

INCLUSIVE BOARDS.



Charities: Inclusive Governance

November 2016

Companies should encourage and support candidates drawn from diverse backgrounds, including people of colour, to take on Board roles internally (e.g., subsidiaries) where appropriate, as well as Board and trustee roles with external organisations (e.g., educational trusts, charities and other not-for-profit roles).

**Sir John Parker,
The Parker Review Committee**

Executive Summary

Since the charity Kids Company was closed there has been exceptional focus on governance of charities across the UK. One of the areas that has had very little focus however has been the makeup of those responsible for the effective running of charities. This report seeks to highlight the current situation in regards to board diversity within the Third sector, comparing this with the private and public sector, and recommending a way forward. We reviewed boards of trustees in the top-500 charities registered in England and Wales according to total annualized income.

- **Over half of the charities in the top-500 had ‘all-white governance’.** From the 500 charities surveyed, 287 (57.4%) had no identifiable BAME trustees whilst as many as 113 charities (22.6%) had as few as 1% to 10% BAME representation on their boards of trustees.
- Only eight charities in the top-500 had all-BAME board of trustees. Perhaps not surprisingly, these charities each had a predominantly international focus, or primary charitable objectives aimed at supporting ethnic minority or religious groups. Domestic focused charities fared significantly worse.
- Our findings suggest that the third sector is still lagging behind the private sector in terms of diverse governance. Out of a total of **5,988** trustees listed by the Charity Commission just **380, 6.3% of trustees** were from Black, Asian and Minority Ethnic (BAME) backgrounds. This compares to 8.0% of FTSE 100 company directors¹ but was better than 3.5% of senior leaders in 500 public sector organisations.²
- Three of the top-10 biggest registered charities, including Cancer Research UK, had **no BAME trustees at all**. Of the 121 trustees listed in the top-10 16 trustees were identified as BAME.

Policy Recommendations

- Charities should develop diversity benchmarks to compare diversity performance with the private and public sector. Trustees boards should also be representative of the beneficiaries and communities they serve. **The government should set a target of doubling the number of BAME trustees to 12.6% by 2020.**
- The government should review policy and legislation with a view to addressing the lack of diversity within charity governance, putting this on par with the public sector requirements.
- Individual charities should be supported to make the best use of available BAME talent within public and private sector leadership in line with the Parker Review recommendations.
- The Charity Commission should play a proactive role in strengthening diversity within governance in the third sector using the private sector as a benchmark for ‘best practice’.

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Introduction

In 2013 the Cabinet Office ordered a review of skills and leadership in the charity and voluntary sector aimed at increasing capability in the third sector. The review, conducted by Dame Mary Marsh, identified a distinct lack of diversity on leadership boards. The lack of diversity contributed to 'narrow thinking' in the sector, making charities less able to represent the diversity of the beneficiaries that they seek to support.³ At the time of the last Census in 2011; 14% of the UK population identified themselves as having a non-white background.⁴

Despite the conclusion of the government's review very little had been published about diversity in the third sector. In 2014 'Third Sector' studied the leadership diversity of the UK's top-50 fundraising charities. The study found that just 8% of trustees, 6% of senior management and 12% of chief executives were from ethnic minority backgrounds.⁵ However, with over 194,000 registered charities in England and Wales, a sample of 50 charities was not large enough to capture the true extent of trustee diversity within the sector.

Organisations in both the public and private sectors have placed diversity at the heart of strategic plans, strengthened by a growing diversity agenda designed to make these organisations more accountable and representative of the customers and communities in which they serve. By comparison, the third or 'non-profit' sector has been slow to address this challenge and there is very little evidence of a coherent strategy to deal with disparities. This is a particular concern when considering the fact that end users are more likely to come from marginalised and underrepresented backgrounds.

'Good' Governance

The financial crisis and high-profile corporate failures placed corporate governance under the spotlight. The Financial Services Authority's report into the collapse of the Royal Bank of Scotland was largely blamed on the homogeneity of the board. With little diversity of opinion, the report concluded that 'group think' was largely to blame for the board's significant failings.⁶

The Financial Reporting Council's 'Corporate Governance Code' was subsequently revised to ensure that composition of corporate boards fosters 'constructive debate' through having sufficiently diverse board members of different ethnic backgrounds and gender.⁷

Similarly, public sector organisations are obliged to advance equality of opportunity for people of different backgrounds. Under the provisions of the Equality Act 'Public Sector Equality Duty' public sector organisations are obliged to encourage persons from diverse backgrounds to participate in public life. In particular, public sector organisations should show particular regard for engaging people from different backgrounds in areas in which they are disproportionately underrepresented.⁸ **Whilst the third sector is still heavily reliant on public finance the same level of accountability is not required.**

