

**CHARITIES:
INCLUSIVE GOVERNANCE**

2018

Foreword



We at Inclusive Boards undertook this exercise of examining the diversity of boards and senior leadership teams in the sector, because we are very aware of the important role that charities play in the United Kingdom today. **In this increasingly challenging financial climate for not-for-profits, we know that our findings must be viewed through a long-term lens.** Since we first published the diversity data of the top charities in 2016, there has been some progress. We ourselves have worked with over 100 organisations over the last eighteen months, and we know that there is a genuine desire for charities to represent the communities that they serve.

Whilst it is encouraging to see the sector performing much better than others when it comes to gender representation, women are still disproportionately underrepresented, considering the fact that they make up the majority of the workforce within charities. We therefore must seek to understand why women seem to be progressing at a slower rate than men. We must also not hide from the fact that women of colour are the least likely group to be on a board and/or senior leadership team.

Charities play a pivotal role in ensuring better outcomes for those who need our help the most. They benefit from the goodwill of the general public and very often are custodians for causes so close to so many. Those of us involved in the sector must therefore recognise the importance of having voices from different walks of life involved where vital decisions are made. This report highlights the situation as things stand. I hope it is used to continue conversations that have already begun, and to ignite discussions where it so far has been lacking.

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Executive Summary

In 2016 we published the diversity data of the top 500 charities in the UK by income. We found that charities were lagging behind the private sector in relation to leadership at board level, with only 6.3% of charity board members from an ethnic minority background. This was lower than the published 8.2% for FTSE 100 boards. Eighteen months later we have looked again to see if much progress has been made in regards to both gender and ethnicity. For the first time, we have also analysed the diversity make-up of those who hold positions in senior leadership teams at the charities.

This report has found that whilst there has been a 0.3% increase in the level of ethnic minority individuals on large charity boards, the pace of change has not been sufficient. By contrast, there has been a 5% increase in the number of boards that are all white. Startlingly, nearly 80% of the senior leadership teams of the charities we reviewed had no one from an ethnic minority background.

Whilst looking at gender diversity at board and senior leadership level, it was observed that the sector is doing better than most. However, the majority of senior leaders in charities are still men. The sector should be doing much better when considering the overall workforce in charities are 65% female, compared to 40% in the private sector.

Another worrying finding was that women of colour seemed to face a double barrier when seeking to take on prominent roles in charities, making them the least likely group to be on a board and/or senior leadership

team. **Only 2.9% of trustees and 2.5% of senior leaders within the sector were women of colour.**

Finally, this year we have added qualitative research, speaking to 500 senior leaders in the sector to seek their views on diversity, and the barriers they face in improving in this area. Ultimately, the main challenges are insufficient resources and a lack of awareness of the benefits diverse leadership brings: There has been a 14.6% decrease in the income of the charities we reviewed since our last report. Whilst the Charity Commission does offer strong guidance on diversity and governance, organisations have very little accountability when it comes to improving. There is no real evidence of either the Charity Commission or the Office for Civil Society investing in making the case for greater diversity.

We are recommending that all stakeholders play their part in supporting the sector. The Charity Commission needs to ensure that large charities improve or explain why diversity is lacking on their boards in their annual reports. Funders should allocate a separate resource for helping the charities they support to improve their governance, including diversity. The Office for Civil Society must do more to promote the benefits of diversity to the sector, and charities themselves must take more responsibility by committing to having internal Diversity Action Plans (DAPs). These plans should offer a short, medium, and long term strategy for improving diversity, starting with governance and where applicable looking into other parts of their organisation.

Key Findings

1. There are **6338 trustees** on the boards of the top 500 charities by income, and 1961 senior leaders on executive teams within those positions. The average charity has 12.7 trustees.

2. Our research identified 66% of trustees from the top 500 charities as male, while 34% were female. Out of the trustees we identified, **6.6% were from Black, Asian and Minority Ethnic (BAME)** backgrounds, a 0.3% increase from our last report. BAME women account for 2.9% of the trustees whose ethnicity we identified.

3. **62% of the top charities by income have all white boards.** By contrast, there are only four all-BAME boards, a 50% reduction from eight all BAME boards from our last report.

4. The majority (79%) of senior leadership teams lack any ethnic minorities. Our research found **16% of charities employ one BAME leader.** Only 2% of senior leadership teams have two leaders from a BAME background, while the percentage of senior teams that have three or more stands at 3%.

5. **The gender gap is narrow compared to other sectors** within the charities we analysed. 57% of senior leaders are male and the remaining 43% identified as female. However, 65% of the charity workforce are women.

6. The ethnicity gap is wider at senior leadership level, as we identified only 94 or 5.3% of the leaders as being from an ethnic minority background. **There are only 40 ethnic minority female senior leaders,** representing 2.25% of all those identified.

7. Charities in rural and remote areas indicated that finding BAME leaders within those regions was challenging.

8. **Others cited the nature of their recruitment processes.** Examples include needing to have elected members, hiring in-house, and members and/or beneficiaries being the only people permitted to be put forward for board and/or senior leadership positions.

9. For many leaders surveyed **there was a lack of awareness.** A number of charities suggested that they had never considered the possibility of diversifying their boards and that they were not aware of the benefits that come with a diverse leadership.

Recommendations

Charity Commission

The publishing of Diversity Action Plans to achieve gender parity and ethnic representation should be made a mandatory requirement for all charities with revenues over an agreed threshold.

Office for Civil Society

The Office for Civil Society (OCS) should take on a greater role in raising awareness of the benefits of a more diverse board and senior leadership team.

Funders

Funders should be encouraged to allocate separate resources for their charity partners to access, in addition to funds received for specific purposes, in order to improve their governance. This best practice is already being delivered successfully to Sport England funded organisations.

Agencies

Agencies that support board recruitment should be challenged by charities to have long-lists that better reflect the UK population and/or communities that they serve.

Charities

Whilst the Charity Commission should make it a mandatory requirement for large charities with revenues over an agreed threshold to have a Diversity Action Plan; charities of all sizes should be encouraged to commit to having such plans. The plans should cover their strategy for improving diversity in the short, medium, and long term - borrowing from existing templates and best practice. They should also look at reviewing recruitment processes, better communicating a commitment to diversity, and progressing diverse talent internally.



“We know that Britain today in the 21st Century is a diverse multi-ethnic democracy. Diversity is a source of strength and pride for us. But when one person works just as hard as another person - and has got the same ambitions and aspirations - but experiences a worse outcome solely on the grounds of their ethnicity, then this is a problem that I believe we have to confront.”

— Rt Hon Theresa May, UK Prime Minister

Introduction

Charities play a crucial role in society. Through their activities, they give people a voice, foster social development and galvanise communities to tackle social inequalities. The lives they improve, the challenges they tackle and the individuals they support should not, however, be used as a reason for not holding charities to account. This should in fact be further justification for ensuring better governance.

