

Better data, bigger impact

A review of social sector data

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Summary

Nearly half a million social sector organisations in the UK play a vital role in sustaining our society and economy, but a serious paucity of data is preventing the social sector from unleashing its full potential

Over the course of the pandemic, the work of charities, community groups and social enterprises, alongside millions of volunteers, created what was hopefully a lasting illustration of why the social sector matters. From coordinating emergency support to helping deliver the vaccine rollout, the social sector played a vital role in helping the country through Covid. It delivered where the private sector and government fell short.

But history may well tell another story: how, despite being critical to so much of the response, the social sector struggled to make a case for emergency support, trying to explain a business model where income dried up, but demand escalated. How the sector, at times, did not achieve its full potential when its capacity and reach remained poorly understood by many in government. And how this contrasted with the private sector, which was able to clearly and urgently argue its case based on recognised, reliable, and timely data.

The furlough scheme provides a striking example. The scheme was successfully designed for the private sector and regularly amended to match changing circumstances and business needs. As a result, despite many businesses temporarily closing their doors, unemployment peaked at just 5.2 per cent - well below the 8.5 per cent peak seen during the financial crisis. And when the furlough scheme came to an end, data told us how many people were affected, the industries they worked in, and the likely speed of those industries' recoveries. While the challenge of moving beyond furlough remains significant for many businesses, it is a challenge we have entered with our eyes open.

The social sector, by contrast, had to rely on an employment scheme designed for managing reduced or entirely eradicated demand, even though [surveys suggested](#) most charities faced higher demand for their services than usual because of the pandemic. Even now, it is difficult to assess how many charities – let alone social enterprises – made use of the furlough scheme, or its effects. Indeed, in the week the furlough scheme ended, the charity sector celebrated the publication of the latest *Civil Society Almanac* – the most comprehensive and latest available data source about the state of the charity sector, primarily based on data from a year before the pandemic hit. So while we enter a post-furlough world with a good idea about how well prepared different parts of the business sector are to deal with this challenge, we have almost no idea how well prepared the social sector is for the future. This is just one striking example of a much larger problem created by a lack of timely data about the sector.

Better evidence and data can help

The social sector and volunteering play an essential role in society, but this is rarely acknowledged in UK official statistics or public policy.¹ And when data is most needed – for example, during the Covid pandemic – it is too often inaccessible or unavailable.

¹ For a historical perspective, see Davis Smith (2019) *100 Years of NCVO and Voluntary Action*, and Rochester et al (2010) *Volunteering and Society in the 21st Century*.



Without sufficient data, it is difficult for government to develop long-term strategies that enable the sector to maximise its potential. It is equally challenging for social sector organisations and funders to allocate resources where they are most needed.

Bringing data about the social sector in line with what we know about businesses offers big prizes. Getting detailed, timely data will mean policymakers and funders alike can be far more responsive to changing circumstances – just as we are to changing business environments. Charities and community groups are often the canaries in the mine, seeing first-hand the indications that local needs are changing. Better data on the social sector means better data on communities and places. And in a time of post-crisis national reflection and reprioritisation, improving evidence about the social sector's contribution to our society and economy is vital if we are to support a greater role for civil society. Strengthening the data infrastructure so that we generate reliable evidence is a priority.

There is a precedent we can follow for improving sector data: the public sector

Improving social sector data is a wide and ambitious agenda, but not one without precedent. From the Bean Review of UK economic statistics to the Atkinson Review of how government output and productivity is measured, several landmark reviews have fundamentally shifted how public sector data is collected, used, and reported. These reviews have had significant impacts on how we understand and value economic activity in the UK, such as driving forward a focus on measuring the quality, not just the quantity, of public services.

Moreover, a comprehensive review of social sector data would not require starting from scratch. Looking at data about the business sector as a blueprint, as we have done in this report, provides examples of the types of data we should consider collecting and how they can be used. And useful methodologies for better measurement of the social sector have already been developed and implemented in other countries, like the UN's guidance on how to build a social economy and volunteering satellite account. Indeed, much good quality data about the social sector already exists: the challenge is just as often how to access it as it is how to collect it in the first place.

Solving the social sector data challenge requires active investment and leadership, but not from one sector acting alone

There is no way to solve these challenges without government and the social sector working together. Quite simply, acting alone, neither party holds all the information or the practical capacity needed to improve social sector data.

Similarly, the solutions presented in this paper are the product of consultation across those social sector leaders and policymakers who rely on data or who find themselves hamstrung by its absence. Our recommendations are intended to provide a blueprint that will improve everyone's abilities to do their jobs, but taking this to the next stage of implementation will need cross-sector partnership, investment, and a plan for action.

What have we discovered over the course of this research?

There are gaps in data about the social sector in five thematic areas...

Over the course of this research, we found different user needs for social sector data. These range from the relatively simple (directories and lists of organisations) to more

complex questions about contribution. A common question is whether any data shows the social sector's "comparative advantage" or where it delivers more effectively than the private sector.² Indeed, those interested in businesses might expect to access a more comprehensive array of standardised data and indicators or national statistics. These provided a reference point for our exploration of social sector data gaps.

From a mix of interviews and desk research, we have highlighted five thematic areas where better data about the social sector is needed: business demography, sector capacity, sector health, sector contribution and volunteering (box below). Strengthening the sector's core capability to collect data is a prerequisite for addressing gaps in demography, capacity and volunteering. In turn, addressing these will support more analytical work on sector health and contribution.

Data gaps in the social sector: five thematic areas

1. Demography: the size, scope, and composition of the social sector. We need consistent definitions and regular publication of data similar to that for the business sector, such as business births, closures, survival rates and mergers.
2. Capacity: the scale of resources that organisations can deploy. Users want more detail on expenditure, including on which parts of the country organisations are spending resources.
3. Sector health: how sustainable and resilient is the social sector? The business sector works with standardised indicators and metrics, and there is potential for broader use of standardised metrics in the social sector. Users also want more up to date data.
4. Contribution: the value or impact of the social sector. Other sectors use Gross Value Added and employment data, and the social sector needs directly comparable indicators. Initiatives such as the Impact Management Project's work on impact data for impact investors highlight what can be achieved to develop common standards.
5. Volunteering and participation: who gets involved, where, when and how are core questions about volunteering 'supply', but there is just as much interest in volunteer management and demand.

...though gaps are as much about how data is collected, analysed, and reported

We found that umbrella bodies and government already produce high-quality data and analysis about the social sector and volunteering. Too often, though, data is produced in formats that are inaccessible or difficult to analyse. Data about the sector is sometimes collected but not analysed or reported. And too much data about the social sector is locked up in PDFs, which are difficult or unfeasible to machine-read. Making more use of existing data should be a priority.

² For more on comparative advantage, see Bills & Glennerster (1998) Human services and the voluntary sector: Towards a theory of comparative advantage. [Journal of Social Policy](#) 27(01): 79–98.

Gaps in data coverage also persist. These include limited coverage of small organisations and ‘hidden’ parts of the sector, such as exempt and excepted charities; a lack of disaggregation, particularly the inability to produce standardised, consistent local or sub-sectoral data about the sector; and little current data. Data about the sector is often 24-30 months old. It is rarely available as a consistent time series. There are also gaps in how data is collected, such as the use of unique reference numbers that allow the matching of different datasets.

Government has a role in coordination and leadership...

With leadership, coordination, and investment, these are fixable problems. Some of our recommendations require resources or development work. This will extract more value from existing data sources and surveys. Other recommendations require influencing, coordination and planning. As the recently launched [National Data Strategy](#) has highlighted, this is a cross-government and cross-sector challenge. Improving social sector data will require further work from several government organisations, including HM Treasury, DCMS, regulators and the ONS. We think there is an opportunity for these organisations to come together to drive forward government’s role in strengthening civil society data, particularly in the context of the National Data Strategy. Nevertheless, improving social sector data should not be led by government bodies alone – these challenges need to be owned jointly with the social sector itself.

...but the sector needs to prioritise its data infrastructure and keep asking for better data

The social sector should give greater priority to strengthening its data infrastructure. Other reports have highlighted the need for leadership on data infrastructure in the social sector – something we wholeheartedly endorse.³

Recognising that both social sector and government organisations have much to gain from, and roles to play in, improving data, clearer leadership should ideally be driven by a cross-sector group, run by an independent, jointly-funded secretariat. Priorities for the group would entail:

- defining priorities and standards;
- leading the debate about what data, metrics and indicators best describe the health and contribution of the sector;
- investing in the data skills and infrastructure that the sector is missing; and
- making a case for addressing data gaps through, where needed, investment.

Simply leaving these tasks to government is neither realistic nor desirable: the sector needs to define its future. If it does, we can better articulate the role, capacity, health, and contribution of volunteers and organisations that everywhere are integral to our way of life.

³ Data Collective (2021) [Why we need leadership on data in the voluntary sector, and how you can get involved](#)

Main recommendations and next steps

To address gaps in data about the social sector, we propose five main recommendations. A list of detailed recommendations can be found at the end of this report.