The Collapse of Kids Company

The government's scathing report into the high profile collapse of the charity 'Kids Company' was highly critical of the charity's trustees. The Public Administration and Constitutional Affairs Committee concluded that a lack of experience among the board of trustees was largely to blame for the charity's downfall:

“Primary responsibility for Kids Company's collapse rests with the charity's Trustees who failed in their statutory duty to protect the interests of the charity and its beneficiaries in the long-term. Trustees relied upon wishful thinking and false optimism and became inured to the precariousness of the charity's financial situation, despite repeated warnings from the charity's auditors.”⁹

The government inquiry into the collapse reinforced the importance of ‘good governance’ within the charity sector. The inquiry stated that it is essential for all charity trustees to have experience which is both relevant to the charity’s activities, in addition to the necessary skills to ensure responsible governance.¹⁰

The Role of the Charity Commission

The Charity Commission is the government body responsible for the regulation and registration of charities in England and Wales for the purposes of building public confidence in the charity sector and developing the sector’s accountability. The commission also has the power to take enforcement action over trustees who fail to meet their legal obligations. The commission has the power to remove or appoint additional trustees in the cases of non-compliance and freeze or restrict a charity’s assets.¹¹

The government report into the collapse of Kids Company identified that the Charity Commission should encourage charity trustees to make charity beneficiaries, employees and donors to report serious concerns about the governance of a particular charity. Among the criticisms was that the commission did not have a sufficient public profile to encourage individuals to make complaints.¹²

CASE STUDY:

Claire Dove OBE DL

Charity Commission Board member - July 2013 to June 2016



Claire Dove joined the Charity Commission as Board member in July 2013, a position she held until June 2016. She is Chief Executive of the Blackburne House Group and Chair of Social Enterprise UK.

Speaking to Third Sector Magazine on her tenure as a Charity Commission Board Member, Ms Dove said:

*"I felt my role at the commission was to put forward the impact that would be felt by charities if we were proposing to do something, or the government wanted something concerning charities to be put in place. The board needs legal people - there are excellent people round the table - but there also needs to be a good balance and you've got to have people who are absolutely embedded in the charity community."*¹³

Diversity on Private Sector Boards

The diversity of executive boards in the private sector has received growing attention over the past decade. In 2014 executive search agency Green Park identified around half FTSE 100 boards had an 'all-white' leadership at executive board level, with as few as 10 FTSE 100 leaders from ethnic minority backgrounds.¹⁴ A recent independent review conducted by Sir John Parker into the diversity of FTSE 100 boards identified that just 8% of directors were from BAME backgrounds, out of a total 1,087 director positions. Only nine people from BAME backgrounds held the position of chair or chief executive, whilst 53 FTSE 100 firms had no ethnic minority directors.

"People from different backgrounds bring different experiences and perspectives, and it's long been recognised that greater diversity in the boardroom can help create constructive and challenging dialogue. [...]"

"We are missing voices and perspectives. So many people are being denied opportunities that should be available to them. It is not right that boardrooms in 2016 can still be predominantly male and exclusively white."

- Margot James, MP - Parliamentary Under Secretary of State, Minister for Small Business, Consumers and Corporate Responsibility

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The Parker Review recommended that every FTSE 100 board should have at least one director of colour by the year 2021, with companies themselves taking the lead in identifying, promoting and supporting qualified BAME candidates into board-level positions. One of the key recommendations was for companies to support candidates from ethnic backgrounds to take on board roles in external organisations including charities and non-profit roles in order to gain relevant leadership, oversight and stewardship skills.¹⁶ The third sector would also reap the benefit from the skills and experience that diverse leaders could offer.

Spotlight on the Accounting and Finance Sector

In 2016 Elevation Networks surveyed 1,000 accounting firms. Less than a quarter (18.9%) of the 4,771 executive board members, company partners and senior accountants we profiled were female. Of the 4,771 executive board members, partners and senior accountants identified just 73 (1.5%) were identified as being women from Black, Asian and Minority Ethnic (BAME) backgrounds.¹⁷

Since 1999 the proportion of women on FTSE 100 boards has been documented by the Female FTSE 100 Board Report, published by Cranfield University. When the first report was published in 1999 almost half of FTSE 100 firms had no female directors, whilst women accounted for only 6% of all FTSE 100 directors.¹⁸