A number of high-profile crises have developed in the charity sector in recent times. Investigations by BBC's Panorama and Channel 4's Dispatches have raised questions regarding telephone fundraising techniques and highlighted the pay discrepancy between senior leaders and ordinary employees. The collapse of the charity Kids Company, the tragic case of Olive Cooke, and recent allegations of misconduct amongst staff within large charities has attracted greater scrutiny of the governance of charities.

In 2016, Inclusive Boards joined efforts to make charities more accountable by turning the spotlight on diversity and publishing 'Charities: Inclusive Governance', the first in a series of comprehensive reports looking at diversity and inclusion within governance in the third sector. **Over half of the top-500 largest charities we surveyed had 'all-white boards' with an overall 6.3% representation of ethnic minorities at trustee level.** The report featured in the

Third Sector, Civil Society, The HR Director, and its findings were published in 'The Charity Trustee's Handbook' by the Director of Social Change.

This year's report goes beyond examining diversity at trustee level as it also looks at senior leadership teams. In addition, it seeks to understand the issues surrounding diversity by gaining direct insight from top C-level executives working within the sector. There is a clear case for going further than previously in the current climate. The government has committed to addressing ethnic disparities in public services following the publication of the findings of the Race Disparity Audit (results available via [Ethnicity Facts and Figures](#)). Businesses such as EY and Lloyds Bank are following suit, publicly committing to action to improve diversity through pay reporting and targets for senior leadership.

The main purpose of this report is to analyse the ethnic and gender diversity of trustees and senior leaders in the top 500 charities ranked by income. We also seek to determine how our findings relate to other diversity studies, and attempt to identify potential similarities, with the aim of developing recommendations and suggestions that might benefit diverse leaders eyeing a career within the third sector.

Methodology

Under the Freedom of Information Act 2000, we requested and obtained a dataset of more than 6500 charities that have submitted an annual return with over £1 million income within the calendar year of 2017 from the Charity Commission. Subsequently, all

duplicates, charities that were no longer in operation or exempt under new legislation were removed. The remaining charities were ranked by income; from high to low. Only the first 500 charities were used for analysis in this report.

Income Band	Charities	% of Charities
£0 to £10k	76,903	45.71%
£10k to £100k	57,570	34.21%
£100k to £500k	22,330	13.27%
£500k to £5m	9,184	5.45%
£5m to £21.77m	1,750	1.04%
Over £21.77m	500 (Research Focus)	0.29%
Total	168,237	100%

Table 1. Charities by Income Band. (Charity Commission, 2017).

As in our previous report, we analysed the ethnicity and gender of the trustees on the boards of the top 500 charities ranked by income. In addition, this year's report includes senior leadership teams within the analysis. Where possible, the profiles of trustees and senior leaders were cross-referenced with information obtained from

the Charity Commission or published on each relevant charity's website.

A small number of individuals hold positions as both trustees and senior leaders. The nature of some institutions such as schools, universities and churches, means that some individuals (governors, chancellors and clerics respectively) undertake both roles.

Overview

A total of 8299 individuals are part of the senior leadership teams and trustee boards of the top 500 charities ranked by income. The majority of them (6338 or 76%), are trustees while the remainder 1961 or 24% are senior leaders.

Out of the total number of 6338 trustees, we managed to identify the gender of 5839 individuals. We found that 66% of trustees are male, while 34% are female. In terms of ethnicity, we managed to identify 4264 individuals, of which 93.4% were white and 6.6% of whom were from Black, Asian and Minority Ethnic (BAME) backgrounds, a

0.3% increase from last year. Moreover, BAME women accounted for 2.9% of the trustees whose ethnicity we identified.

The combined income of the top 500 charities is now £35.5 billion (with an average of £71m per charity) as opposed to £41.6 billion (or £83m per charity) for the 2015/2016 financial year. The £6.1 billion difference or 14.6% decrease in combined income only adds to the already voiced funding concerns within the sector. In addition, we found that the combined expenditure of the shortlisted charities amounts to £34.4 billion.

Boards of Trustees

#	<u>Name</u>	<u>Income</u>	<u>Male</u>	<u>Female</u>	<u>White</u>	<u>BAME</u>
1	THE BRITISH COUNCIL	£980m	9	6	11	4
2	LLOYD'S REGISTER FOUNDATION	£901m	5	2	7	0
3	NUFFIELD HEALTH	£840m	6	3	9	0
4	SAVE THE CHILDREN INTERNATIONAL	£786m	7	6	10	3
5	THE ARTS COUNCIL OF ENGLAND	£733m	10	4	12	2
6	CANCER RESEARCH UK	£679m	8	5	13	0
7	THE CHARITIES AID FOUNDATION	£605m	6	6	10	2
8	THE NATIONAL TRUST FOR PLACES OF HISTORIC INTEREST OR NATURAL BEAUTY	£522m	8	3	10	1
9	CARDIFF UNIVERSITY	£512m	15	8	21	2
10	OXFAM	£415m	7	5	8	4

Table 2. Top 10 Charities by Income.

Trustees by Gender

We identified thirty all-male boards and only one all-female board (*The Congregation of the Daughters of the Cross of Liege*). Large gender focused charities including Girl Effect or the Girls' Day School Trust have at least one male trustee.

#	Name	Income
50	ROYAL SOCIETY FOR THE PROTECTION OF BIRDS	£137m
109	THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (GREAT BRITAIN)	£72m
172	WATCHTOWER (JEHOVAH'S WITNESSES)	£50m
191	SOUTHAMPTON ROW TRUST	£45m
234	INTERNATIONAL BIBLE STUDENTS ASSOCIATION	£39m
273	FOCUS LEARNING TRUST	£34m
279	RUMI FOUNDATION	£33m
291	HULT INTERNATIONAL BUSINESS SCHOOL	£32m
311	NORWOOD SCHOOLS	£30m
313	HUMAN APPEAL	£30m

Table 3. Top 10 All-Male Boards of Trustees by Charity Income.

