission for England & Wales, Office of the Scottish Charity Regulator (OSCR), Northern Ireland Statistics and Research Agency (NISRA), Scottish Government National Accounts team, ESCoE and Nottingham Trent University
- **Disclaimer:**
 - This project aims to add to the debate and strengthen the knowledge base on how the voluntary sector is measured.
 - It doesn't answer every question but aims to improve understanding and transparency of the current system and inform future development.



What is the voluntary sector – and why does measurement matter?

What is it?	What does it do?	Why measure it?
Includes • Charities, • Social enterprises, • Cooperatives, • Community groups and volunteers.	Delivers health & social care, education, culture, and community support. Generates employment and economic output. Drives social capital, innovation, and civic engagement.	Policies and funding decisions depend on having good data. Better data = better resource allocation, stronger advocacy, fairer recognition.



What is the voluntary sector – and why does measurement matter?

What is it?	What does it do?	Why measure it?
Includes • Charities, • Social enterprises, • Cooperatives, • Community groups • and volunteers.	Delivers health & social care, education, culture, and community support. Generates employment and economic output. Drives social capital, innovation, and civic engagement.	Policies and funding decisions depend on having good data. Better data = better resource allocation, stronger advocacy, fairer recognition.

- Yet much of its economic contribution is **not visible** in official statistics. We still can't fully answer:
 - How much does it contribute to the economy?
 - How many people does it employ? How does it compare to other sectors in the economy?
 - Is it growing or shrinking over time?
- Difficult for policymakers, funders, and researchers to see its full contribution



Our approach

- ESCoE, supported by the ONS, launched a programme of work to improve how the sector's contribution is captured in economic statistics

01 Technical Report

ESCoE Technical Report 2025-08

The first-ever full documentation of how the ONS measures **NPISH — Non-Profit Institutions Serving Households** — within the UK National Accounts.

The method has never been fully documented before: a transparency gap that caused confusion, even for devolved administrations trying to produce their own estimates.

We also set out a series of practical recommendations to make the current approach clearer, more accurate, and more consistent.

02 Discussion Paper

ESCoE Discussion Paper 2025-11

How could improvements to NPISH pave the way for something more ambitious — **a voluntary sector satellite account?**

Builds on the Pro Bono Economics feasibility study for DCMS (2024). Where PBE took a top-down roadmap approach, our work takes a bottom-up perspective: practical foundations first.



How is Voluntary Sector currently measured?

01

Technical Report

ESCoE Technical Report 2025-08

In the National Accounts:

- **NPISH** is the category that captures **non-profit institutions serving households**
- It's the closest statistical equivalent to the voluntary sector – but only captures **part** of the voluntary sector
 - provide goods and services, either **free or below market prices**
 - mainly derive their income **from grants and donations**
 - are **not controlled** by the **government**



How is Voluntary Sector currently measured?

- NPISH includes:
 - ✓ Some charities (mainly non-market e.g. grants/donations-funded)
 - ✓ Universities & Further Education institutions
 - ✓ Trade unions
 - ✓ Political parties



How is Voluntary Sector currently measured?

- NPISH includes:
 - ✓ Some charities (mainly non-market e.g. grants/donations-funded)
 - ✓ Universities & Further Education institutions
 - ✓ Trade unions
 - ✓ Political parties
- What's missing:
 - Many trading charities (e.g. retail, cultural, hospitality),
 - Social enterprises, co-operatives, mutuals
 - Faith-based and unregistered groups
 - Informal volunteers



How is Voluntary Sector currently measured?

- NPISH includes:
 - ✓ Some charities (mainly non-market e.g. grants/donations-funded)
 - ✓ Universities & Further Education institutions
 - ✓ Trade unions
 - ✓ Political parties
- What's missing:
 - Many trading charities (e.g. retail, cultural, hospitality),
 - Social enterprises, co-operatives, mutuals
 - Faith-based and unregistered groups
 - Informal volunteers





How is Voluntary Sector currently measured?

- NPISH includes:

- ✓ Some charities (mainly non-market e.g. grants/donations-funded)
- ✓ Universities & Further Education institutions
- ✓ Trade unions
- ✓ Political parties

- What's missing:

- Many trading charities (e.g. retail, cultural, hospitality),
- Social enterprises, co-operatives, mutuals
- Faith-based and unregistered groups
- Informal volunteers

If we can
measure
this better





How is Voluntary Sector currently measured?