1. Produce social economy satellite accounts for the UK: to strengthen and standardise understanding of the social sector across the public sector, government should assess the contribution of the social sector and volunteering to the nation using methods endorsed by the UN – then build on this by developing a measure of GVA that shows the actual value of the social sector.
2. Make better use of existing administrative and survey data that covers the social sector: to derive more usable data about the sector from existing surveys and data, the social sector, government, and regulators should work together to audit existing surveys and datasets to establish where the social sector is covered and what (if any) changes are required to report on the social sector.
3. Publish regular, timely indicators on the social sector: to enable policymakers and leaders to develop timely, responsive public policy, the social sector, government, and regulators should work together to identify key indicators of the sector's demographics, health, and contribution, synonymous with data collected about the private sector, and where appropriate, certify these as national statistics.
4. Modernise the collection of social sector data: to maximise the use and value of existing data, government and regulators should work with the social sector to modernise the submission of annual reports and accounts, making data easier to access, read and link.
5. Establish a cross-sector Social Sector Data Standards and Coordination Working Group: recommendations two to four require collaboration and leadership from various government departments, the ONS, regulators and the social sector itself. To achieve this, we propose establishing a cross-sector working group with an independent secretariat that, ideally, is co-funded by government and the social sector. The objective of that group should be to develop a National Social Sector Data Strategy, including setting overall direction, agreeing data standards, mobilising and coordinating investment, and building a modern data infrastructure for the social sector. The findings of this report, particularly recommendations two to four, could provide initial direction for the group, but so too could the range of work already underway to strengthen the sector's data infrastructure, such as the work of the [Data Collective](#).

While the working group should be jointly owned and jointly funded, we suggest that DCMS takes the lead in initiating conversations with the social sector to agree on a tendering process for the secretariat and identify potential co-funders from the sector.

1. Introduction

We live in a world driven by data. Yet despite being a substantial economic force, we know relatively little about the social sector or the millions of volunteers who support it. The social sector represents a substantial part of our society and economy. Estimates based on [NCVO reporting](#) suggest there are approaching half a million social sector organisations (charities, community groups and social enterprises that take certain legal forms), though the actual number is difficult to pin down and not produced in any official capacity. Meanwhile, millions of us volunteer through charities and community groups each year - the charity sector and volunteer workforce alone is similar in size to the construction sector.

Yet, in many domains, we have far less data about this sector than we do for most business sectors. For example, while the [Business Impacts of Covid Survey](#) told us on a fortnightly basis how many real estate businesses had staff on furlough, how long their cash reserves would last and how their profits were faring, there was no equivalent dataset produced for charities or the social sector more broadly. Indeed, the most comprehensive current dataset about the charity sector, the Civil Society Almanac (published in September 2021), is based on data from 2018-19. While sector-led surveys like PBE's 'Covid Charity Tracker Survey' point to a sector struggling with less funding and increased demand, we will not have official statistics about the impact of the pandemic on the sector for at least another eighteen months. This makes it much harder for policymakers and funders alike to support the sector's recovery or know where best to direct limited resources.

A lack of data limits how effectively both the sector and policymakers can do their jobs

This lack of data results in serious challenges for the social sector when developing more effective services, policies, and practice.⁴ A lack of information about funding flows or where need is greatest reduces how effectively organisations and funders can distribute limited resources. And in the absence of data and insight, it is also difficult for government to develop either long-term strategy or short-term support for the social sector and broader civil society, including volunteering. More importantly, this inhibits policy making around more general areas where the social sector can or should play a role, such as public services or job creation.

Meanwhile, limited data about and from the social sector affects our understanding of how the sector contributes to the economy and society. If we believe the social sector has an essential role in the UK's recovery from Covid and beyond, in order to articulate and track that contribution going forward confidently, we need better data.

There is already broad agreement that we need better social sector data

Effective policy and delivery require accurate, timely, usable data.⁵ The UK Government's recently published National Data Strategy identifies this opportunity, setting out how the

⁴ See MacLaughlin (2016) *Data Driven Nonprofits* for examples of why and how data is integral to strengthening the social sector's strategy and outcomes.

⁵ Institute for Government (2012) [Evidence and evaluation in policy making](#)

delivery of policy and public services can be improved by transforming how the public sector collects, uses, and shares data. This ambition is not limited to government or the wider public sector. In arguing that data can lead to a fairer society, the Strategy argues:

Data holds great potential to empower people and civil society, delivering benefits that reach beyond the economy. Powered by better data, civil society organisations can be better equipped to reach the people most in need, at the time they most need it. Better data use could also significantly decrease operating costs, allowing charities to focus resources on protecting the most vulnerable parts of our society. Charities and other non-profits, and particularly smaller organisations, rarely have access to large enough datasets to be able to prove, to very high levels of certainty, the effectiveness of different interventions. Better coordination, re-use and sharing of data between civil society organisations can also lead to better understanding of societal issues, and of what interventions are effective in supporting those most at need.

[National Data Strategy](#), DCMS

The aspirations for civil society outlined in the strategy are broad and ambitious. They encompass [what Ed Humpherson, Director General for Regulation, Office for Statistics Regulation, categorises](#) as: data about civil society, measured at the national level; making available public data for civil society, with the requisite support; and data from civil society, using consistent standards to report outcomes and impact.

Yet, it has long been argued that data about the social sector is inadequate⁶ and that, in turn, this inhibits policy development. This is a challenge that was further highlighted during the Covid crisis.⁷ Privately, policymakers express frustration at the thin, often outdated evidence base they have to work with. Many agree that better data will support and underpin the relationship between government and the social sector whilst providing much-needed evidence to support the sector's involvement in key policy agendas.⁸

Meanwhile, many social sector leaders believe that the sector's role, scope, and contribution is undervalued at best and ignored at worst. Our earlier Commission publication, [What's missing? Evaluating social sector data gaps](#) summarises discussions with social sector leaders, who share a belief that data about the social sector is inadequate, lacking accuracy, granularity, and timeliness.

The good news is that this is not a problem we have to solve from scratch: other countries and sectors offer insights about how to improve social sector data. This is not a UK specific problem. Other countries are also looking at whether there is sufficient data and evidence on the social sector. In Canada, a lack of nonprofit data is argued to hold the sector back, with one parliamentary committee arguing that

⁶ NAO (2005) [Working with the third sector](#). The NAO argued it was difficult to track government spending on the third sector due to inconsistent data collection. Subsequently, the [Marsh Review of Skills and Leadership in the VCSE Sector](#) (2013) highlighted the need for data-informed social change.

⁷ Government is [reported to have recognised](#) it needed data to understand the resilience of the sector during Covid.

⁸ The House of Lords Public Services Committee [has argued](#) government should involve civil society organisations in the design, delivery and evaluation of 'levelling up' funds.

government should prioritise data collection on the sector.⁹ In the US, strengthening data is a key proposal put forward by Independent Sector for the work of the Biden administration:

Data on the nonprofit sector is an essential source of information for society's understanding of the work of the nonprofit sector, its activities, performance, size, level of non-stipended volunteering, charitable giving, finances, and contributions to civic life. To enhance the availability of nonprofit data, and as consistent with applicable law, federal agencies should increase data transparency related to the nonprofit sector by streamlining the collection and timely dissemination of data and research, disaggregated where possible, relevant to strengthening the nonprofit sector.

[Proposed Executive Order on Strengthening Nonprofit Sector](#), Independent Sector

It is also not a unique problem to the social sector. In 2004, the government commissioned Tony Atkinson to undertake a fundamental review of how public sector output and productivity in the UK was measured. This seminal review reshaped how we conceive and measure government output, focusing on quality and added value, not simply quantity. Without these amendments, analysis from ONS shows that between 1997 and 2016, we would have believed public sector productivity fell, whereas taking quality into account showed it [actually grew](#).

Similarly, there's much to learn from looking at data collection in other sectors, particularly among businesses. From what is collected to how it is collected and reported, other sectors' data infrastructure can provide useful guidance for action. In sections two to six of this report, we explore data lessons we can draw from other sectors.

How much interest is there in social sector data?

Civil society, and the social sector at its heart, is not high on the political agenda. As such, demand for data and insight on the social sector has, until recently, been relatively limited, as noted by Ed Humpherson in his [Law Family Commission essay](#). A representative of one sector regulator indicated to us that they were asked for relatively little data. This is also a problem in other countries, with Canadian colleagues arguing that the data deficit reflects a lack of interest on the part of government. It has been argued that the only means of progress in collecting data about nonprofits is for the sector to [assess its own needs and lobby for support](#).

Nevertheless, policy requires evidence and insight, as the Covid crisis demonstrated. The government's current policy priority – levelling up – similarly begets a role for the sector. But any case for involvement will likely require rigorous assessment and may depend on a geographic granularity of data. Looking ahead, potential policy changes on issues such as [lottery distribution](#) and the forthcoming [business rates review](#) will all require a rigorous evidence base.

Based on interviews with policymakers in several areas, there is interest from government departments and public bodies at the national and local levels for

⁹ The Senate Special Committee on the Charitable Sector (2019) [Catalyst for Change: A roadmap to a stronger charitable sector](#)



information and insight about the social sector. Questions about the social sector¹⁰ can be categorised into five overarching thematic areas:

- demography: the size, scope and composition of the social sector;
- capacity: the scale of resources that organisations can deploy;
- financial health: how sustainable and resilient is the social sector and whether it is in good financial health;
- contribution: the value or impact of the social sector; and
- volunteering and participation: who gets involved, where, when and how.

Volunteering fits under all of the above four themes, but it is helpful to add a distinct theme as volunteering is not limited to the social sector. Nothing is surprising here in terms of themes. Gaps exist across all themes, though often these relate to how data is collected, disaggregated, and reported. In some cases, data exists, but it is not analysed or reported: in fact, charities are likely covered in more existing surveys than we think or use, representing an opportunity. In other cases, data gaps reflect the inaccessibility of data to most users.

