



The UK Civil Society Almanac 2009 by NCVO

Appendix to Chapter 16: Social Enterprise Activity

Methodology for estimating total social enterprise activity in the UK

Social enterprise is normally thought of as a type of organisation. However, another way of thinking about social enterprise is as an **activity**, carried out by a variety of organisations within civil society.

This meant that an estimate of social enterprise could be constructed not by looking at how many “social enterprises” there are, but what proportion of activity by all organisations is social enterprise. For the purposes of this publication, we have used the income of organisations, rather than expenditure. This is because an income (or turnover) figure is more widely present in Almanac data than expenditure, and that it is easier to identify whether the income is from an enterprising activity.

We first constructed a definition of social enterprise activity which needed to cover a wide range of organisations conducting a wide range of different activities. Our definition includes any income which is received in return for a specific service provided by the organisation, whether this is generated from primary (towards the goals of the organisation) or secondary (not related to the goals of the organisation) activities.

Table 16.3 outlines the activities which are included or excluded from social enterprise activity, based on this definition. Any comments or improvements to this definition are welcome.

Table 16.3 (not included in Almanac publication)

Defining social enterprise activity

Income included in social enterprise activity	Income excluded from social enterprise activity
Fees for provided services	Donations
Contracts to provide services	Legacies
Sponsorship	Grants
Research or consultancy services	Investment income
Membership subscriptions (with significant benefits)	Membership subscriptions (without significant benefits)
Trading subsidiaries	National lottery grants
Hire of facilities	Corporate gifts
Fees for goods	Covenants
Tuition fees	Gift aid reclaimed
Financial services (such as insurance)	

Source: NCVO

The next step in constructing an estimate of social enterprise activity is to apply this definition to the individual parts of civil society – as outlined in table 2.1 (UK Civil Society Almanac 2009). This definition was applied in one of three ways:

- All income from the part of civil society is included as social enterprise activity;
- All income from the part of civil society is excluded;

- Some of the income from this part of civil society is included and the rest excluded.

This strategy reflects the pattern of individual organisations within civil society, some earn all their income, some earn part of their income, and some only receive donated or investment income. Table 17.4 shows the percentage of income from each part of civil society that is included as social enterprise activity.

Table 16.4 (not included in Almanac publication)

The Extent of Social Enterprise Activity, by part of Civil Society, 2006/07

Name	Earned Income (% of total)	Earned Income (£m)	Relationship to Social Enterprise Activity
General Charities	51%	16,981	Any income earned by general charities is included. Any donated or investment income is excluded.
Cooperatives	100%	26,270	Cooperatives either trade or have membership subscriptions for which there are significant benefits. Membership subscriptions are defined as 'earned' rather than 'voluntary' if there are significant benefits in return for membership. Therefore all income from Cooperatives is included.
Universities	46%	9,737	Income from tuition fees, research contracts and earned income from use of university facilities (e.g. conferences) is included.
Housing Associations	100%	10,910	As all housing associations trade income from these organisations is included.
Independent Schools	100%	6,570	As independent schools receive most of their income from school fees, all independent school income is included.
Building Societies	100%	4,420	As building societies earn their income from trading all income from building societies is included.
Trade Associations & Professional Bodies	0%	0	Income from these organisations is excluded.
Trade Unions	100%	1,080	Membership subscriptions are defined as 'earned' rather than 'voluntary' if there are significant benefits in return. As this is the case with Trade Unions, all Trade Union income is included.
Common Investment Funds	0%	0	Common Investment Funds gain income through returns on investments, so their income is not included.
Credit Unions	100%	120	Credit Unions earn their income by lending deposits.
Political parties	0%	0	As the majority of income from political parties comes from donations and membership subscriptions for which little is given in return, all income of political parties is excluded.
Industrial and Provident Societies	100%	4,210	Industrial and Provident societies are mainly engaged in trading activities, so all income is included
Faith groups	0%	0	As faith groups receive the majority of their income through donations their income is excluded.

Name	Earned Income (% of total)	Earned Income (£m)	Relationship to Social Enterprise Activity
Friendly Societies	100%	230	Friendly societies provide a service to their members to gain their income, so all income is included.
Working Men's Clubs	100%	320	Working Men's Clubs gain income from services provided to members, and sales in the clubs, so all income is included.
Benevolent Societies	0%	0	As money is donated to benevolent societies their income is excluded.
Community Interest Companies	100%	320	CICs are entities most synonymous with social enterprises. All income from CICs is included.
Companies Limited by Guarantee	100%	1,410	Non-charitable CLGs are trading bodies that earn most of their income.
Sports Clubs	100%	6,100	The majority of social clubs' incomes are from membership subscriptions for which there is a significant benefit in return. Therefore all income from sports clubs is included.
Excepted charities	0%	0	The University of Buckingham is already included in universities. All the religious charities are not included and the income profile of armed forces charities is not known and therefore these are excluded at present. As figures for other types of excepted charities are not known, they are not included in social enterprise activity for the time being.
Unincorporated organisations	0%	0	As the income of informal community organisations is not known, and it can be assumed that most of this income would be voluntary, their income is excluded.
Duplications		5,746	
Total social enterprise activity in civil society	71%	81,931	

Source: NCVO, GuideStar UK, National Housing Federation, Co-operatives UK, Financial Services Authority, Office for National Statistics, Building Societies Association, Certification Officer for Trade Unions, Higher Education Statistics Agency, Department for Children, Schools and Families, Electoral Commission.

This total of £82 billion is referenced in chapter 16 of the Civil Society Almanac 2009. Both the definition and its application to Civil Society Organisations are a work in progress, and we would be delighted to receive any thoughts, comments or suggestions for improving the accuracy and relevance of these estimates.

NCVO Research Team

www.ncvo-vol.org.uk/almanac

almanac@ncvo-vol.org.uk