- NPISH includes:

- ✓ Some charities (mainly non-market e.g. grants/donations-funded)
- ✓ Universities & Further Education institutions
- ✓ Trade unions
- ✓ Political parties

- What's missing:

- Many trading charities (e.g. retail, cultural, hospitality),
- Social enterprises, co-operatives, mutuals
- Faith-based and unregistered groups
- Informal volunteers

If we can
measure
this better



It helps us
measure
this better



How is Voluntary Sector currently measured?

- NPISH includes:

- ✓ Some charities (mainly non-market e.g. grants/donations-funded)
- ✓ Universities & Further Education institutions
- ✓ Trade unions
- ✓ Political parties

- What's missing:

- Many trading charities (e.g. retail, cultural, hospitality),
- Social enterprises, co-operatives, mutuals
- Faith-based and unregistered groups
- Informal volunteers

If we can
measure
this better



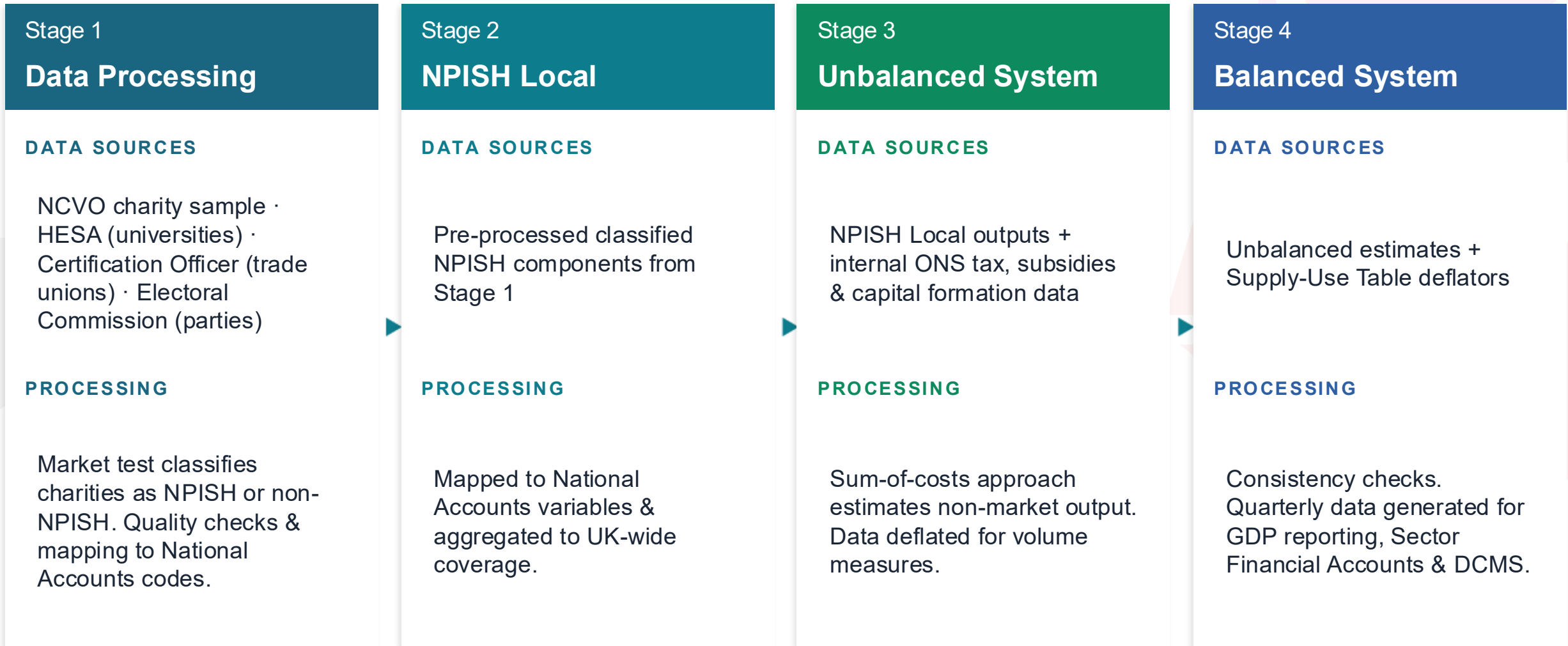
It helps us
measure
this better

Could be
up to 5×
the size
of NPISH
alone



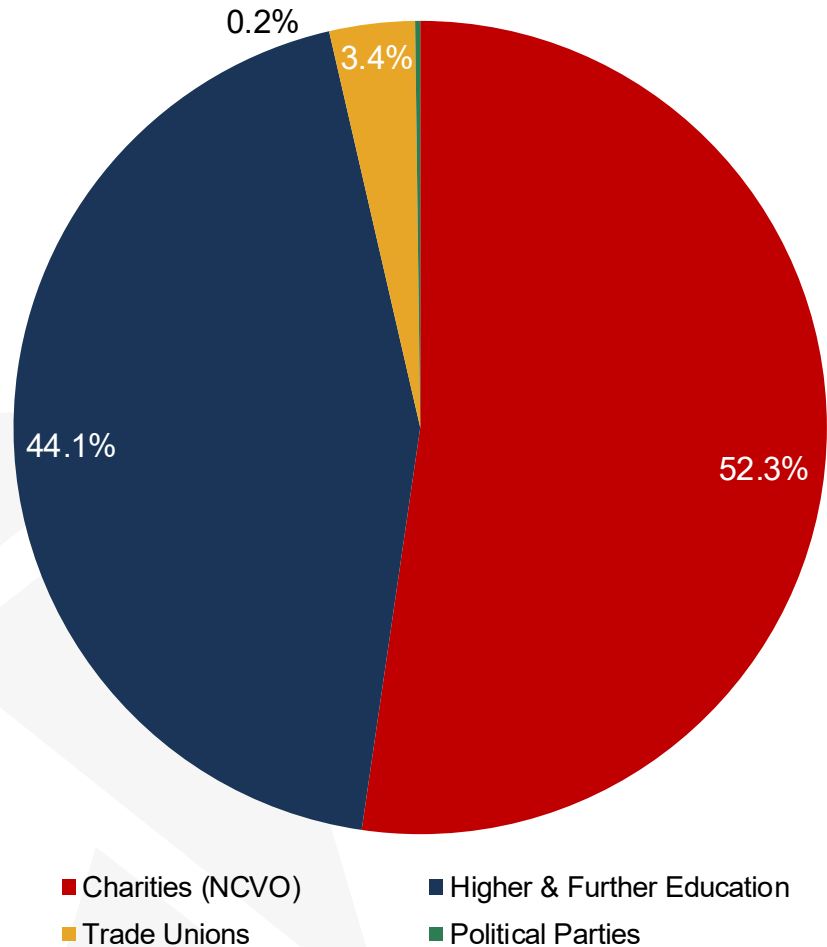
How does ONS measure NPISH? A 4-stage process

This methodology has never been fully documented before — a transparency gap that caused confusion.





What goes into NPISH?



52.3% Charities

NCVO sample (~10,000 orgs). England & Wales only. Classified via market test.

44.1% Universities & FE

HESA financial tables for HE. Various government sources for FE. Covers all UK.

3.4% Trade unions

Annual returns for the 6 largest unions' accounts. Grossed to total.

0.2% Political parties

Electoral Commission financial returns for registered parties across GB and NI.



Charities – Data Collection

Data sources:

- Data from the National Council for Voluntary Organisations (NCVO)
- Drawn from the Charity Commission register for England & Wales
 - No data on Scottish/Northern Irish charities



Charities – Data Processing

General Charities Exclusion

- Removes charities outside scope (e.g. NHS charities, housing associations, government-run bodies)
 - Some exclusions are clear and appropriate, others - such as religious charities - are less straightforward
- Based on a variable assigned by NCVO

Market Test

- Used to decide if a charity belongs in the NPISH sector
- Rule: if a charity earns less than 50% of its income from selling goods or services → stays in NPISH

$$\text{market test} = \frac{(\text{Income from generated funds} * \text{TRS}) + (\text{Income from charitable funds} * \text{GOV})}{\text{Total Expenditure}} * 100$$