If better data about civil society, including volunteering, can inform the relationship between government and the social sector, what can we do to improve that data? The following sections address this question by looking at what policymakers want to know about the above themes.

The focus of this report

Our work comes at a time of substantial interest in data about, for, and particularly from the social sector. The digital transformation underway in parts of the sector is increasing the focus on data from the sector as a source of insight for greater effectiveness and better decision-making. A long-term shift in expectations towards greater transparency emphasises using data from the sector to give an account of our work. And the Covid crisis has raised questions about the social sector's resilience and value, and the need for better measurement and understanding of these terms, informed by data about the sector.

This report focuses on data about the sector. It addresses what policymakers need to shape and inform public policy development to support a flourishing and resilient social sector.

This is only one part of the picture – better data isn't just about making better policy. Better data about the social sector will enable organisations to make evidence-informed decisions, whether funders directing resources to where they are most needed or leaders developing strategy by understanding sector trends. Data about the sector is often the first step in benchmarking, enabling managers to understand better the context they are operating in. This report complements work already undertaken by PBE and others, including the [Data Collective](#), that looks at this challenge from the perspective of the social sector.

¹⁰ Individual questions can be found at <https://airtable.com/tblVPFH7A2Er9sw4k/viwk6Llh5ieRF8L9e?blocks=hide>

Methodology

This report is based on a mix of desk research and interviews with data users in government departments in England, plus colleagues from the social sector in the UK and overseas. Interviews took place in Summer 2021. It does not purport to be conclusive nor exhaustive but instead offers insights into current thinking and potential steps forward to strengthen the data infrastructure for the social sector.

Navigating this report

As set out in this section, questions about the social sector can be categorised into five overarching thematic areas

Sections two to six of the report look at each theme in turn: *demography*, or the size, scope, and composition of the social sector (section two); *capacity*, which describes the scale of resources that organisations can deploy (section three); *sector health*, which describes the sustainability and resilience of the sector (section four); *contribution*, which describes the value or impact of the social sector (section five); and *volunteering and participation* (section six).

The discussion across these themes covers what issues and data about the sector are needed, including what data users need to know, insights from data collection in other sectors, and what data will help us answer questions about the social sector.

Section seven discusses how data is collected, analysed, and reported – the factors that combine to raise the issue of data usability.

Section eight sets out our conclusion, alongside our main recommendations on how we can strengthen the social sector's data infrastructure. *Section nine* sets out more detailed technical recommendations.

2. Demography

Data users in government want to get consistent, comparable data more quickly on the social sector's size, scope, and composition. DCMS publishes business demographics data for all sectors it is responsible for – except civil society.¹¹ This exception in part arises from more critical questions of definition: what is the 'social sector', and what should be included in any analysis; and, over time, the changing language used to describe collectively the organisations operating in this space (and in the case of volunteering, the people who get involved in their communities).¹²

What do users need to know?

Users want to know the number of organisations in a place or how many are working on a vertical policy issue related to a specific department or policy area. This includes being able to identify individual organisations working on a particular theme – in effect, directories.^{13,14} Users are also interested in size, as expressed in terms of turnover.

Typical questions include:

- How many charities/social enterprises are there?
- How many organisations are based in [named local area]?
- How many charities/social enterprises closed this year?
- Do we know how many charities are working on the loneliness agenda?
- How many charities/social enterprises deliver public services?

Users want this data first and foremost to help explain what remains a hard-to-understand sector to non-specialists. It remains challenging to assemble a complete picture of the sector: many component parts are only visible by combining data from numerous registers and lists. Secondly, policymakers want descriptive data for the part of the sector they are working with. Before addressing a particular policy issue, it is a prerequisite to describe the policy landscape. This can be as simple as wanting a directory of organisations working on a specific issue or providing a particular service so that those working with the sector know who to contact.

These are not incredibly complex questions, yet answers are not always straightforward. Gaps in our knowledge are a function of some common problems, including:

- classifying organisations into multiple sub-sectors... Organisations registering with the Charity Commission can select multiple fields when identifying their sub-sector or topic of interest;
- ...and conversely, classification that puts most organisations into one or two industries: classification of organisations using Standard Industrial Classification

¹¹ DCMS (2021) [DCMS Sectors Economic Estimates 2019: Business Demographics - Headline Release](#)

¹² The government's [civil society strategy](#) defines the social sector as charities and social enterprises. It remains the case that many parts of the public sector still refer to the VCSE (Voluntary, Community and Social Enterprise) sector.

¹³ Directories of organisations and services are an example of the need for basic scoping and contact data that public bodies still want, such as [work to map Croydon's black, Asian and minority ethnic organisations](#).

¹⁴ Creating, sharing and maintaining directories of available services is a problem for the public and social sectors. The [Open Referral UK data standard](#) is attempting to solve this problem by creating a standard for organisations to classify services and share data about them. This may become an important part of the social sector data infrastructure.

(SIC) codes offers limited insight, as a wide range of organisations are classified within social care;¹⁵

- an incomplete picture of the social sector: registered charities are frequently used as a synonym for the social sector or broader civil society. In reality, it is much wider, but no one place brings together and regularly updates demographic data on the social sector more broadly. For example, there are 25,000 Community Interest Companies and 7,300 Community and Amateur Sports Clubs (CASCs) in October 2021, but these are rarely considered in assessments of the size of the sector;^{16,17}
- geographical analysis: organisations' activity may not be related to where their registered office is located, and hence, where it is registered in official data. This is a particular problem for national organisations clustered around a small number of London boroughs;
- 'hidden' parts of the social sector: some organisations fall between regulators' registers or do not appear on them. Some regulators do not publish registers. Examples include charities that are exempt and excepted from registration with the Charity Commission for England and Wales.¹⁸ The latter are slowly being added to the charities register;¹⁹
- 'below the radar': some groups and organisations are too small to appear on lists or registers: what has been referred to as 'below the radar' organisations. Charities and community groups below the £25,000 threshold for registration with the Charity Commission are of particular interest to policymakers due to their neighbourhood scale and role in building social capital;²⁰
- double counting: social enterprises operate across several legal forms, with some holding charitable status, meaning population and turnover estimates for the social sector are likely to include some double counting; and
- accessing regulatory data: it remains relatively difficult to access data about the sector from regulators, particularly CICs and mutuals registered with the FCA.

What do we know about other sectors?

Business demography data, also known as business activity data, is widely reported for the private sector. It is widely used to address questions around economic policy and business support.²¹ Data on aspects of the business sector, such as the number of start-ups, help policymakers think about how dynamic and productive a sector or place is –

¹⁵ Business establishments are classified using UK SIC 2007 by ONS. More [here](#).

¹⁶ The CICs Registrar reports [annual estimates](#) for the total number of CICs and tweets [monthly totals](#).

¹⁷ HMRC (2021) [Community and Amateur Sports Clubs \(CASCs\): Detailed Information](#) There were over 7,300 registered CASCs in October 2021 according to [HMRC data](#).

¹⁸ Exempt charities include some large museums such as the [Tate Gallery](#), universities, [academy trusts](#) such as [Aldridge Education Trust](#). Charities are exempt from registration with the Charity Commission for England and Wales and do not appear on the register of charities. More details in [CC23](#).

¹⁹ Following a change in legislation, the Commission aims to add all excepted charities to the register by 2031, but this is a significant understanding: [it estimates there are 40,000 church groups](#) alone that will need to register.

²⁰ Excepted charities do not have to register with the Charity Commission for England and Wales or submit annual returns. These include some church groups, smaller Scout and Guide groups, and smaller armed forces charities. More details [here](#).

²¹ The [Office for Statistics Regulation reports](#) a wide range of use cases for business demographic data, from developing industrial strategy to understanding the health of a local area (p8).

mainly where employers are. From looking at data on business demography, we can learn that for the social sector, we should:

- collect & publish data on geographical area of activity: we can quickly answer questions such as 'How many businesses are there in Leeds?'²². Making similar statements about the number of charities is surprisingly difficult and even more problematic if we include community groups and social enterprises. This data should be readily available. Data on social sector organisations operating in an area can help policymakers understand the economy and its links with local communities. For example, the Mastercard Inclusive Growth Index shows the private sector's contribution at the local scale, using basic business demographic data.²³ There is also emerging public policy interest in social infrastructure and social capital, but it is difficult to understand the state of social infrastructure in the absence of quite basic descriptive data or without undertaking extensive research;^{24,25}
- collect & publish data on growth and change: the Office for National Statistics (ONS) produces business demography data for the UK – new registrations, cessation of trading, and survival – 11 months after year-end.²⁶ The Office for Statistics Regulation describes business demography data as vital to understanding innovation, productivity, industrial strategy and regional economic performance.^{27,28} Collecting this data for the social sector is integral to the role and contribution of the sector to these issues; and
- collect and publish data using standard codes, including SIC: Standard Industrial Classification (SIC) codes have limited utility as a means to understand the social sector, but they do allow direct comparison with the private sector as everyone is using the same system. Using a clear and consistent definition enables comparison across the broader economy for measures such as employment.²⁹ How to segment the social sector is discussed later in this paper.

What data will help us to answer questions about demography?

One key objective for better data on demography is to match the data collected by ONS for the business sector and publish the data at the same frequency. For the social sector, the added challenge is consistency around what definitions of the sector are used, as well as collecting data (or producing estimates) for the community groups that do not

²² Leeds City Council [estimates](#) there are 32,000 VAT registered businesses in Leeds. Similar figures are not readily available for the social sector. CCEW collects data on area of operation for charities but does not publish any analysis. Geographical allocation of resources remains problematic for charities operating nationally—better methods are needed.