Female Trustees Distribution

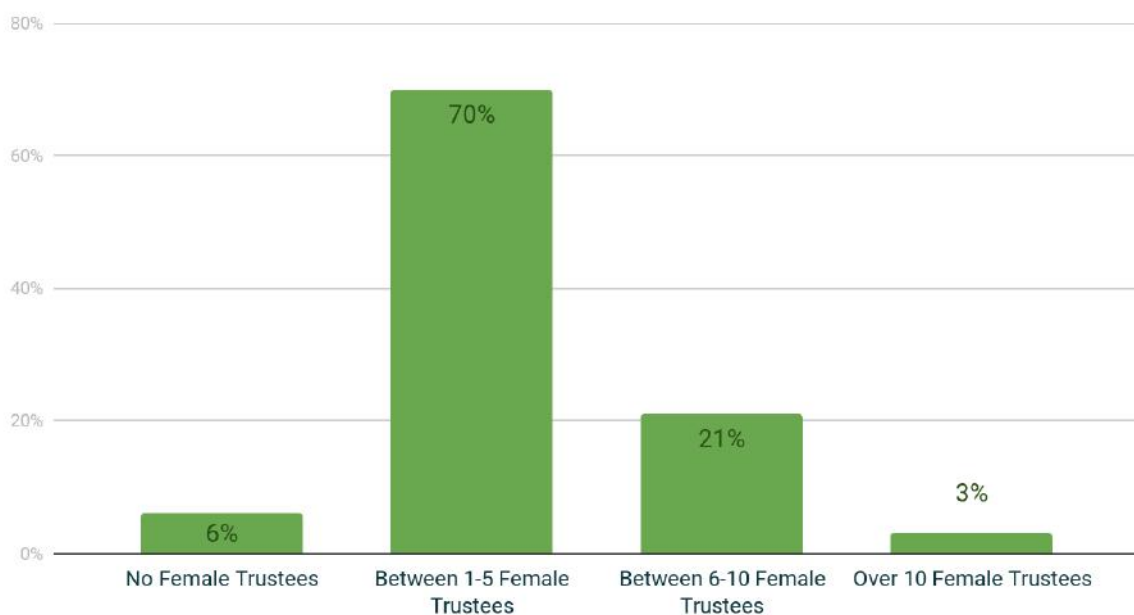


Figure 1: Female Trustees Distribution

We found that 70% of boards in our research have between 1 and 5 female trustees, while just over a fifth (21%) have between 6 and 10 female trustees. 30 boards from the top 500 charities by income have no female trustees. 15 boards have more than 10 female trustees.

#	Name	Income	Male	Female
471	TRINITY HALL CAMBRIDGE	£23m	46	14
431	SAINT JOHN BAPTIST COLLEGE IN THE UNIVERSITY OF OXFORD	£24m	40	16
280	THE INSTITUTION OF CIVIL ENGINEERS	£33m	32	12
285	ROYAL ALBERT HALL	£32m	21	2
40	THE CHURCH OF ENGLAND	£155m	26	7
95	THE ARCHBISHOPS' COUNCIL	£85m	26	7
133	JOHN LYON'S CHARITY	£62m	20	3
485	MALVERN COLLEGE	£22m	23	6
356	CLIFTON COLLEGE	£28m	15	0
226	ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD	£39m	17	2

Table 4. Top 10 Boards by Highest Number of Female Trustees to Recruit to Achieve Gender Parity.

Trustees by Ethnicity

Out of a total of 500 charities, 62% of the boards we analysed were all-white. The remaining 38% of boards have at least one trustee of colour. There were 4 all-BAME boards of trustees as opposed to 8 from the previous year. Six out of the top 10 all-white boards of trustees by charities income are based in London, while the remaining four

are located outside the capital. Two in Northamptonshire, one in Poole and one in King's Lynn.

While the overall diversity has increased slightly, we identified a 5% increase in the percentage level of all-white boards in comparison to our last analysis.

#	Name	Income	Male	Female	BAME	% BAME
69	ISLAMIC RELIEF WORLDWIDE	£106m	5	1	6	100%
294	MUSLIM AID	£32m	7	1	8	100%
313	HUMAN APPEAL	£30m	4	0	4	100%
429	AMANAT CHARITY TRUST	£24m	5	0	5	100%

Table 5. All-BAME Boards of Trustees.

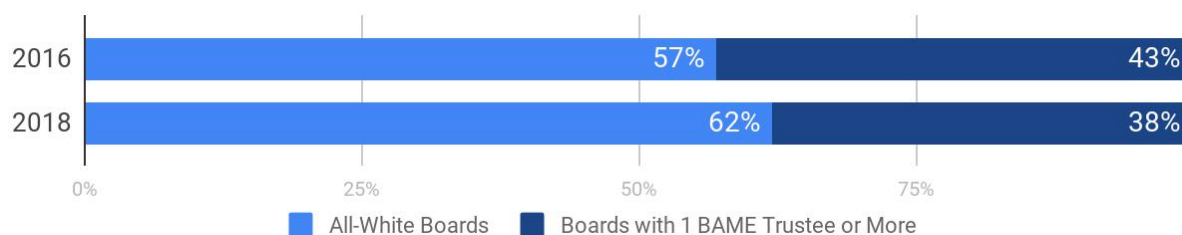


Figure 2: Board Composition by ethnicity

#	Name	↓ Income	White	BAME	Location
2	LLOYD'S REGISTER FOUNDATION	£901m	7	0	London
3	NUFFIELD HEALTH	£840m	9	0	London
12	WELLCOME TRUST	£390m	9	0	London
13	UNITED LEARNING TRUST	£388m	9	0	Peterborough
14	ANCHOR TRUST	£367m	8	0	London
18	CITB	£298m	8	0	King's Lynn
23	BRITISH RED CROSS	£252m	14	0	London
25	OASIS UK	£210m	10	0	London
28	ST ANDREW'S HEALTHCARE	£199m	6	0	Northampton
29	ROYAL NATIONAL LIFEBOAT INSTITUTION	£198m	10	0	Poole

Table 6. Top 10 All-White Trustee Boards by Income.

BAME Trustees Distribution

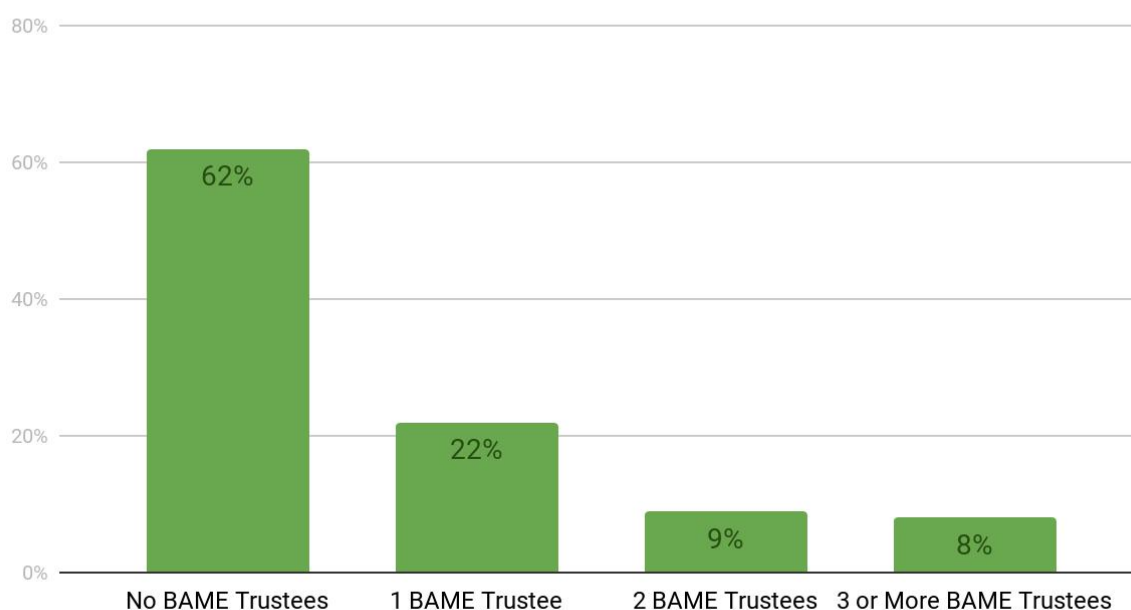


Figure 3: BAME Trustees Distribution

Out of the remaining boards, most (22%) have only one ethnic minority trustee, while 9% of the total number of boards have 2 trustees of colour. Only 8% of boards have 3 or more ethnic minority individuals on their board.