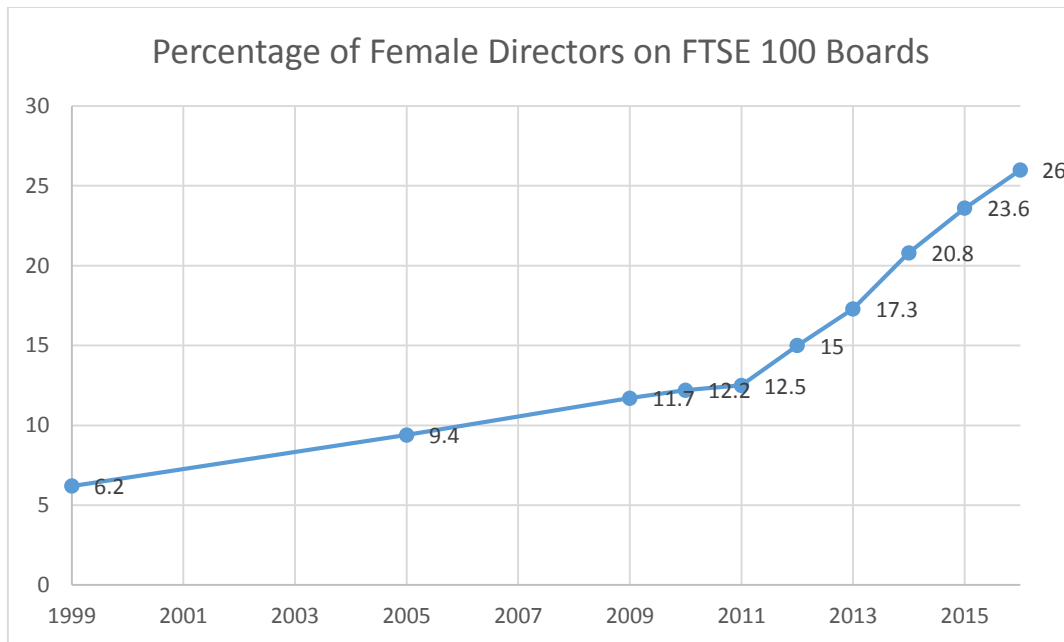


Figure 1 Female Directors on FTSE 100 Boards - 1999-2016¹⁹

In response to the slow rate of progress the government established a review board headed by Lord Davies to identify barriers preventing women from progressing to senior levels. The first review published in 2011 identified fewer women progressing through the corporate pipeline to the upper level of organisations. The review recommended a target of 25% female representation on FTSE 100 boards by the year 2015 with Chief Executives also asked to review the percentage of women they had on their Executive Boards.²⁰

By 2015 the percentage of women on FTSE 350 boards had doubled from 12.5% to 26.1% in FTSE 100 companies and 19.6% in FTSE 250 firms. For the first time there were no 'all male' boards in the FTSE 100 group of companies. Despite progress being made significant shortfalls still exist in chair and CEO positions. Just 3% of FTSE 100 chairs are female, whilst the number of female CEOs in the FTSE 100 companies has remained static since 2011 at just 5%. The government has since set a more ambitious target of achieving 33% female FTSE 100 board membership by the year 2020.²¹

Diversity in the Public Sector

Diversity in the public sector has gained significant prominence since the Equality Act became law in 2010. Among the provisions of the Equality Act public sector organisations are not only obliged to monitor and report on their staff diversity profile, but also to promote initiatives and practices which foster a more cohesive and diverse workforce. All public sector departments, agencies, public bodies and corporations have subsequently implemented various equality and diversity policies and initiatives in order to fulfil their legal obligations and implement best practice.

Under the provisions of the Equality Act section 149 'Public Sector Equality Duty' public sector organisations are legally obligated to:

- *Eliminate discrimination, harassment and victimisation*
- *Advance equality of opportunity*

- *Foster good relations between different groups of persons*

Under this provision, public sector bodies must show due regard to:

- *Removing or minimising disadvantages suffered by persons who share protected characteristics*
- *Taking steps to meet the needs of persons who share a relevant protected characteristic*
- *Encouraging persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low²².*

The public sector equality duty provides the basis on which to create a more inclusive public sector which is representative of the diverse of the communities in which it serves. The opportunity to draw upon a more diverse range of talent should also foster the creation of better informed policy development and appropriate decision-making for the diverse multicultural society of the twenty-first century.²³

Whilst initiatives which promote ethnic minority diversity and inclusion are steadily beginning to have an impact on increasing ethnic minority representation across the public sector, many organisations and public bodies are still under representative of the diversity of the UK population as a whole. This is particularly true of many senior positions in public life, which continue to be primarily ‘white-dominated’.