²³ Center for Inclusive Growth (2021) [The Inclusive growth score](#)

²⁴ For example, see Kelsey & Kenny (2021) [The Value of Social Infrastructure](#)

²⁵ Snelson & Collis (2021) [The Impacts Of Social Infrastructure Investment](#)

²⁶ ONS [Business demography, UK: 2019](#)

²⁷ Office for Statistics Regulation (2020) [UK Business Demography Statistics](#) See also Haldane & Wallis (2020) [How to solve a puzzle like productivity](#)

²⁸ Eurostat also argues in [Business Demography Statistics](#) that business demographics are important in understanding how dynamic an economy is. The business birth rate is seen as a determinant of job creation and economic growth.

²⁹ BIS (2012) [Industrial Strategy: UK sector analysis](#) (p9)

appear on public registers. Policymakers continue to be interested in the latter, mainly since these groups visibly impacted the Covid pandemic.

To address demography data gaps, we need:

- clear definitions: consistently used definitions of the “social sector” that enable direct comparison, with consistent population/sampling frames (for example, there is arguably still a need for a precise, implementable method of which organisations should be included in a definition of social enterprise);
- directories: regulatory data that is easily viewed by place and sub-sector – in effect, the ability to segment organisations into directories, with context data;
- population numbers: regular publication of numbers of organisations, ideally in a way that brings together the various registers that cover the social sector. Figures would ideally include agreed methods of estimating ‘below the radar’ organisations;
- demography: data on births, deaths, survivals, and mergers;
- dynamism: data on high growth rates, sector age/maturity; and
- geography: data on place/area where the activity occurs. Basic location data is collected for registered charities, and we can build on this.

3. Capacity

Data users in government, including funders and social sector investors, want to understand better the finances of the social sector and individual organisations. This includes a better understanding of operational capacity or the scale of resources that organisations can deploy in relation to a particular policy area or issue.

Questions about capacity primarily relate to funding and finance but also include expenditure, assets, volunteers, and paid workforce. Typical questions include:

- How much does the sector receive in government funding – including local government and Arms' Length Bodies?³⁰
- How much does the sector spend on [named policy area or activity]?
- How has this funding changed over time, what are the trends, and can we project it forwards?
- How much has the sector received in furlough support during Covid?
- How many people does the sector employ in [named local area], expressed as full-time equivalents?

As with data on demography, users want to understand the sector's capacity as a means of describing the landscape and beginning to understand the social sector's potential contribution to a policy area or place. They also want to know how much support the social sector receives from Arms' Length Bodies and government. This includes resources other than direct grants in aid. The increasing importance of place in policy development – as typified by the levelling up policy agenda – is leading to more demands for data on how the social sector contributes to different geographical areas.^{31,32} Conversely, we received feedback that the financial relationship between local government and the social sector is not well understood due to a lack of detailed data or data on historical trends.³³

What do we know about other sectors?

There is less interest in data on funding sources in the private sector. There is more interest in business demography. The social sector collects a large amount of data on financial inputs and capacity, predominantly from published annual accounts and reports. Still, much of this is hard to access: for example, financial data from PDFs currently requires manual extraction. So while there are fewer lessons on the types of data to collect, from looking at data on the business sector, we can learn more about how data is collected and analysed:

³⁰ UK Government published annual estimates of spending on the voluntary sector up until 2005/06. See Mcroft (2011) [Government Expenditure on the Voluntary Sector in Wales, Scotland and Northern Ireland](#)

³¹ For example, Local Trust has recently proposed the establishment of a 'What Works Centre for Community and Neighbourhood Improvement' to address gaps in data and evidence around place. Local Trust (2021) [The Double Dividend](#)

³² New, important analysis of funding over time, at local authority level, demonstrates the importance of spatial variation and the potential for how the limited data that is available on place can be used: Clifford (2021) Disparities by deprivation: The geographical impact of unprecedented changes in local authority financing on the voluntary sector in England. [Environment and Planning A: Economy and Space](#).

³³ We received feedback that policymakers overestimate how much local government funds the sector.

- digital reporting and filing: digital reporting and filing of accounts, making data 'machine readable', is standard across other sectors (see section eight); and
- business conditions/sentiment: it is common across other sectors/industries to assess business conditions and understand the impact on the relevant sector. Similarly, regular assessment of business confidence/sentiment/market conditions may act as a leading indicator for activity levels.³⁴

What data will help us to answer questions about capacity?

Much of this data is collected already by umbrella bodies and is of high quality. Gaps about the sector's capacity relate mainly to how data is disaggregated and, in the case of financial data, tells us little about the current or future periods.

To address demography data gaps, we need:

- expenditure data segmented by policy area: users want expenditure data segmented by policy area so that they have an understanding of the capacity and scale of the sector categories that more closely relate to government activity;
- data on central government funding/finance: better data about government funding of the sector, tracking total grants, tax reliefs and contracts/fee income to different parts of the sector. This will also help address questions about the full financial support for the sector as this is often understood to equate to grant funding only – and even then, sector-specific grant schemes may be a small part of statutory funding;³⁵
- better data on local government funding/finance: local government funding of the social sector has been characterised by significant change over the last decade, with shifts from grant funding to contracts and overall reductions. More granular data and a more detailed analysis of this relationship are needed.
- balance sheet data on borrowing: data on borrowing/loan finance is used by the social investment community but is not always clearly broken out from data reported on long-term liabilities. This should be more consistently reported; and
- greater use of forecasting/projection for the social sector: except for forecasts around legacy income, there is no forecasting of income streams or capacity for the social sector as a whole or its significant parts. Sector representatives may wish to explore development work on building forecasts for critical indicators such as income sources, volunteers, or paid workforce.

³⁴ Most famously, the [Purchasing Managers' Index](#) is an indicator of forward sentiment.

³⁵ One comment about the lack of management information was the need to split the voluntary sector from social enterprises, specifically public sector mutuals.

4. Social sector financial health

Public bodies at all scales are increasingly dependent upon the social sector to deliver services or help deliver other policy priorities. As such, it is essential for government that the sector and its major players are financially viable. Following Covid, users are particularly interested in better understanding the sector's financial health, mainly where they depend upon that sector to deliver services.³⁶

Often expressed in terms of sustainability, resilience, or vulnerability, there is now a substantial, though still emerging, academic US literature on the measurement of the financial health of individual organisations, though whether data exists to apply this in a UK context is unclear. What is clear is that this literature challenges orthodox thinking in the sector, including strategies aiming towards income diversification.^{37 38}

Data on financial health is also argued to be of particular interest to funders for due diligence.³⁹ Typical questions include:

- How many organisations in the sector make a profit/loss?⁴⁰
- How much do organisations hold in free reserves?
- What forms of finance (such as debt) can fuel growth?
- What is the impact of the Budget on the sector (for example, in terms of tax increases or decreases)?
- What has been the impact of Covid on the social sector?
- How can the sector become more self-reliant and sustainable?

Users want data on sector health and resilience because, unsurprisingly, across several areas, government is dependent upon the activity of the sector as a whole as well as the work of individual organisations.

What do we know about other sectors?

Analysts across all industries assess financial health, performance, and prospects as the basis for investment decisions. Such practices are rare in the social sector as organisations do not compete for investment from shareholders. From looking at data on financial performance, we can learn that for the social sector, we should:

- develop standardised metrics/indicators of financial health: Financial health assessment is entirely standard in the commercial world, whether as part of due diligence or equity analysis. Such approaches are much less common in the social sector and have, in the past, not worked well.⁴¹

Some initiatives are underway, but the aim should be to identify and agree which

³⁶ For example, see Tower Hamlets' [VCS strategy](#)

³⁷ Lu et al (2019) 'Does a More Diversified Revenue Structure Lead to Greater Financial Capacity and Less Vulnerability in Nonprofit Organizations? A Bibliometric and Meta-Analysis' [Voluntas: International Journal of Voluntary and Nonprofit Organizations](#) 30, 593–609

³⁸ Hung & Hager (2018) 'The Impact of Revenue Diversification on Nonprofit Financial Health: A Meta-analysis' [Nonprofit and Voluntary Sector Quarterly](#) 48,1

³⁹ For example, see the introduction to [MyCake's paper](#) on the development of a nonprofit risk rating

⁴⁰ For example, DEFRA compiles [annual statistics](#) for the agriculture industry that includes an estimate for the proportion of businesses that are lossmaking.