#	Name	Income	White	BAME	BAME Deficit
471	TRINITY HALL CAMBRIDGE	£23m	58	2	6
431	SAINT JOHN BAPTIST COLLEGE IN THE UNIVERSITY OF OXFORD	£24m	53	3	5
280	THE INSTITUTION OF CIVIL ENGINEERS	£33m	42	2	4
454	THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE	£24m	34	3	2
421	THE OXFORD DIOCESAN BOARD OF FINANCE	£25m	32	1	4
453	THE CHELMSFORD DIOCESAN BOARD OF FINANCE	£24m	27	1	3
468	THE SCHOOLS OF KING EDWARD VI IN BIRMINGHAM	£23m	22	2	1
285	ROYAL ALBERT HALL	£32m	22	1	2
42	AQA EDUCATION	£151m	20	1	2
156	DISASTERS EMERGENCY COMMITTEE	£54m	18	2	1

Table 7. Top 10 Boards of Trustees Ranked by the Number of BAME Individuals to Recruit to Achieve Societal Representativeness (standing at 14%).

BAME Women: A Minority within a Minority

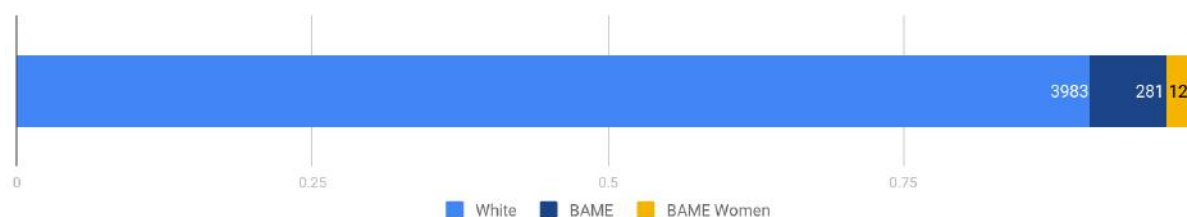


Figure 4: BAME women on boards

BAME women are the least likely group to be found on trustee boards. Out of a total of 4264 trustees whose ethnicity we identified, only 124 or 2.9% were women from non-white backgrounds. To put this into perspective, 79% of the boards we analysed do not have any BAME women trustees. Only 24 boards have 2 or more women of colour.

“The problem of ethnic diversity was well documented and discussed in the voluntary sector, but this had not brought change. We must now collectively prioritise action to break down the barriers and bias that exist within the voluntary sector. If action is not taken now, we will be commenting on the same figures in 2028 as we were in 2008.”¹

— Vicky Browning, CEO of Association of Chief Executives of Voluntary Organisations

¹ Third Sector. 2018. Pay gap at top ten charity brands is 12.25% in favour of men. Retrieved April 2018, from <https://goo.gl/eK98Hy>

Senior Leadership Teams

We found a total of 1961 senior leaders on the teams of the charities we analysed. We were able to identify the gender of 1912 individuals. At senior leadership level, the gender gap is better than at board level, as 57% of senior leaders are male and the remainder 43% are female. The ethnicity gap at senior level is however worse than at trustee level as we identified only 94 or 5.3% of individuals from an ethnic minority background, out of whom forty are female. Again, BAME women represent only 2.25% of all senior leaders identified.

#	Name	Income	Male	Female	White	BAME
1	THE BRITISH COUNCIL	£980m	7	3	10	0
2	LLOYD'S REGISTER FOUNDATION	£901m	-	-	-	-
3	NUFFIELD HEALTH	£840m	3	2	5	0
4	SAVE THE CHILDREN INTERNATIONAL	£786m	2	5	7	0
5	THE ARTS COUNCIL OF ENGLAND	£733m	4	3	7	0
6	CANCER RESEARCH UK	£679m	9	4	12	1
7	THE CHARITIES AID FOUNDATION	£605m	6	2	8	0
8	THE NATIONAL TRUST FOR PLACES OF HISTORIC INTEREST OR NATURAL BEAUTY	£522m	-	-	-	-
9	CARDIFF UNIVERSITY	£512m	6	6	12	0
10	OXFAM	£415m	5	3	8	0

Table 8. Top 10 Charities by Income.

Senior Leaders' Gender

At senior leadership level, we found 17 all-male teams and 11 all-female teams. It is noteworthy to mention that 48 senior leadership teams have an equal number of male and female executives. Below are the top 10 all-male senior leadership teams in descending order by income.

#	Name	Income	Male	Female
58	UNIVERSITY OF CHESTER	£119m	6	0
69	ISLAMIC RELIEF WORLDWIDE	£106m	7	0
166	YHA UK	£51m	5	0
182	SHEFFIELD CITY TRUST	£48m	2	0
227	PIRBRIGHT INSTITUTE	£39m	3	0
263	SELWOOD HOUSING SOCIETY	£69m	1	0
291	HULT INTERNATIONAL BUSINESS SCHOOL	£32m	4	0
302	RICHMOND FELLOWSHIP	£30m	2	0
308	TONBRIDGE SCHOOL	£30m	8	0
323	VICTORY HOUSING TRUST	£29m	2	0

Table 9. Top 10 All-Male Senior Leadership Boards by Charity Income.

While only 6% of senior leadership teams have no female leaders, the vast majority of them (63%) have between 1 and 3 female senior leaders. Only 26% have between 4 and 6 women, while the number of charities having more than 6 female leaders stands at 5%. The charity sector is therefore faring better in terms of gender diversity than other sectors overall. This is likely to be due to the fact that women make up about two-

thirds of the voluntary and public sectors (65% and 66% respectively) but only 40% of the private sector workforce². When looking at gender parity through this lens it is clear that the third sector still has some distance to travel in regards to female leaders proportionate to staff populations. Research by publication Third Sector records a gender pay gap of 12.25% in favour of men at the top ten charity brands.

Senior Leaders' Ethnicity

#	Name	Income	White	BAME
1	THE BRITISH COUNCIL	£980m	10	0
3	NUFFIELD HEALTH	£840m	5	0
4	SAVE THE CHILDREN INTERNATIONAL	£786m	7	0
5	THE ARTS COUNCIL OF ENGLAND	£733m	7	0
7	THE CHARITIES AID FOUNDATION	£605m	8	0
9	CARDIFF UNIVERSITY	£512m	12	0
10	OXFAM	£415m	8	0
14	ANCHOR TRUST	£367m	5	0
18	CITB	£298m	6	0
19	SWANSEA UNIVERSITY	£296m	7	0

Table 10. Top 10 All-White Senior Leadership Boards by Charity Income.