In 2014 executive recruitment specialist Green Park launched a comprehensive review of leadership diversity in the public sector. The report found that as few as 3.5% of top-20 level civil servants in ministerial departments and 4.5% in non-ministerial departments were from non-white backgrounds. This compared to 8.3% in FTSE 100 companies and 12.8% of the working population in 2011 as a whole.²⁴

Many high profile public sector organisations now publish information on their staff diversity profiles in order to increase transparency, promote diversity and inclusion, and to measure the effectiveness of their diversity strategies.

Spotlight on Diversity in the Public Sector

In 2016 Elevation Networks surveyed diversity of senior leaders, directors, board members, chairs and commissioners of 500 public sector organisations, including government departments, agencies and public bodies. Of 2,623 senior we profiled just 91 (3.5%) were from non-white ethnic minority backgrounds.

Of the 24 ministerial departments surveyed 15 (62.5%) did not have any visible BAME ministers or executives. The Foreign and Commonwealth Office, the Ministry of Defence and the Department of Health were some of the more high profile ministerial departments not to have any visible BAME representation at leadership or ministerial level.

Of the 22 non-ministerial departments just 4 (18%) had any visible BAME representation. Non-ministerial departments with no visible BAME representation at executive level included the Crown Prosecution Service, HMRC and UK Trade and Investment.

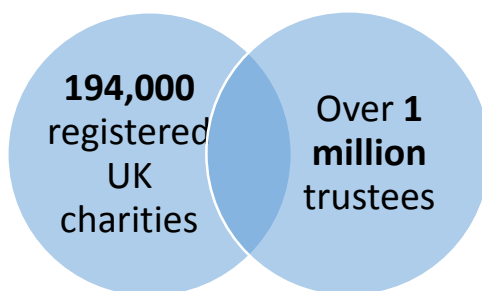
From a total of 372 agencies and public bodies 198 (53.2%) had no visible BAME representation at leadership level. High profile agencies which did not feature any BAME members in senior positions included the government's Equalities Office, the Met Office and the Probation Service.²⁵

The Role of Trustees

Trustees have general control over the management and administration of all registered charities.²⁶ The Charity Commission outlines six main roles and responsibilities of charity trustees, in accordance with the legislation set out in the Charities Act:

1. Ensuring that the charity is carrying out its purposes for the public benefit.
2. Compliance with the law and the charity's governing document.
3. Acting within the charity's best interests.
4. Managing the charity's resources in a responsible manner.
5. Acting with reasonable care and skill.
6. Ensuring that the charity is accountable and complies with the law.²⁷

There are over 1 million charity trustees in the United Kingdom, including 850,000 in England and Wales, 180,000 in Scotland and 30,000 in Northern Ireland. Together, they oversee approximately 194,000 registered charities across the UK.²⁸



Recruiting Trustees

Recruiting a diverse range of trustees with the necessary skills and experience presents a significant challenge for the third sector. According to the Charities Aid Foundation young trustees aged 18-24 account for only 0.5% of all charity trustees, whilst as few as 36% are women and as little as 8% of all trustees are non-white.²⁹ A lack of information about trustees' roles is commonly cited as a barrier for prospective candidates. One survey indicated that around 45% of trustees were recruited through an existing acquaintance or colleague.³⁰

Vacancies for trustee positions are commonly advertised through the charities themselves, along with advertisements in the press and third sector publications. Increasingly, trustee vacancies are advertised on specialist charity sector jobs portals such as those provided by the 'Do it Trust'. A number of providers, including the NCVO also offer specialised skills-matching services for those looking to join the charity sector which align individual's professional skills and interests with suitable positions.³¹



Some trustees also hold positions of accountability known as officers. These include the charity's 'chair' and the treasurer. The chair takes a leading role in ensuring that the board of trustees enforce effective governance and also acts as a line manager for the charity's chief executive.³²

"A diverse board is more likely to contain a broader range of skills, knowledge and experience than one which is more narrowly based. When preparing to recruit new trustees, a charity should [...] seek to increase or at least maintain the diversity of its trustee board" – Charity Commission, Trustees and Governance



Whilst there is no statutory maximum tenure for serving charity trustees the average term among the top-100 charities is around three to four years. Under 'best practice' governance rotation periods enable individuals with 'voting rights' to re-appoint trustees at the end of each term.³³ However, such practices are merely 'advisory', and are much less stringent than that of the private sector. Under the UK Governance Code FTSE 350 directors must face re-election after a period of no more than three years.³⁴

Charities typically have between two and thirteen board meetings each year. The average number of board meetings in the top-100 charities is six per annum, compared to an average of 8.2 meetings in the FTSE 350. Whilst there is no statutory obligation to do so, around a quarter (27%) of charities in the top-100 also disclose trustees' attendance rates for key board meetings³⁵, a practice which is now commonplace in both the public and private sectors.