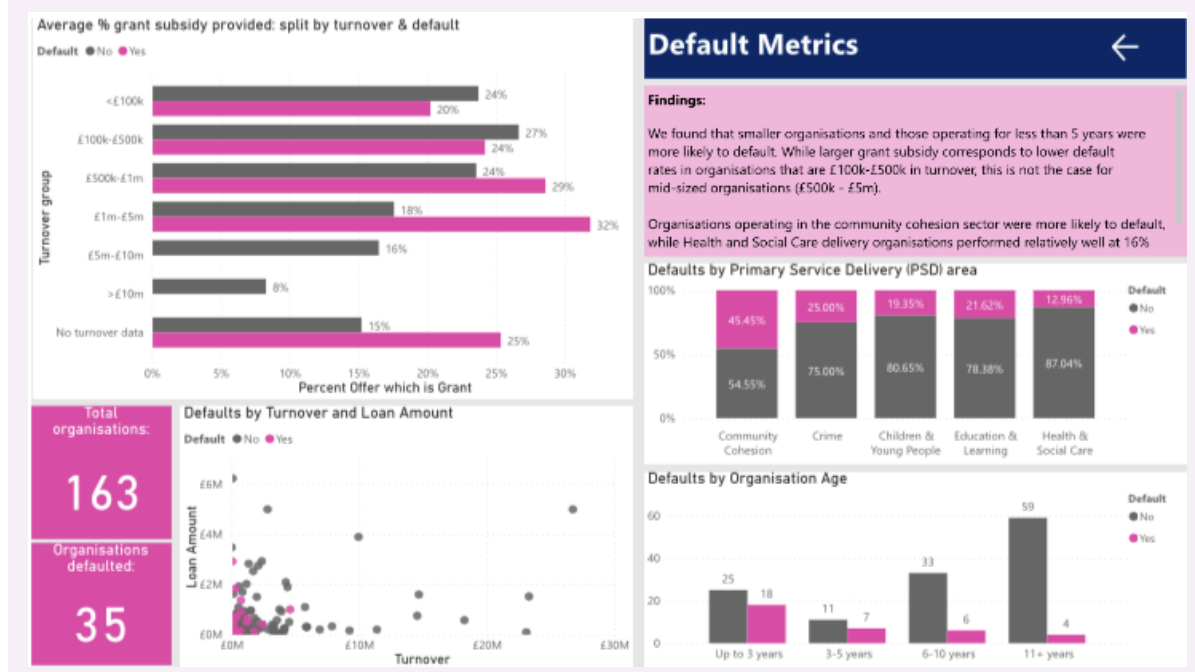
⁴¹ For example, the True and Fair Foundation's analysis of charity expenditure received [substantial criticism](#).

standardised metrics are most useful within a UK context – and where data is not available, whether this should lead to change in accounting frameworks;⁴² and

- develop forward-looking indicators: most analysis of data in the social sector is historical, in contrast to the for-profit sector where forecasting of income streams or changes in the business environment is standard. The business sector is better able to draw on leading indicators of activity.⁴³

Futurebuilders financial resilience dashboard

Social Investment Business has recently published the Futurebuilders financial resilience dashboard, which displays metrics for a cohort of organisations receiving social investment from the Futurebuilders England fund. The dashboard standardises measures of financial resilience, enabling comparison and at a glance understanding of the financial health of a cohort of organisations. Metrics include unrestricted funds, standardised as months' worth of expenditure; level of unrestricted funds; and loan defaults.



What data will help us to answer questions about sector health?

Social sector funders are perhaps more than ever interested in assessing the financial health of individual organisations and large groups of organisations. However, this remains an area where development work is needed.

⁴² MyCake (2021) [Developing a National Financial Resilience Rating System for the UK Social Sector](#)

⁴³ See <https://www.investopedia.com/terms/l/leadingindicator.asp>

To address data gaps around financial health, we need:

- published data on surplus/deficit positions: data on what proportion of the sector records a surplus or deficit in any given year and how significant those losses are relative to size. This can help to understand the financial health of the sector as a whole, but it is not published. Social investors and funders are interested in the position of individual organisations and how they benchmark against their peers;⁴⁴
- key indicators on fundraising: in a sector short of leading financial indicators, collecting a more comprehensive range of data on the health of fundraising may provide a line of sight on trends in income, particularly as voluntary income from donations remains a significant source of sector support;
- data on contract awards: government fee income is also a substantial source of income for the sector. Publishing regular (annual or quarterly) data on contract awards, using data from Contracts Finder, may also act as a leading indicator for trends in income;
- grant application data: collecting data from grantmaking trusts and foundations about application volumes may be a leading indicator of the financial health of the sector – the equivalent of customer enquiries;⁴⁵
- better data on reserve levels and borrowing: including free reserve levels, based on a consistent approach to calculation.⁴⁶ As noted in the previous section, we know relatively little about trends in loan finance – current estimates for loan finance take-up by charities are based on data from 2001;
- to develop standardised metrics/indicators of financial health: it has been argued elsewhere that the sector is held back by a lack of standardisation regarding how data is collected and what indicators might form a standard set for assessing (for example) financial health.⁴⁷ In the case of the indicators identified above, these may constitute the basis for a financial health dashboard for the social sector, building on work by SIB and others;⁴⁸ and
- to understand the link between data on trust and financial performance: the social sector collects data on trust regularly, but there is little if any analysis of the relationship – if indeed one exists – between this data and levels of public support. Understanding the relationship between leading indicators (trust or satisfaction) and lagging indicators (giving, volunteering, membership) may help sector representatives to produce financial health forecasts.

⁴⁴ For example, [DEFRA statistics](#) for the agricultural sector (of similar size to the social sector arguably with similar sustainability challenges) highlight profit/loss as an important indicator.

⁴⁵ It is worth noting however that the [Modern Grantmaking](#) movement is aiming to reduce application volumes by encouraging funders to publish more specific criteria, with the aim of increasing success rates.

⁴⁶ Using published balance sheet data to assess financial health may make some organisations look healthier than they are. A recent shift in the grantmaking community towards unrestricted grants, particularly towards the end of the financial year, may be artificially inflating the balance sheet of some organisations, disguising a more precarious position. This highlights the importance of contextualising indicators within a wider narrative.

⁴⁷ MyCake (2021) [Developing a National Financial Resilience Rating System for the UK Social Sector](#)

⁴⁸ Social Investment Business (2021) [The importance of comparable data: what our two new dashboards enable us to do](#)

5. Contribution

Data users are interested in the value and impact of the social sector. Various referred to as contribution, value, added value, or impact, questions regarding the contribution of civil society are expected. These are frequently framed in relation to current policy agendas (loneliness, levelling up, youth employment) or couched in broader terms (contribution to wellbeing).

A small number of users are interested in community strength and whether causal relationships between civil society and economic success can be proven. At the organisation level, this is data from civil society, but it arguably is data about civil society at the aggregate level. Typical questions include:

- How many people depend upon the services of the sector?
- How much does the sector contribute to public services?
- What is the sector's share of UK GVA (£m/%), and how is this changing?
- What is the sector's share of UK employment ('000/%), and how is this changing?
- What is civil society's contribution to levelling up?

Questions around contribution – and our ability to answer them – suggest that this is the most significant gap in terms of data. Indeed, it has been remarked more widely that sector supporters often seek data around administration costs and senior salaries as a proxy for data on contribution.⁴⁹ Questions around contribution often are the most unstructured and broadest, and as such hard to answer. The gap here is a consistent analytical framework or way of looking at the sector.

What do we know about other sectors?

It is beyond this report to review the myriad ways the private sector now assesses its contribution to society. The social sector substantially overlaps with the cultural industries, and as such, may have most to learn from attempts to measure and report contribution.⁵⁰

Tools such as SROI are now widespread, as is interest in subjective wellbeing. The impact investing community offers many tools and frameworks, with several global impact rating systems currently available to measure social and environmental impact. These include [B Impact Assessment](#) and [IRIS+](#)⁵¹. A perhaps overlooked approach may be the sector's contribution to the achievement of the SDGs as a framing device, which is one of the data categories used in the Impact Management Project's '[impact management norms](#)'.⁵²

- Focus on GVA and employment: nearly all industry reports focus on contribution to GVA and share of employment as indicators of a sector's performance or contribution.

⁴⁹ Vox (2018) [One of the most frequently used criteria for judging a charity is also one of the worst](#). This argues users look for overhead costs in the absence of better evaluation data.

⁵⁰ UNESCO (2009) [Measuring the economic contribution of cultural industries](#)

⁵¹ IRIS+ is an initiative of the Global Impact Investing Network, home to a [broader portfolio of tools and resources](#) to measure impact.

⁵² The norms describe five dimensions of impact: what, who, how much, contribution and risk.

- Focus on metrics and ratings: it is clear that there is a demand for ratings systems and indices that enable the comparison of individual organisations. The impact investing community has arguably made greater strides here than the social sector, which may learn from the progress made.

What data will help us to answer questions about contribution?

The social sector has made considerable leaps in assessing and reporting its contribution in recent years, with 'impact practice' in many respects now a well-developed field characterised by the widespread use of tools and techniques such as theory of change.

To address data gaps around contribution, we need:

- better quality, more frequently published employment data: quarterly publication of employment estimates and change, including a review/update of the definition of the social sector used in the Labour Force Survey;
- output/added value: Expenditure on goods and services/GVA: this could include exploring whether it is feasible to revise how GVA is calculated for the social sector;⁵³
- philanthropic contributions: at the national level (how much does philanthropic effort support/subsidise government expenditure), and at the local level (how much philanthropic capital does the social sector leverage from outside a place?);
- taxation: better data on tax reliefs and subsidies such as irrecoverable VAT will enable a better understanding of the total level of support the sector receives from government;⁵⁴
- contribution to subjective wellbeing: there is increasing interest in personal or subjective wellbeing at the individual and community level. Consistent subjective wellbeing data collection in organisations could help the social sector demonstrate contribution on a comparative basis;⁵⁵ and
- better data from sector organisations on their outcomes more generally: would allow aggregation and comparison, as the global impact investing community is increasingly demonstrating.

⁵³ ONS undertakes a continuous programme to improve the GDP estimates in the national accounts. See [Moving up a gear – how new methods and sources have transformed GDP](#)

⁵⁴ The independent Charity Tax Commission supported by NCVO [recommended in 2019](#) that government should publish better information on gift aid relief, while local authorities should publish data on business rate relief.