The majority (79%) of senior leadership teams lack ethnic minority professionals, while 16% of charities analysed employ 1 leader of colour. Only 2% of senior leadership teams have 2 minority senior leaders, while the percentage of teams that have 3 or more stands at 3%.

² NCVO. 2018. UK Civil Society Almanac 2017 - Workforce. Retrieved April 2018, from <https://goo.gl/xow6lA>

Diversity in Perspective

To put our findings into perspective, we compared them with other areas of work. It is observed that the surveyed charities fare slightly better in terms of diversity than the public sector and other government organisations, but lag behind the FTSE 100, House of Commons and, most importantly, the general population.

Ethnicity by Sector

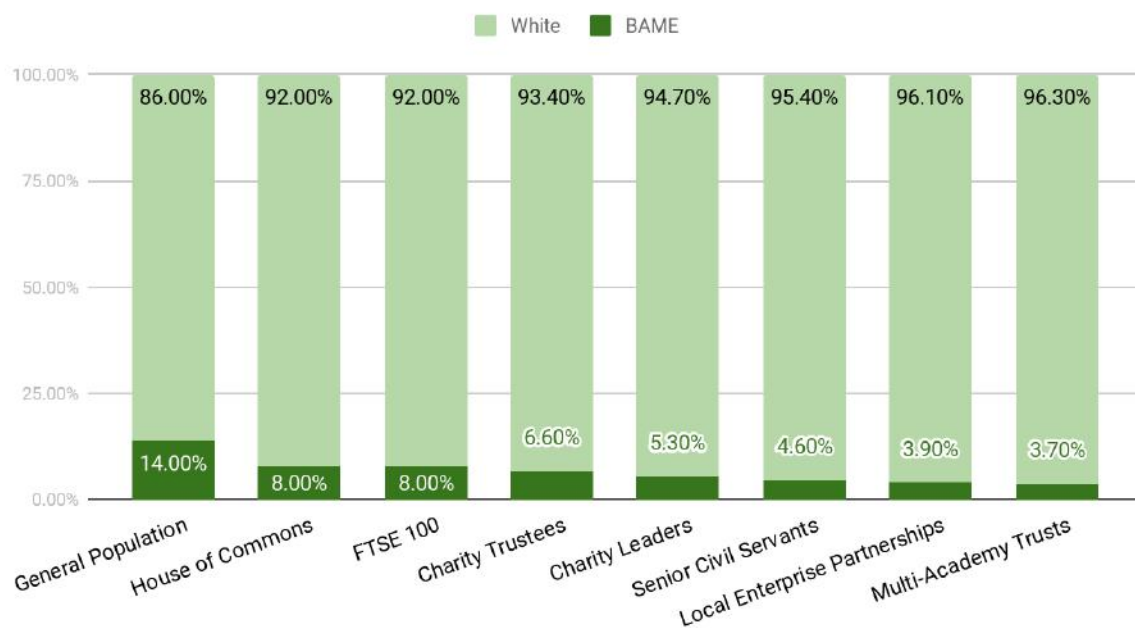


Figure 5: Ethnicity by sector

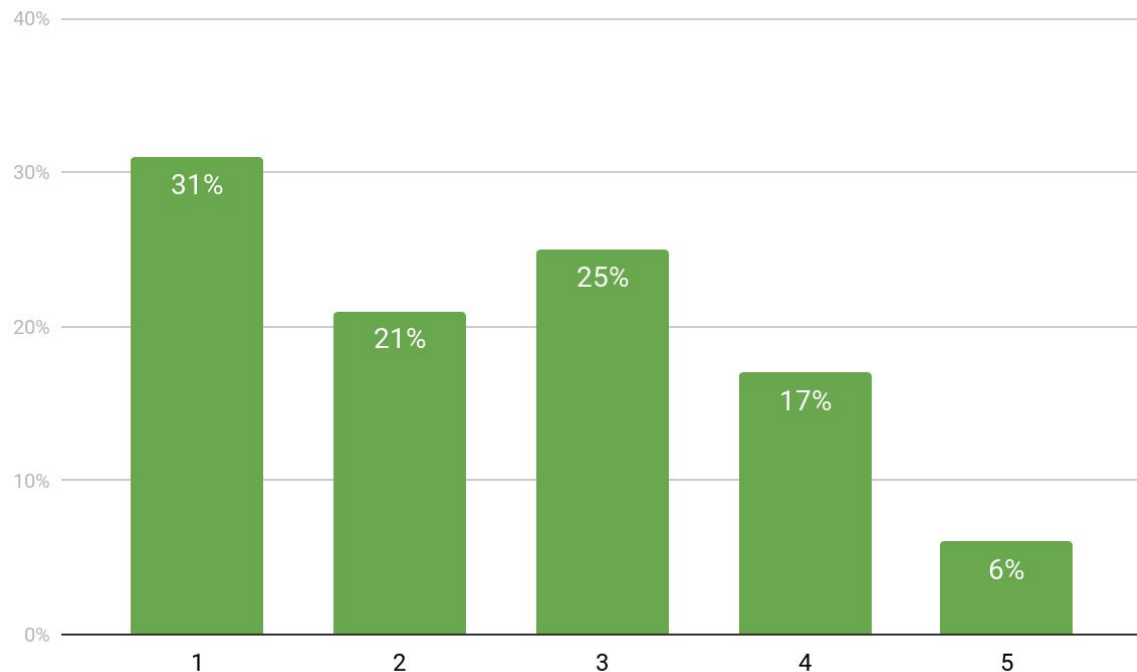
Overall, our findings reveal that whilst the sector is performing better in regards to gender, there is still a significant gap when it comes to ethnic representation. Compared to our last report, the percentage of BAME trustees increased by 0.3%, to 6.6%, which is less than half the UK population at 14%.

To gain an understanding of how charity leaders perceive the level of ethnic and gender diversity within their organisations, we complemented the quantitative findings with a survey of 500 charities at various levels of income. Using a nonprobability design, we contacted charities between January and March 2018 via email and over the telephone to gain insights into their perception of ethnic and gender diversities, as well as the importance of having a diverse and inclusive organisation.