Charitable Funding

The Charity Commission regulated 165,334 charities and 16,455 charitable subsidiaries in England and Wales in 2016. In 2015/16 these organisations had a combined income of £70.93 billion.³⁶ Research conducted by The Centre for Policy Studies has estimated that almost a quarter (24%) of incoming resources for the 50 largest charities is derived from government sources, equating to £3.1 billion of public funding per annum. In addition, it is estimated that these charities received £195 million (approximately 1.5%) of income from European Union bodies and £140 million from foreign governments and international bodies.³⁷

Trustees Week

Trustees' Week is an annual campaign showcasing the work of charity trustees, aiming to encourage more people to get involved in charity work. In 2015 Trustees' Week called for more trustees from ethnic minority backgrounds.³⁸ In the wake of the high-profile collapse of Kids Company, the 2016 campaign has highlighted the need for strengthening charities through good governance and leadership.

To mark Trustees' Week 2016 Elevation Networks conducted a survey of the ethnicity of the top-500 registered charities in England and Wales by total annual income³⁹. We subjectively analysed the ethnicity of over 500 charity trustees listed by the Charity Commission as of November 2016. In addition, trustees' profiles were cross-referenced with information published on individual charity's websites. We compared our findings against diversity benchmarks in the public and private sectors.

Together the top-500 charities in England and Wales have a combined income of £41.64 billion, an average of £83.2 million. The Lloyds Register Foundation is the largest charity by reported annual income, with revenues in excess of £1 billion. Around 6,000 trustees have responsibility for the management of some of the UK's most influential and recognisable charities within the top-500.

CASE STUDY: Wakkas Khan Trustee - Oxfam



Oxfam is a global charity working to eradicate poverty by supporting poor and marginalised communities across the world.

Wakkas Khan is a community organiser, social entrepreneur and dental surgeon. His professional career has covered healthcare, international diplomacy, the education sector and community cohesion. Wakkas has also acted as an advisor for several government departments.

Mr Khan is also the current Chair of Mosaic North West, a charity mentoring programme founded by HRH the Prince of Wales and a member of the nominations Committee at the University of Manchester.⁴⁰

Findings

Our findings suggest that the third sector is still lagging behind the private sector in terms of diversity in leadership. From the top-500 charities registered in England and Wales we identified that out of a total of **5,988** trustees listed by the Charity Commission just **380**, **6.3%** were from Black, Asian and Minority Ethnic (BAME) backgrounds. This compared to 8.0% of FTSE 100 company directors⁴¹ and 3.5% of senior leaders in 500 public sector organisations.⁴²

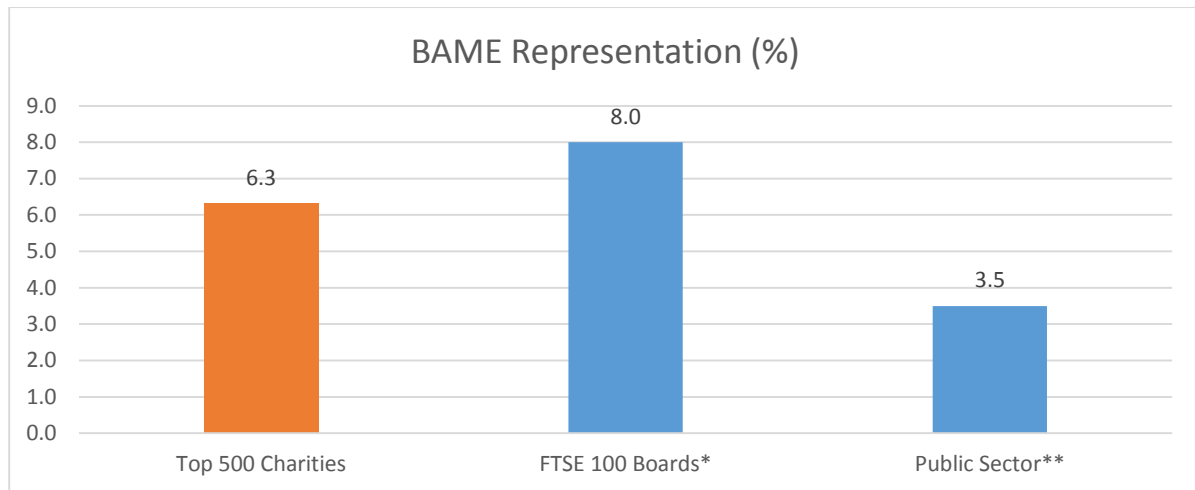


Figure 2 Representation of BAME Leaders in the Third, Public and Private Sectors

*The Parker Review Committee (2016)

**Elevation Networks (2016)

Over half of the charities in the top-500 had no BAME identifiable trustees. From the 500 charities surveyed, 287 (57.4%) had no identifiable BAME trustees whilst as many as 113 charities (22.6%) had between 1 and 10% BAME representation on their boards of trustees.