Charities – Recommendations

Review GC marker & engage with NCVO/Charity Commission

- ONS should work with NCVO and the Charity Commission to review how this marker is created and explore if some excluded charities – particularly religious organisations – should be included

Consider Universal Charity Data Sources & move towards ‘register first’ approach

- Explore using full charity registers from across the UK as the primary data source for NPISH, using NCVO data only as a supplement where necessary e.g. for staff costs

→ Recommendations would help (1) NPISH more accurate and transparent and (2) provide a data source which could be used to help us capture the full economic contribution of all charitable organisations ... foundations for a satellite account



Discussion Paper: A Voluntary Sector Satellite Account

02

Discussion Paper

ESCoE Discussion Paper 2025-11

Purpose: Explores how strengthening NPISH measurement lays the foundation for a voluntary sector satellite account

- Builds on previous work, including Pro Bono Economics (2024) feasibility study for DCMS
- Takes a “bottom-up” approach – focusing on practical improvements in data and definitions
- **What is a Satellite Account?**
 - A complementary statistical framework that “sits alongside” the main National Accounts
 - Provides a detailed picture of specific sectors or activities using existing data
 - International examples: Canada, Belgium, Australia, New Zealand, Mexico & show non-profit sectors can be up to five times larger than NPISH data alone

→ The NPISH system has the foundations to build a Satellite Account for the voluntary sector



Next steps and remaining challenges

Data limitations:

- Inconsistent charity register data across UK nations
- Missing small and unregistered organisations
- Needs a few (2-3) more data fields on charity returns
- Resources and coordination:
 - Requires long-term collaboration between ONS, charity regulators, and sector bodies
 - Need for sustainable investment



The wider measurement landscape

ONS

Community Life Survey (2024/25)

17% of adults had participated in formal volunteering at least once a month in the last 12 months

DCMS

Estimating the Economic & Social Value of Volunteering (2025)

Estimated that adult formal volunteering in England contributes £24.69 billion annually to the economy (replacement cost and wellbeing benefits)

Pro Bono Economics / DCMS

Feasibility Study: Civil Society Satellite Account (2024)

Commissioned by DCMS. Recommends a modular, flexible approach, start with what is feasible now and build over time.

ThinkNPC

Mapping the Impact Economy

Ongoing project to map organisations creating social value beyond financial returns, aiming to make the 'impact economy' visible to policymakers and investors.

NCVO

Data collection & engagement with ONS

Ongoing engagement with NCVO on how their data is collected, processed and used by ONS.



Conclusion

- 1) The voluntary sector is vital but not fully visible in official statistics.
- 2) NPISH now has a clear map
- 3) Charities are the biggest lever
- 4) Stronger NPISH → foundation for a Satellite Account
- 5) ONS have accepted our recommendations
- 6) Closer working between ONS, regulators, and sector bodies



UNIVERSITY of STRATHCLYDE
**FRASER OF ALLANDER
INSTITUTE**

 fraserofallander.org

 @Strath_FA1

 Fraser of Allander Institute





Higher & Further Education – 44% of NPISH

Data sources:

- HESA financial data for universities (Tables 1 & 7)
- Government data for FE colleges (ONS, Welsh Gov, NI institutional accounts)
- Covers staff costs, operating expenses, depreciation, tuition fees, and grants

How it's estimated:

- Adjusted using a fixed proportion (88.4%) to avoid double-counting with NCVO
- Output estimated using the sum-of-costs approach (wages + costs + depreciation – fees)

Key recommendation:

- Review and update fixed proportions for education data (last updated in 2021)
- Improve FE coverage, especially for Northern Ireland and Wales



Trade Unions – 3.4% of NPISH

Data sources:

- UK Certification Officer annual returns for top 6 trade unions used in detail
- Grossed to total using published national union expenditure

How it's estimated:

- Key items extracted: staff costs, intermediate consumption, depreciation, taxes
Uses fixed equations per union to standardise expenditure types

Key recommendation:

- Expand coverage beyond the top six unions
- Include Northern Ireland data



Political Parties – 0.2% of NPISH

Data sources:

- Electoral Commission annual financial returns
- Covers parties in Great Britain and Northern Ireland

How it's estimated:

- Sum of income and expenditure for all registered parties

Key recommendation:

- Move to Trade Union Style Methodology