Diversity Survey

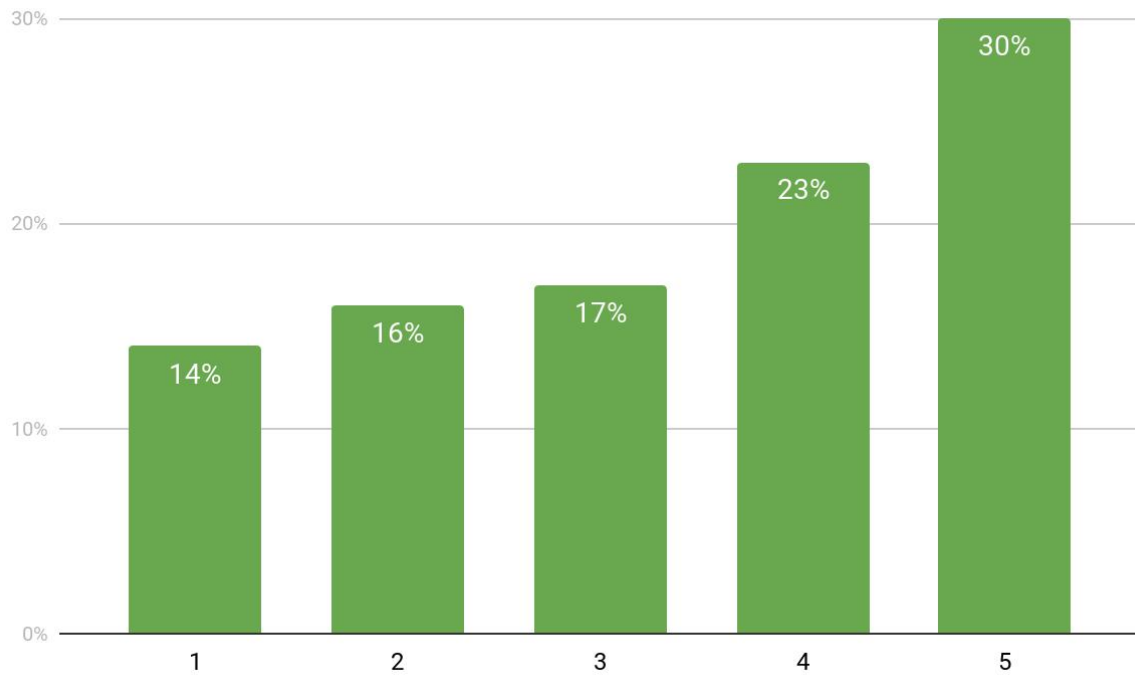
1. On a scale of 1 to 5, how would you rate the gender diversity of your board, 1 being very diverse and 5 being not diverse at all?

On the whole, the surveyed charities would classify the gender diversity of their boards as mildly diverse with an average of 2.47. The majority of respondents (52%) suggested that the boards of their charities were diverse or very diverse. The answers are distributed as follows:



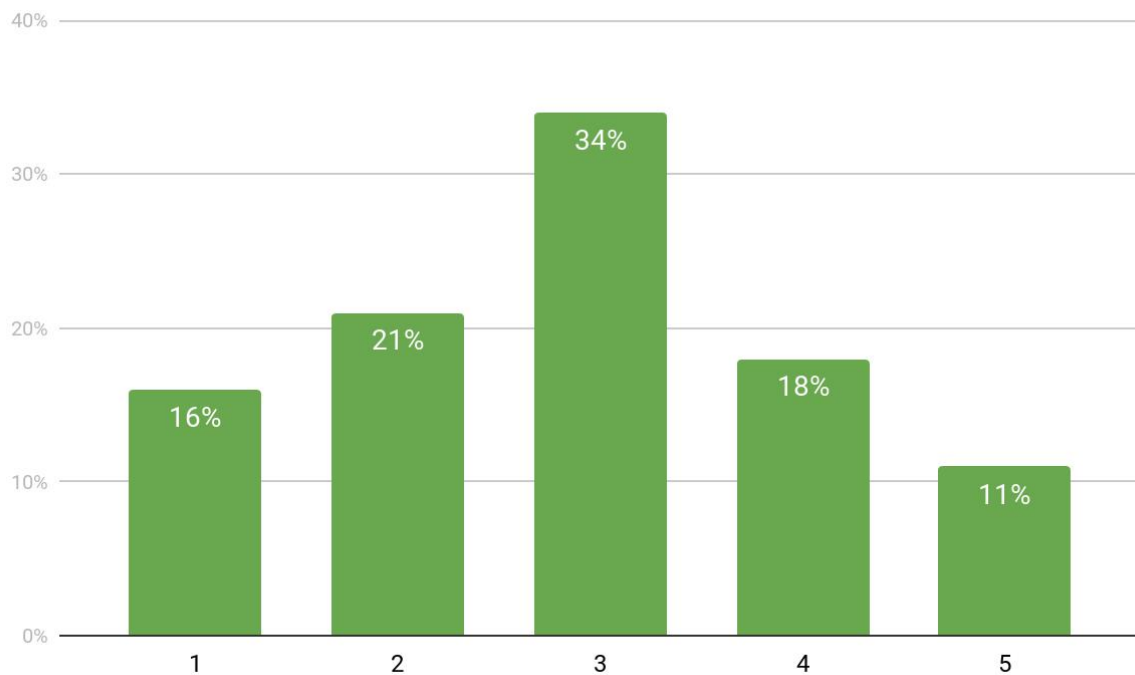
2. On a scale of 1 to 5, how would you rate the ethnic diversity of your board, 1 being very diverse and 5 being not diverse at all?

It is clear that the majority (70%) of those questioned did not view their boards as ethnically diverse. This is in line with our data analysis which found 62% of the largest charity boards by income were all white. On average, the views on ethnic diversity of trustee boards stands at 3.38 out of 5, and is distributed as follows:

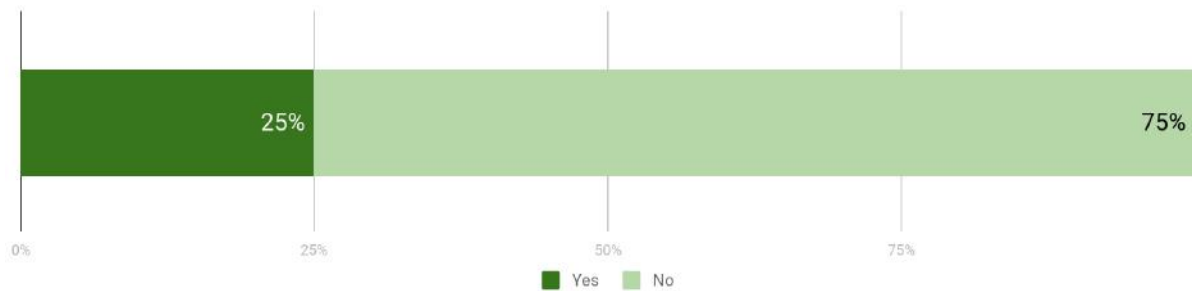


3. On a scale of 1 to 5, how would you rate the overall diversity of your senior management team, 1 being very diverse and 5 being not diverse at all?