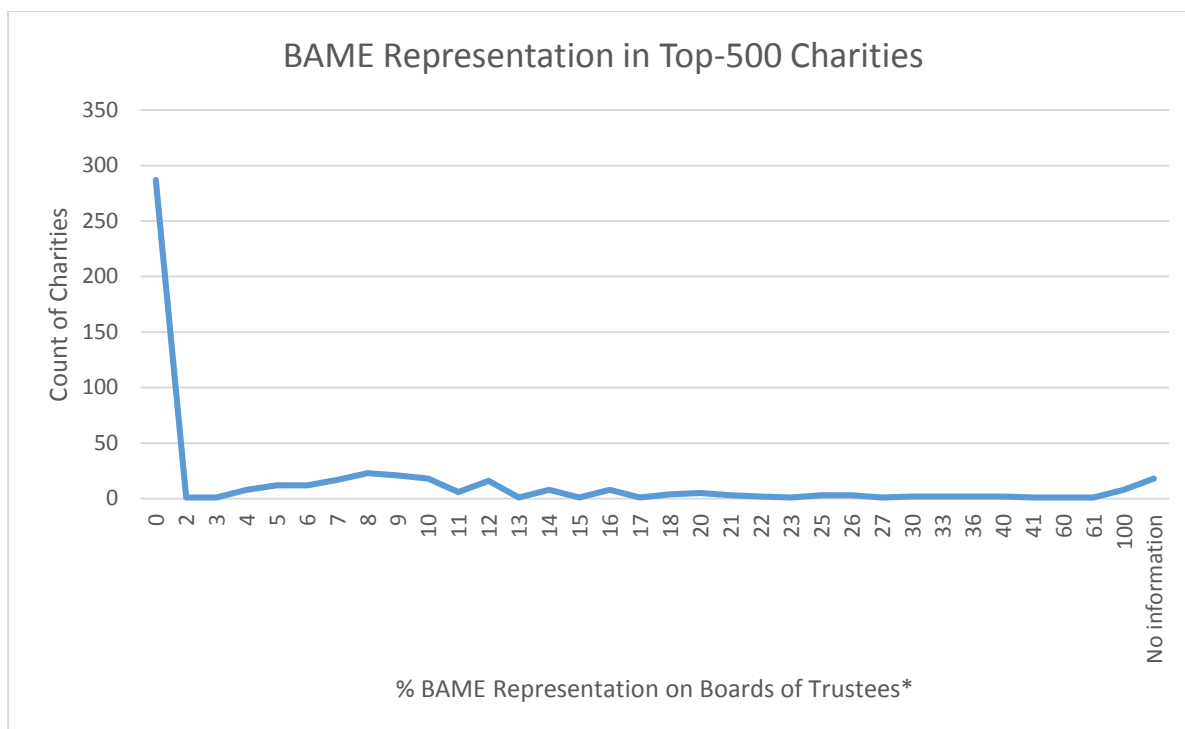


Figure 3 BAME Representation in the Top-500 Charities

*Figures rounded

Top 10 Charities by Income

Together, the top-10 charities registered in England and Wales have a combined reported annual income of £6.488 billion.⁴³ However, three of the top-10 largest charities had no identifiable BAME trustees, including Cancer Research UK, The Lloyd's Register Foundation and Nuffield Health.

Of the 121 trustees listed in the top-10 charities 16 trustees were identified as BAME, equivalent to 13% BAME representation, compared to 6.3% in the top-500, 14% of the general UK population and 8% in the FTSE 100. Half of the BAME trustees in the top-10 charities were female, but none had positions as chairs of the top-10 charities.

CASE STUDY: Saphieh Ashtiany Vice Chair – Charities Aid Foundation



The Charities Aid Foundation support charitable donors including individuals and businesses to support charitable causes through the provision of fundraising and banking services.