⁵⁵ What Works for Wellbeing (2017) [What is community wellbeing?](#)

6. Volunteering and participation

Data users are interested in levels of volunteering and participation, particularly post-Covid. Volunteering is treated here as a separate theme. Still, the previous four themes all arguably frame users' interest in the subject: demography (who volunteers?), capacity (who is volunteering?), health (will there be enough volunteers?), and contribution (what is the value of volunteering?)

Similar challenges apply concerning definition (who counts as an active volunteer?), disaggregation of data (especially the need for local data), and standardisation of data (how to value volunteering, particularly the economic contribution). Typical questions include:

- What proportion of the population in [named place] volunteer?
- Who volunteers for [named service]?
- What is the [unique] value of volunteering to [named service/place]?
- How much would it cost to replace volunteers with paid staff?
- How much did volunteering increase during the Covid crisis?

It is worth noting that there is some scepticism, more often found in the social sector, about a focus on data or evidence about volunteer motivation or data on how to increase volunteering rates. Some have argued that there needs to be less emphasis on how many people get involved, the number of hours they volunteer, or why. Instead, it has been argued that data and indicators should focus on what volunteers achieve, whether they are working in areas where they are needed, and how well they are supported to achieve impact.⁵⁶ The latter includes a greater focus on the volunteer experience.⁵⁷

It is also worth noting that there is little data or evidence concerning the numbers of people volunteering for public sector organisations, nor any benchmarking of the capacity of public sector organisations to engage and manage volunteers. Finally, there is little or no data regarding costs or impact.⁵⁸ These may be significant: one estimate indicates special constables are equivalent to 10% of the constabulary.⁵⁹ In the case of volunteering in acute health trusts, volunteering rates vary substantially, suggesting better data could help establish broader norms.⁶⁰

What data will help us to answer questions about volunteering?

Data on volunteering is susceptible to how questions are asked and framed. Different surveys and returns report widely different estimates of how many people volunteer. For example, charities' annual returns report low levels of volunteering compared to population surveys. Similarly, the Time Use Survey reports that people volunteer a much smaller number of hours than the Community Life Survey.

⁵⁶ Rob Jackson and Susan J Ellis articulate this perspective on volunteering research in an at times polemical article, [Missing the Point](#)

⁵⁷ Carter Kahl (2021) [What If We Stopped Counting Volunteer Hours?](#)

⁵⁸ NCVO produced data on the [volunteering experience in the public sector](#). However, few if any estimates for numbers of volunteers exist.

⁵⁹ Gaston & Alexander (2001) "Effective organisation and management of public sector volunteer workers: Police Special Constables" [International Journal of Public Sector Management](#), 14,1

⁶⁰ See Kings Fund (2013) [Volunteering in acute trusts in England: understanding the scale and impact](#)

To address data gaps around volunteering, we need:

- data on hours volunteered: data on hours volunteered, not only numbers of volunteers, can help to produce better estimates of contribution;
- data on volunteer management capacity: it may be the case that one of the barriers to greater involvement of volunteers, or investment in volunteer management, is better insight into volunteer management. Data on volunteer management capacity may help here;
- data on the cost of volunteers: despite the availability of techniques to measure the net benefit of volunteering and estimates of the total value of volunteering, there is little data on the cost of volunteering. Benchmark data might enable the social sector to articulate the costs and value of volunteering better;
- data on where people are volunteering: there is substantial interest in levels of volunteering and participation in different places, and whether any relationship exists between participation levels and social and economic wellbeing;
- data on the relationship between volunteering, life satisfaction and loneliness; and
- data on diversity and volunteering: amidst debates over whether the sector contributes to or addresses inequality, better data on the diversity of volunteering, and the development of standardised indicators, might help the social sector manage this critical issue.

7. Data usability

This report has focused on gaps in what data is collected about the social sector and volunteering. Nevertheless, there is substantial data for the five themes – demography, capacity, health, contribution, and volunteering – but it is often collected, stored or made available in ways that hamper users’ ability to maximise its utility. Similarly, available data about the social sector and volunteering is often from regulatory filings and is likely outdated. Data gaps also begin to emerge when policymakers ask questions about sub-national breakdowns or when they seek to undertake real-time analysis or forecasting. Gaps similarly occur when trying to disaggregate national data into thematic policy areas.

Despite these gaps, there are opportunities to strengthen the data infrastructure for the social sector. These include using the Inter-Departmental Business Register for data on business demography – an ‘untapped resource’ – and more linking of datasets using Unique Reference Numbers (URNs).⁶¹

This section focuses on data usability and identifies where action might improve data about the sector.

How data is collected:

- sampling frames and nonprofit ‘flags’: it may be possible to extract more data from existing surveys of organisations if social sector organisations were identifiable in the populations from which samples are drawn. Where nonprofit flags do exist – such as in the Inter-Departmental Business Register – it may be the case that their accuracy and coverage require development,^{62, 63}
- sample sizes: mainstream surveys covering the social sector may not contain sufficiently large samples to produce estimates for the social sector. In examples such as the Labour Force Survey, combining different time periods can address this. Nevertheless, raising awareness of policy interest in the sector may help;
- machine-readable data: too much data about the sector is stranded in PDFs that are difficult or expensive to machine-read. Data submitted to regulators, including CCEW and FCA, is an excellent example of this challenge: extracting data from PDFs is costly, time-consuming, and a substantial source of new errors in data;
- collection of data on small charities: as noted above in section two, there remains significant public policy interest in the demography, capacity, and health of small charities, yet relatively little is known about the smallest social sector organisations. This partly stems from their nature: so-called ‘below the radar’ organisations are by definition not on the registers of regulators nor, often, the membership databases of umbrella bodies. Nevertheless, it may be possible to

⁶¹ The Office for Statistics Regulation [recently reported](#) that the IDBR holds a wealth of data, but remains an untapped resource for insights on business demography.

⁶² The [IDBR](#) is a source for surveys such as the Annual Business Survey. The IDBR captures nonprofit organisations, but is limited in any segmentation, in part because SIC codes do not allow this. The IDBR is currently under review and will be replaced by a new Statistical Business Register in approximately 2023. The new register will include data from the Charity Commission for England and Wales as well as Companies House. The replacement register may facilitate better statistics on the social sector.

⁶³ The Office for Statistics Regulation recently reported that the IDBR holds a wealth of data, but remains an untapped resource for insights.

address some data gaps. For example, CCEW currently does not collect annual report and accounts data from most charities with an income of less than £25,000. Most charities with an income of less than £10,000 are not expected to file an annual return.⁶⁴ By way of contrast, nonprofits in the USA with an income below \$200,000 must complete an ‘easy’ annual return that is still of some detail,⁶⁵

- use of unique, open reference numbers (URNs) across different datasets: different organisations can operate using a range of similar (and sometimes identical) names, with the widespread use of acronyms. However, datasets too often only use organisation names as a unique identifier. This can make searching and matching problematic.⁶⁶ Unique identifiers (e.g. charity number, company number) need to be widely used when collecting data. These should be open, rather than proprietary, URNs.⁶⁷ This will significantly enhance the value of data by facilitating the analysis and linking of datasets; and
- unavailable or out of date public registers: some public registers of social sector organisations are unpublished, such as academy trusts, or out of date. As noted earlier in section two, some social sector organisations, such as excepted charities, simply do not appear on any public registers.

⁶⁴ Charitable Incorporated Organisations, regardless of turnover, [must file accounts and complete annual returns](#).

⁶⁵ Small tax-exempt organisations complete the Internal Revenue Service’s [990-EZ annual return](#)

⁶⁶ [Find that Charity](#), developed by Dave Kane, allows users to search across multiple registers to find social sector organisations. It displays all available URNs for the organisation. An [established standard for URNs](#) has been developed by a group of organisations including 360Giving, which allows users to search regulators or other bodies to see whether they create and hold URNs for the organisation type you are interested in. This [includes the social sector](#).

⁶⁷ An explanation of how Companies House uses unique numbers can be found [here](#). Proprietary URNs include Dun & Bradstreet’s [DUNS](#) system.

The Covid Job Retention Scheme (CJRS)

Government support for the social sector during the Covid pandemic was the subject of intense scrutiny and debate. Support was both 'vertical' (i.e. social sector-specific) and 'horizontal' (available to all sectors). While vertical support was identified via a £750m fund, it has been harder to estimate how much the sector has accessed horizontal schemes, such as CJRS. This means it is difficult to estimate the total value to which government has supported the sector through the pandemic.

HMT has published detailed, firm-level data on CJRS claims, which includes company number where available. Charity number is used as a unique identifier only for Charitable Incorporated Organisations, while mutuals are also flagged with a specific prefix. It is possible to match many (but not all) remaining charities using company numbers, but the inconsistent use of URNs hampers analysis. Routine collection and tagging of charity commission/FCA registration numbers would enable comparable analysis for the social sector (by enabling identification and disaggregation of social sector organisations). This would allow linking to existing data, enabling disaggregation and reporting by characteristics such as size or place.

An example where URNs have been used more clearly is the recent BEIS publication of data on the Coronavirus Business Interruption Loan Scheme, which publishes URNs for recipients, making analysis more feasible (though still limited). However, even in this case, company numbers are mixed with charity commission registration numbers.