Overall, respondents placed the diversity of senior team managers at an average of 2.86 out of 5. The ratings were distributed as follows:

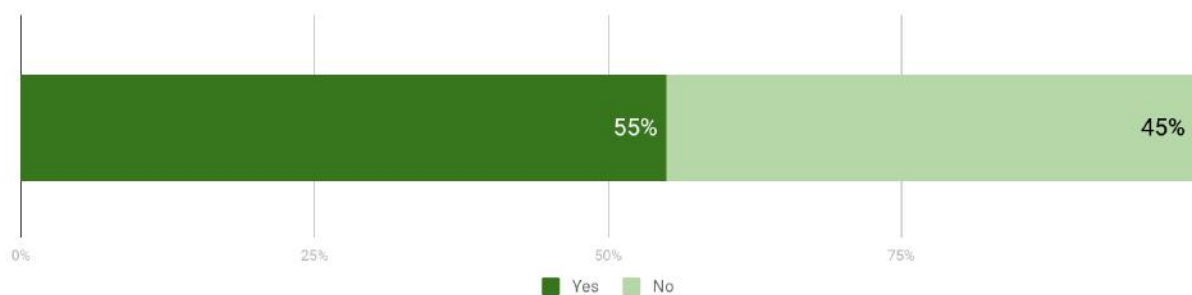


4. Have you used an external agency before to help with attracting more diverse candidates?



Three quarters of respondents indicated that they had not benefited from external help to attract more diverse candidates for opportunities.

Question 5: Would you consider using an external agency in the future?



A slim majority would consider using an external agency in the future to support in helping to attract more diverse candidates.

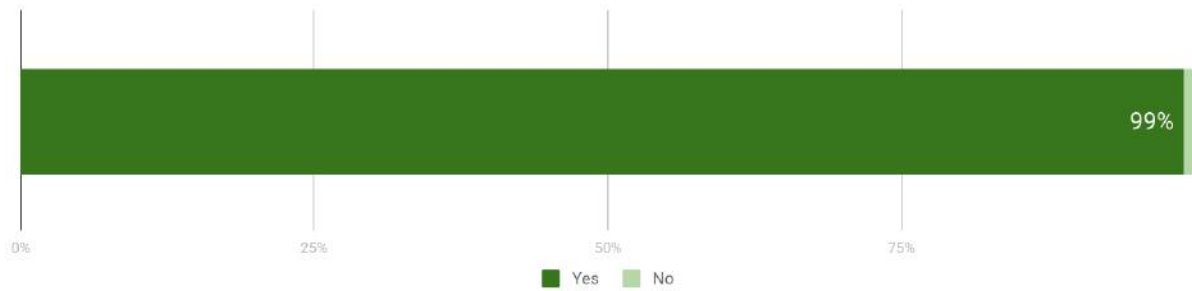
6. Extended Question: May I please ask why?



Based on our research we identified 4 main challenges that prevent charities from enhancing diversity at board level:

- Financial difficulties - impeding charities to diversify their leadership structure due to monetary constraints
- The nature of the recruitment process - making improbable for charities to bring more diverse leaders on boards as trustees are elected, hired in-house or only beneficiaries are permitted to apply
- Geographical constraints - charities in rural and remote areas indicated that finding minority leaders within those regions can be challenging
- Unawareness - a number of charities suggested that they had never considered the possibility of diversifying their boards. They were also not aware of the benefits that come with a diverse leadership structure

7. Do you think diversity is important at governance and senior management level?



The vast majority of respondents (99%) considered diversity to be important at governance and senior management level.

8. Extended Question: May I please ask why?



Respondents suggested that they consider diversity to be important as senior leaders should fully represent the beneficiaries they serve. It was also stated that ethnically diverse boards can build a better sense of community. Others added that they wish to further diversify their board as the addition of ethnic minority leaders enhanced the decision-making process by gaining a deeper understanding of society and their stakeholders as a whole. Those who answered no, indicated that diversity was no longer important for them as they were already a diverse organisation, while a respondent argued that diversity should not come at the price of personal abilities. This is a key misconception in other sectors - the notion that different can often mean not as good.

9. Our report last year found only 6.3% of charity board members were from an ethnic minority background in comparison to the total UK population of 14% who identify as BAME. Why do you think this is the case?

A sizeable portion of charities admitted that they were not aware of any reasons why ethnic minorities were underrepresented on charity boards. Others stated that the geographical region in which they operate had a very small number of ethnic minority individuals. Some stated that ethnic minorities did not receive enough support, whilst others blamed a mentality that is slow to change and adapt with modern times. A lack of candidates putting themselves forward was the most prominent reason.



To further deepen our understanding of experiences of trustees from diverse backgrounds, we interviewed two senior leaders. Srabani Sen OBE, CEO of Full Colour, has over three decades' of experience in the third sector as a highly successful leader and Chief Executive of three civil society organisations. She has more than 25 years' experience as a board member, a strong track record of transformational change and extensive expertise in campaigning for vulnerable groups to have their voices heard by policy makers. Her CEO roles include the British Association of Adoption and Fostering, Contact a Family and Alcohol Concern. She is currently Chair of 38 Degrees and children and young people's charity The Winch.

Ozzie Clarke-Binns Ozzie became a trustee of the Royal National Institute of Blind People (RNIB) in September 2017 and has experience in strategic talent management during times of change, helping organisations to identify and mitigate people risks. He has worked with senior teams (including C-suite) across global FTSE 100 blue-chips, with fast-paced start-ups.

Interview with Srabani Sen OBE - CEO of Full Colour



What is your experience as a senior BAME executive?

I have a 30 + year executive career in the sector including 3 CEO roles. I also chair 2 organisations currently.

What motivated you to become a trustee?

I have been a trustee of a number of organisations over the course of around 25 years. I was first motivated to become a trustee because of my commitment to the sector and my desire to deepen my contribution beyond my executive roles.

I passionately believe in the power of the voluntary sector to change the lives of the most vulnerable in our society. To do this well requires excellent governance, and excellent governance requires a range of life experiences and perspectives as well as diversity of skill and knowledge.

How did you find the experience of getting onto your first board of trustees?

My first experience of getting onto my board was so long ago! I remember being approached by a colleague who was on a board and she felt that I would have something to offer that board, so she introduced me to the organisation and I joined.

Thankfully much of my experience of being recruited onto boards more recently has involved going through a more formal recruitment process, usually managed by an agency, with formal role descriptions, application processes and interviews.

What were some of the most challenging situations you faced?

In the context of how boards work together, in the past the most difficult situation I have faced is domineering chairs and inappropriately close professional relationships between a CEO and Chair which stifled debate. Related to this, issues of trustees not understanding their role or their legal/fiduciary duties which can hamper effective discussion and decision making.

What advice do you have for people looking to become trustees?

I often get asked for advice by those thinking about becoming a trustee for the first time. My advice is always the same:

- Be clear why you want to be a trustee – just having something to tell your friends or put on your CV is not enough. You have to want to get actively involved in the governance of an organisation.
- Be clear how much time you are genuinely prepared to devote – whatever it says on the paperwork sent out when boards are recruiting, my rule of thumb is double it. And think about what you will have to give up in your day to day life to make time to play a governance role.
- Take it seriously – invest time in ensuring you understand the legal and fiduciary duties you are required to play as a trustee and what the role of a trustee is – and importantly isn't. People need to be clear about the difference between volunteering and being a trustee. Being a trustee is the hard end of running an organisation and is not the “fun stuff” that volunteers often get to do. You'll be dealing with risk, finance and strategy, not directly supporting the beneficiaries of your charity.
- Get to know what the organisation does – too many trustees don't have an understanding of the services of the organisation of which they are a trustee, and therefore lack the relevant framework for making strategic decisions.
- Think about what skills, knowledge and experience you bring and how that will make a difference to the organisation.