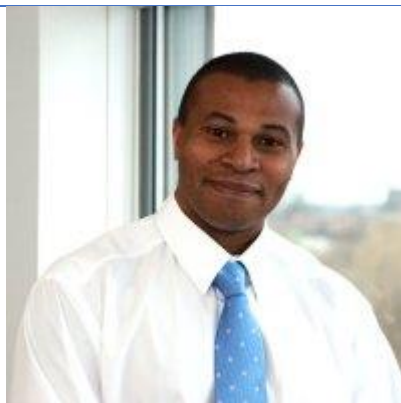
Saphieh is a leading lawyer specialising in employment and discrimination law. She has held a number of high-profile non-executive roles including seven years as a commissioner for the Equal Opportunities Commission and six years as a non-executive director for Channel 4 Television.⁴⁴

Charity Name	Total Trustees	BAME Trustees	% BAME Trustees	BAME Women
LLOYD'S REGISTER FOUNDATION	6	0	0.0	0
THE BRITISH COUNCIL	14	3	21.4	1
THE ARTS COUNCIL OF ENGLAND	14	2	14.3	1
NUFFIELD HEALTH	7	0	0.0	0
CANCER RESEARCH UK	12	0	0.0	0
SAVE THE CHILDREN INTERNATIONAL	12	5	41.7	4
THE NATIONAL TRUST FOR PLACES OF HISTORIC INTEREST OR NATURAL BEAUTY	12	1	8.3	0
THE CHARITIES AID FOUNDATION	11	1	9.1	1
CARDIFF UNIVERSITY	22	2	9.1	0
OXFAM	11	4	36.4	2
TOTAL:	121	17	14.9	9

Table 1 Diversity in the Top-10 Charities by Income

CASE STUDY: Oliver Laird

Trustee - British Council



The British Council is the United Kingdom's international organisation for cultural relations and educational opportunities.

Oliver began his career in the Oil & Gas market, and has held senior positions with Sony BMG Entertainment, McVitie's cake company and Deloitte. He is currently the Finance Director of First Direct Bank. Oliver has an extensive career in the finance sector, including leading financial operations at Lloyds Banking Group, Co-Operative Insurance and UK General Insurance.

Oliver is also a Trustee of Leeds University Union.⁴⁵

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BAME
Chairs in
the top-10

Top 10 'Most Diverse' Charities

Eight charities in the top-500 had all-BAME boards of trustees. Perhaps not surprisingly, these charities each had a predominantly international focus, or primary charitable objectives aimed at supporting ethnic minority or religious groups.

500 Rank	Charity Name	Income £	Total Trustees	BAME Trustees	% BAME
75	ISLAMIC RELIEF WORLDWIDE	99,142,152	5	5	100.0
96	INTERNATIONAL PLANNED PARENTHOOD FEDERATION	81,167,686	24	24	100.0
264	MUSLIM AID	34,659,416	18	18	100.0
357	AMANAT CHARITY TRUST	27,287,003	5	5	100.0
378	AHMADIYYA MUSLIM JAMAAT INTERNATIONAL	26,086,000	8	8	100.0
385	AGA KHAN FOUNDATION (UNITED KINGDOM)	25,947,000	4	4	100.0
491	AL-KHAIR FOUNDATION	21,350,569	3	3	100.0
500	HUMAN APPEAL INTERNATIONAL	21,227,051	4	4	100.0
319	HELPAGE INTERNATIONAL	29,114,000	13	8	61.5
312	INTERNATIONAL HIV/AIDS ALLIANCE	29,631,608	10	6	60.0

Table 2 Top-10 Most Diverse Charities

CASE STUDY: Mr Tahir Salie

Chair of Board of Trustees, Islamic Relief Worldwide, 2007-present



Islamic Relief Worldwide is a humanitarian and development organisation. Formed in 1984, the charity supports vulnerable people living in poverty in over 40 countries worldwide.

Mr Tahir Salie is a South African citizen who helped bring about equality for all in his native country and shape a positive future through his active involvement in the anti-apartheid movement. He has experience with local, national and international NGOs and has continued his work for the poor of Africa and Asia through several key initiatives in recent years.⁴⁶

Charity Brands

Some of the UK's largest and most recognisable charitable brands are failing to appoint any trustees from ethnic backgrounds. Four of these charities featured in YouGov's top-10 most influential 2016 charitable brands, including Macmillan Cancer Support, which ranked as the most influential charitable brand in 2016, Cancer Research UK (which ranked second), the RNLI and Guide Dogs for the Blind; none of which had any identifiable BAME trustees. From a total of 110 trustees in the top-10 most influential charitable organisations, just 6 (5.5%) were identified as being from ethnic minority backgrounds.