The need for better segmentation of social sector data:

- place: understanding civil society and its contribution in different places. Being able to produce data across the thematic areas at the local level is arguably the most pressing challenge, particularly given the policy agenda around place and 'levelling up', but this is rarely possible with existing data.^{68, 69} Numerous local studies of the sector are available – and still being commissioned – but are not standardised in terms of definitions of the sector or how to engage with the overarching themes above;⁷⁰
- thematic area: being able to break down sector-wide data into categories that relate to policy issues – and being able to recombine data about different parts of the social sector into a coherent whole, without double counting; being able to disaggregate the overarching themes by sub-sectors or clusters of organisations relevant to policymakers is hampered by classification systems and approaches that are not sufficiently sensitive to policy clients.

⁶⁸ Mastercard's inclusive growth index contains no data about the social sector, while the Co-op [Community Wellbeing Framework](#) contains no data about volunteering and participation. Both are nevertheless important and helpful.

⁶⁹ In a [recent assessment](#) of the ONS' Annual Business Survey, the Office for Statistics Regulation highlighted the increasing use of administrative data to collect data at the local level, plus alternative databases such as [Fame](#). This may be an area worth exploring.

⁷⁰ For an example of a recent commission, see the [West Yorkshire Combined Authority](#).

Current classification systems (ICNPTSO, the CCEW classification schema, SIC codes) don't align with government policy priorities.

This needs a rethink– this could include alternatives like the Classification of Functions of Government (COFOG). More promisingly, current work by David Kane and Chris Damm may address this by creating a [new, open classification system](#). Still, it will be essential to ensure that this can be related to policy clients' thematic interests. Finally, a related challenge is the operationalisation of the CCEW's classification system, which allows for multiple classification. This is currently under review; and

- 'below the radar' groups: there is continued interest in 'below the radar', but it is not particularly clear how to address what would be a resource-intensive activity.

The Global Impact Investing Network (GIIN)

GIIN is developing tools and resources for the impact investing community to identify where funds can make the most significant impact, enabling investors to allocate resources accordingly. This includes methods for standardising and comparing data. It noted recently:

“In order for the impact investing industry to reach its potential, the market requires a system for measuring and managing impact results, a methodology for rigorously analysing and comparing standardised impact data, and a willingness amongst investors to share impact performance data and contribute to the widespread uptake of the analytics they produce.”

Much the same could be said for the social sector in the UK. Building norms and standards around data – what GIIN calls industry infrastructure – is arguably missing in the UK social sector.

The need for better reporting of social sector data:

- disaggregation of the social sector: surveys such as the [Employer Skills Survey](#) are used to collect data on the social sector: in 2017, 9% of respondents were from charities. However, data for the social sector is often not reported and can go unused.⁷¹

The need for standardisation and more straightforward comparability:

- standardisation: where social sector data is available to address questions like levels of reserves, the reporting of data is rarely standardised, limiting or slowing comparison. Several initiatives have attempted to do this, most recently [ChariZone](#).

It has been argued that the take-up of standardised metrics would facilitate a better understanding of the financial health of the social sector, putting it on a par

⁷¹ The 2019 ESS sample of 80,000 includes charities, but it is unclear how many.

with the private sector.⁷² An example would be more extensive reporting and use of LUNA (months of liquid unrestricted net assets) as a measure of financial health;⁷³

- standardised impact data: this could include more widespread use of subjective wellbeing measures and learning from the impact investment world on standardised impact measures and language; and
- comparability: the social sector is infrequently compared with other sectors in official statistics, despite policymakers' interest in the comparative advantage of civil society over and above other sectors. Developing more statistics that are standardised and comparable would allow this to happen.

The 360Giving open data standard

360Giving's approach to collecting social sector data offers a model of how standardisation can work, both in terms of the standard itself and leadership by the sector. The development of an open standard for reporting grant making data has enabled comparison of funders, aggregation of data for local or sub-sectoral analysis, and line-by-line reporting for grantmaking organisations. The use of unique identifiers is central to the standard. Many services now use grants data from 360Giving, such as CharityBase, while researchers are increasingly using the data.

The need for consistent trends data:

- trends data: there are relatively few large-scale datasets that demonstrate change over time (e.g. Community Life Survey). Improvements in this area should include a better understanding of when change is different to the norm – for example, if the closure rate increases during Covid represent 'excess deaths' in terms of organisations; and
- frequency: we need a clearer idea of what frequency we would want to collect data. With limited resources, do we need to collect detailed data on funding sources annually, for example? Conversely, given the importance of employment data, it may be worth devoting resources to collecting this quarterly.

Forecasting and the need for data about the current period:

- real-time data: there is a frustration on the part of everyone that all of the social sector's data is historical. Most financial data, for example, is taken from published accounts for the preceding financial year, meaning aggregate analysis is on average trailing by two years. One solution could be for ONS to develop a business conditions/confidence survey that includes and reports on the social

⁷² For example, see <https://www.mycake.org/news/developing-a-national-financial-resilience-rating-system-for-the-uk-social-sector-paper1> on the use of rating systems in the social sector.

⁷³ Harold (2020) [Fragility and resilience: the landscape of nonprofit financial health in the U.S.](#)

sector.⁷⁴ Umbrella bodies collect this data, but an ONS survey is more likely to be trusted.

The gap here may not be data, but instead, analysis: for example, CCEW's downloadable raw data is updated daily, but its estimates of charity demographic data could be published more frequently (as per CICs registrar). Similarly, LFS data is available quarterly but only analysed annually for the social sector; and

- forecasting: following on from the former point, there are inevitable questions about risk in terms of financial health and whether we can better predict resilience.

⁷⁴ For example, Statistics Canada produces a [quarterly business conditions survey](#) that includes nonprofits. Imagine Canada describes this as particularly useful as it compares and highlights the [different challenges](#) faced by each sector.

8. Conclusion

There is much to build upon for those who want to strengthen the social sector, and broader civil society, by using data, evidence, and insight. In many areas, the sector has made great strides in collecting, reporting, and using data. Transparency is increasingly the norm. Sector representative bodies use data to produce research and insight that informs and shapes policy practice. There is a growing interest amongst those leading and working in the sector in how data can power social change.

Our conclusion and recommendations do not seek to criticise existing data collection efforts or our sector's data infrastructure. Instead, they seek to build upon them by addressing gaps in how social sector data is collected, reported, and used. We believe that this will help us to strengthen a broader understanding of the sector's role and contribution. Moreover, by addressing these gaps, we believe the sector can more easily provide the data and evidence policymakers seek when working with it.

The social sector needs to be on a par with the public and private sectors in official statistics

The report has set out that the social sector and volunteering are thinly reported in official statistics compared to the public and private sectors, whilst data on the social sector is often disparate and produced to different standards. This is despite surveys often covering the social sector.

A starting point to address this problem might be creating a social economy satellite account: an overview of the sector and its contribution to the UK that the national statistical office endorses.

We have also concluded that the social sector is undervalued in the national accounts. This is an additional problem: the sector is not recognised partly because it is underestimated in official statistics.

Recommendation 1 - Produce social economy satellite accounts for the UK: to strengthen and standardise understanding of the social sector across the public sector, government should assess the contribution of the social sector and volunteering to the nation using methods endorsed by the UN – then build on this by developing a measure of GVA that shows the actual value of the social sector.

The social sector needs to make better use of existing survey and administrative data

The lack of coverage noted above may not solely reflect a lack of data: it may be a gap in reporting. Surveys that use sampling frames such as the Inter-Departmental Business Register often cover the social sector. Still, findings about the social sector are not always disaggregated or reported: the 2019 Employer Skills Survey is a recent example. In other cases, sample sizes may need to be boosted, but only if there is awareness of the social sector or interest from users. A starting point would be to understand better where data on the sector is being captured but not used.

Recommendation 2 - Make better use of existing administrative and survey data that covers the social sector: to derive more usable data about the sector from existing surveys and data, government and the ONS should work with the social sector to audit existing surveys and datasets to establish when the social sector is covered and what (if any) changes are required to report on the social sector.

The social sector needs regular, up-to-date, standardised metrics and indicators

Government, regulators, and sector representative bodies all produce data and indicators about the social sector. But this remains a field characterised by a lack of standardised metrics and indicators compared to other sectors or industries. We have also concluded that gaps remain in the indicators produced, even where data exists. In the absence of standardised data and indicators developed by the sector for the sector, it seems likely that the sector will continue to receive criticism that comparative analysis is difficult.

Recommendation 3 - Publish regular, timely indicators on the social sector: to enable policymakers and leaders to develop timely, responsive public policy, the social sector, government, and regulators should work together to identify key indicators of the sector's demographics, health, and contribution, synonymous with data collected about the private sector, and where appropriate, certify these as national statistics.

The social sector needs to modernise and invest in its data infrastructure

The social sector is increasingly transparent in how it uses data to report inputs, activities, outputs, outcomes, and impact. But data remains hard to access, with regulatory data in particular locked in PDFs that are difficult to extract information from without manual input. This limits comparative analysis and the generation of insight into the social sector that might inform strategy and impact.

Recommendation 4 - Modernise the collection of social sector data: to maximise the use and value of existing data, government and regulators should work with the social sector to modernise the submission of annual reports and accounts, making data easier to access, read and link.

Collaboration and leadership are needed to strengthen the social sector's data infrastructure

Government, regulators, and the sector all invest in data collection about the sector. But there is little coordination or agreement as to what data is needed or what is most needed to support policy and practice. As has already been noted, a lack of standards and coordination hamper common analysis and understanding. As good quality data becomes more fundamental to generating social impact, standards and coordination have become more important, as government has recognised in its National Data Strategy. The social sector now needs to mirror this.