Charity Name	2016 YouGov Brand Rank	Total Number of Trustees	Total Number of BAME Trustees	% BAME
MACMILLAN CANCER SUPPORT	1	11	0	0.0
CANCER RESEARCH UK	2	12	0	0
HELP FOR HEROES	3	13	1	7.7
DOGS TRUST	4	0	0	0
BRITISH HEART FOUNDATION	5	11	1	9.1
THE ROYAL NATIONAL LIFEBOAT INSTITUTION	6	10	0	0.0
THE GUIDE DOGS FOR THE BLIND ASSOCIATION	7	10	0	0.0
THE NATIONAL TRUST FOR PLACES OF HISTORIC INTEREST OR NATURAL BEAUTY	=8	12	1	8.3
MARIE CURIE	=8	16	2	12.5
ALZHEIMER'S SOCIETY	=8	15	1	6.7
Total:		110	6	5.5

Table 3 Top-10 Charity Brands⁴⁷

CASE STUDY: Dr Augustus Trustee – The National Trust For Places Of Historic Interest Casely-Hayford Or Natural Beauty



The National Trust charity safeguards and protects some of the nation's most important historic buildings and open spaces.

Augustus Casely-Hayford was appointed to the Board of Trustees for the National Trust in September 2016. Gus is also a trustee of the National Portrait Gallery, a curator and television presenter.

During his career Gus has worked on major projects at the British Museum and is also a consultant for Tate gallery. He has broadcast extensively with Channel 4 and BBC Television and is a champion of diversity in the arts. Gus has a PhD in African History and also lectures at a number of universities.⁴⁸

Despite supporting some of the most marginalised groups in society several other high-profile charities within the top-500 charities ranked by income did not have any BAME trustees, whilst many are also failing to match the diversity profile of the wider population. BBC Children in Need, Age UK, the RSPCE and SCOPE had not identifiable ethnic minority trustees, despite featuring within the top-250 highest income earning charities. Notable exceptions included the Prince's Trust and Oxfam, both of which had over one third BAME representation on their boards of governance.

Charity Name	Total Number of Trustees	Total Number of BAME Trustees	% BAME
OXFAM	11	4	36.4
BARNARDO'S	10	1	10.0
THE BRITISH RED CROSS SOCIETY	13	1	7.7
AGE UK	5	0	0.0
THE NATIONAL SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN	17	1	5.9
ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS	21	0	0.0
THE ROYAL NATIONAL INSTITUTE OF BLIND PEOPLE	12	1	8.3
SCOPE	10	0	0.0
THE PRINCE'S TRUST	11	4	36.4
BBC CHILDREN IN NEED	12	0	0.0
Total:	122	12	10

Table 4 Other Selected Charity Brands

Conclusion

Our findings showed that the third sector still has some way to go in terms of increasing diversity within governance. Of the **5,988** trustees of top charities listed by the Charity Commission just **380, 6.3% of trustees** were from Black, Asian and Minority Ethnic (BAME) backgrounds, 2 percentage points behind that of FTSE 100 directors and 8 percentage points less than the population as a whole. However, our research suggested that the charity sector was more representative in comparison with nearly all public sector organisations, including government departments and agencies and public bodies.

Our findings show that at a governance level, the charity sector is failing to match the diversity make-up of the population as a whole. Evidence from the public and private sectors suggests that a lack of diversity within governance structures is having a negative impact on the quality and diversity of decision-making within organisations.

Following the high-profile collapse of Kids Company the role of charitable governance has faced ever greater scrutiny. Moreover, organisations should increasingly strive to be more representative of the beneficiaries and communities that they serve. This is perhaps most significant in the third sector, given that many charities seek to support the needs of the most disadvantaged and underrepresented groups in society.

We therefore call on the third sector to take a proactive lead in engaging with talent from a broader base of candidates when considering future board appointments. Appropriate action must be taken, especially when considering the vital role that charities play in supporting communities across the country. Charities will not only benefit from access to additional leaders, but will also play a strong role in providing more talent for public sector and private sector boards through giving a platform for BAME leaders to use their expertise.

Endnotes

- ¹ The Parker Review Committee (2016) *A Report into the Ethnic Diversity of UK Boards*, London, EY, Available from: [http://www.ey.com/Publication/vwLUAssets/A_Report_into_the_Ethnic_Diversity_of_UK_Boards/\\$FILE/Beyond%20One%20by%2021%20PDF%20Report.pdf](http://www.ey.com/Publication/vwLUAssets/A_Report_into_the_Ethnic_Diversity_of_UK_Boards/$FILE/Beyond%20One%20by%2021%20PDF%20Report.pdf)
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