Recommendation 5 - Establish a cross-sector Social Sector Data Standards and Coordination Working Group: recommendations two to four require collaboration and leadership from various government departments, the ONS, regulators, and the social

sector itself. To do so, we propose establishing a cross-sector working group with an independent secretariat that, ideally, is co-funded by government and the social sector. The objective of that group should be to develop a National Social Sector Data Strategy, including setting overall direction, agreeing data standards, mobilising and coordinating investment, and building a modern data infrastructure for the social sector. The findings of this report, particularly recommendations two to four, could provide initial direction for the group, but so too could the range of work already underway to strengthen the sector's data infrastructure, such as the work of the [Data Collective](#).

While the working group should be jointly owned and jointly funded, we suggest that DCMS takes the lead in initiating conversations with the social sector to agree on a tendering process for the secretariat and identify potential co-funders from the sector.

Plugging the gaps

Building on the work already done in this area and addressing the gaps outlined is a long-term challenge. Some of our recommendations require investment. Many require cooperation and coordination on the part of a wide range of interested parties.

We nevertheless believe that this is a worthwhile activity. The development of a data infrastructure for the social sector should be shaped by a data strategy led by the social sector but involving government, regulators, and ONS. Better data about the sector will not only help to ensure that policy and practice is adequately informed, but it will also help to unlock greater social impact by strengthening our understanding of the sector and its parts.

9. Detailed recommendations

Coordination & leadership

1. Audit of existing surveys and administrative data: to collect more data about the sector without substantially increasing costs or compliance burdens, government and the social sector should explore whether an audit of existing surveys and administrative data could yield new sources. The findings of an audit could be maintained in a survey question bank (see below).
2. Collaboration on standards and data infrastructure: the social sector should work with DCMS, other relevant government departments, regulators, and ONS to establish a cross-sector working group with an independent secretariat that, ideally, is co-funded by government and the social sector. The objective of that group should be to develop a National Social Sector Data Strategy (below), including setting overall direction, agreeing data standards, mobilising and coordinating investment, and building a modern data infrastructure for the social sector. On data standards and taxonomies for the sector, the group could work similarly to the SORP committee. The working group should be jointly owned and jointly funded. We suggest that DCMS takes the lead in initiating conversations with the social sector to agree on a tendering process for the secretariat and identify potential co-funders from the sector.
3. Develop a National Social Sector Data Strategy: using this group and other work as a starting point, the social sector should work with government to develop a National Social Sector Data Strategy – with the aim of this integrating with the government’s National Data Strategy.
4. Clarity on what data government needs: government, with the support of regulators, should consider the establishment of a government social sector data group charged with strategy/oversight of what government needs and where it can make better use of existing data so that it has a clearer understanding of its own needs around social sector data. The findings of this group could feed into the work of the joint working group (Recommendation 5, on pages 31-32).
5. Consistency in data collection: government should consider how departments collect data on the social sector, including the use of unique identifiers, so that datasets can be more easily linked, enhancing their value for all users.
6. Tax data: HMT should reconsider what it can publish in terms of tax reliefs & VAT data (as per NCVO Tax Commission) so that the social sector can better understand how tax reliefs are currently being used.
7. Validation: the ONS and government should work with the social sector to determine what indicators around the social sector can and should be validated as [official or national statistics](#). This would be important in building confidence around civil society data.

New products and data

8. Demography: the social sector, government and regulators should consider collaborating to prioritise quarterly analysis/publication of population estimates for the social sector, combining data from appropriate regulators.
9. The role of the Inter-Departmental Business Register: the statistics regulator regards the IDBR as a significant untapped resource for business demographic data. Social Sector bodies should engage with ONS around the development of the IDBR and business demography more generally—as recommended by the OSR—to address access issues and help improve how the IDBR can be used to report on the social sector.
10. Paid workforce & volunteering: government and ONS should consider publishing quarterly workforce estimates for the social sector, based upon the Labour Force Survey (LFS). This would enable an up-to-date assessment of the sector’s health and contribution
11. Paid workforce & volunteering: longer-term, ONS should consider development work on the LFS to establish whether the method for allocation by sector needs revision in order to produce accurate estimates of the social sector’s workforce. Longer-term, ONS should consider implementing the recommendations on workforce and volunteering in the most recent revision of the [UN Handbook on the TSE sector](#) (chapter four).
12. Dashboards: Based on this quarterly data, social sector representatives, ONS, and government should consider developing civil society financial health and contribution dashboards—similar to [Independent Sector’s Nonprofit Health dashboard](#) or the [dashboards produced by SIB](#)—to make access to critical insights easier.
13. Government spending data: government should consider restarting the publication of annual estimates of government spending with the sector (grants/contracts) and the proportion of contracts awarded to the VCSE sector. This would help government understand how the social sector delivers public services whilst providing critical insight for the social sector.
14. Volunteering in/for the public sector: government should consider producing baseline estimates for numbers of volunteers, and volunteer management capacity, in the public sector to better understand the role of volunteers in public services and how it might better support volunteering in the public sector.
15. Business conditions/confidence: the social sector, ONS, government, and regulators should consider developing a business conditions/environment survey or better explore the possibility of covering and separately reporting the social sector in existing surveys such as the Business Impacts of Coronavirus Survey or the Business Insights and Conditions Survey. This would provide a robust, respected indicator of business confidence and conditions in the social sector.
16. Financial health: the social sector and its regulators should consider commissioning work to be clear about what is meant by financial health in a UK social sector context and what data would be needed to support this. This could explore potential recommendations around the charity SORP.

17. Question banks: the social sector should consider developing and maintaining an 'about civil society' survey question/data bank to encourage standardisation of data and survey questions.
18. Community Amateur Sports Clubs: HMRC should consider publishing the register of Community Amateur Sports Clubs (CASCs) to address this gap in data on the social sector.

Data quality

19. Unique Reference Numbers (URNs): the social sector, government, and regulators should consider how to promote open standard URNs in data collection activities—or what the Open Data Institute refers to as open identifiers—that enable identification of the social sector in datasets.⁷⁵ This would facilitate the easier linking of datasets and would allow users to derive greater value from data.
20. Standardisation: related to the development of dashboards, the social sector leadership bodies should consider working with their members to develop a standardised set of metrics/indicators of financial health and contribution to ensure that the sector can address concerns about transparency and accountability.
21. Standardised outcomes data: the social sector should consider options for generating more standardised outcomes data, such as a more comprehensive take-up of subjective wellbeing metrics. This could include learning from the establishment of 'sector infrastructure' groups like the Global Impact Investing Network or the Impact Management Project.

Role of the Charity Commission for England & Wales (CCEW) and other regulators

22. Machine-readable accounts data: for England and Wales charities, CCEW, with government support, should consider scoping out a plan to introduce digital filing of annual accounts in a machine-readable format, similar to the [iXBRL](#) format used by Companies House. This could include the ability for small organisations to populate template annual reports with their data.
23. Classifying charities by industry: CCEW is currently considering revisions to the implementation of its classification system, particularly the 'topic' taxonomy. This could include the requirement for organisations to choose one topic or sub-sector as their activity or their main activity, enabling analysis that more clearly allocates organisations to different sub-sectors.
24. Classifying charities by geographical area of activity: regulators should consider joint development work on how they collect data relating to geographical area of operation. For charities, there is a potential role for the annual return in asking all organisations to map more precisely their area of operation using modern geographical boundaries, rather than, in some cases, ancient parishes. This would enable all users to understand better which organisations operate in different places.

⁷⁵ For a detailed discussion of open URNs, see ODI (2021) [Sustainable stewardship of open identifiers](#)

25. Demographic data: regulators (CCEW, CICs Regulator, FCA) should consider publishing ONS-equivalent demographic data for their sectors annually.
26. Small charities: CCEW currently does not collect/retain annual reports for most charities with incomes below £25,000 nor require completion of an annual return below £10,000 income. In addition to working on digital filing, the regulator should explore whether change is appropriate and feasible, particularly given public policy interest in small organisations' health and support.
27. Analysis of the CICs landscape: CICs are a quickly growing part of the social sector, now equivalent to 10% of charities. Little industry analysis is available. The CICs regulator should consider the publication of the periodic analysis of the CICs sector.

Satellite Accounts & value

28. Feasibility study: government should commission ONS to undertake a feasibility study of developing a satellite account for civil society in the UK based on the UN handbook. This could include further development work on the Inter-Departmental Business Register to identify social sector organisations.
29. Measurements of output and productivity: ONS should review how Gross Value Added (GVA) for the social sector is calculated and whether the use of final current expenditure underestimates the sector's contribution. If so, government should consider whether innovation to measure the productivity and output of the social sector is possible, to improve the quality of national accounts and better understand the role of the sector in the UK economy.

Glossary

CASC	Community Amateur Sports Club
CCEW	Charity Commission for England and Wales
CIC	Community Interest Company
DCMS	Department for Culture, Media and Sport
FCA	Financial Conduct Authority
GVA	Gross Value Added
HESA	Higher Education Statistics Agency
HMRC	Her Majesty's Revenue and Customs
ICNPO/ICNPTSO Organisations	International Classification of Non-Profit (/Third Sector) Organisations
IDBR	Inter-Departmental Business Register
iXBRL	Inline eXtensible Business Reporting Language
LUNA	Liquid Unrestricted Net Assets
NAO	National Audit Office
NCVO	National Council for Voluntary Organisations
SIC	Standard Industrial Classification
SROI	Social Return on Investment
URN	Unique Reference Number

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