What advice do you have for organisations looking to increase diversity?

- It's OK to talk about diversity! Non-diverse boards can feel awkward about talking about the issues and this acts as a barrier to progress. If you are not sure how to address the issues – reach out and ask for help.
- Define what diversity means for you – people have very different understandings of what the term diversity means.
- Define the value that diversity will bring to the board for your specific organisation.
- Be honest with yourselves – what has stopped you being diverse up until this point? Are there any unconscious barriers to becoming more diverse and how can you overcome these?
- Remember that you are part of the leadership team of the organisation. What you do, what you say and the makeup of the board will tell a clear story to funders, staff, beneficiaries and other key stakeholders.

Why do you think there are not many female or BAME chairs?

I think there are a number of reasons for this. I think the reasons why there are not many women or BAME chairs are different for both groups. As a BAME woman chair, I can honestly say I have never been on a Board without other women. My personal experience is that in my various CEO roles I have worked with 2 women chairs and 2 chairs who were men. Of my various Board

positions, I have also worked with women chairs. Therefore, there is a good cohort of women who have been exposed to being on Boards, and for those who want this, an obvious opportunity to think about whether being a chair is something they are interested in. And whilst the number is low, there are role models of women in Chair positions that other women can look to and see that being a chair is a possibility.

Whilst there are still not nearly enough women involved on Boards and definitely not enough women chairs, there is the beginnings of a shift towards better representation in Chair positions.

The situation for people with a BAME background is different. With most of the Boards on which I have served as a trustee I have been the only BAME person. As a CEO there was only one BAME person across all of the Boards to which I have reported. I

have never worked with a BAME chair in my executive roles, and only one BAME chair in my trustee roles. The BAME chair I worked with as a trustee was for a specialist BAME organisation.

If there are not enough BAME people in trustee roles to start off with, how can we develop a pipeline of people with the right skills, experience and knowledge to be credible candidates for chair positions? If there are so few role models beyond specialist BAME organisations, how can we send the necessary signals to BAME people that being a chair of “mainstream” voluntary organisations is possible?

I think there is a real danger in lumping the issues women face and the issues BAME people face in one basket. The issues we face are different. If we don't understand the issues clearly, we will never develop the right solutions.

Interview with Ozzie Clarke-Binns - Trustee of Royal National Institute of Blind People (RNIB)



What is your experience as a senior BAME executive?

My experience as a BAME executive, compared to other roles in private sector organisations, has been a positive one to date. I get along with my colleagues, play an equal part of the Board and contribute to strategic oversight and governance of the organisation. I cannot say I have experienced any difficulties as a direct result of race. But my individual experience, sadly, may not be representative of the wider experience other executives of colour have had. And I think it's important to remember that for many people their careers, even at executive level, are littered with stories of racism, prejudice, and discrimination.

What motivated you to become a trustee?

I became a trustee driven by the desire to contribute to give back to the organisation that supported me after being diagnosed with a severe visual impairment. Having

spent the last 15 years in strategic and operational positions at some of the UK's leading companies, I was fortunate to build a varied and pragmatic set of skills across the public, private and third sector. As a trustee for RNIB I have the opportunity to give back and utilise my skills in way that strengthens the organisation, brings value to people impacted by sight loss, and society as a whole.

How did you find the experience of getting onto your first board of trustees?

The experience of finding a role as a trustee is multifaceted and thus it can be a confusing one at times. Firstly, it is not always obvious where to look for trustee roles. Working with a specialist organisation, Inclusive Boards in my case, can help to mitigate this as they partner with charities to identify potential trustees and match them with the right opportunities. This, along with the support given throughout the process made it easier for me to join my first trustee board.

Secondly, being significantly younger than most Non-Executive Directors, the advice I was given was often not to pursue being a trustee of a large national charity. Often my age was the main factor that determined for many people if they thought I was suitable, not the relevance of my skills or prior experience.

Big Issues

Responsibility

The 2010 Equality Act states that public bodies “have a duty to advance equality of opportunity”.³ Our findings reveal that the majority of charities are yet to make the first step in fulfilling this responsibility. **By not attracting more diverse leaders, charities are missing out on an array of benefits** including enhanced decision making, varied knowledge on a range of matters, multitude of perspectives and considerations as well as increased adaptability. In some circumstances, performance improvement potential is also being lost.⁴

Informality

Findings by CASS suggest that **71% of trustees are recruited through an informal process**, meaning that they are invited to become a trustee by other members of the board. Typically, the larger an organisation, the more likely it is to have a formal recruitment process, yet even charities with an income over £5m recruit more than 40% of their trustees informally. The same survey reveals that ‘despite the growing incidence of advertising for trustees, only a very small minority of trustees (5%) reported that they had responded to an advert as part of their recruitment process’.⁵ External agencies therefore have a critical role to play in helping with diversity in the sector.

Lack of Resources

The correlation between income and formal recruitment procedures might suggest that some charities struggle to find internal resources to tackle the ethnicity gap. In response to this challenge, there are a number of organisations offering a range of paid and free services from e-learning packages on equality and consultancy to face-to-face training and advisors helping to apply best practices from the sector. Charities must arguably prioritise diversifying their workforce and ensure they take the necessary steps. Admittedly, some third sector organisations lack the adequate resources to do so effectively, and must therefore seek the support of external agencies.

³ Legislation UK. (2010). *Equality Act 2010: Section 149*. Retrieved February 2018, from: <https://goo.gl/w4VCEp>

⁴ NCD. (2018). *Charities and Equality, Diversity and Inclusion (EDI)*. Retrieved February 2018, from: <https://goo.gl/QxUabJ>

⁵ Charity Commission, CASS and WCOMC. (2017). *Taken on Trust: The awareness and effectiveness of charity trustees in England and Wales*. Retrieved 8 February 2018, from <https://goo.gl/idnBVZ>

Conclusion

This report's objective was to explore and assess the ethnic and gender diversity of trustees and senior leaders within the top 500 charities by income. Compared to findings in our previous report, the 0.3% increase in ethnic minority trustees shows that it is a topic being taken seriously by some, but there is still significant distance to travel.

It is crucial that charities intensify their efforts to look more like the people they serve. Whilst the sector is performing better than others in terms of gender diversity, the journey to parity is yet to reach its end goal. Charities should continue to deal with challenges as they come to the forefront of society, but must also tackle the internal ones, some of which were highlighted throughout this report. The range of benefits that comes with diverse trustee boards alone should be enough to incentivise charitable organisations to take action. This, coupled with the caring and giving nature of these institutions, must strengthen the goal of involving the broadest set of people in all decision making processes.

“I have never seen a black female in senior management in a charity and I have been working in the sector for over ten years. As a result I feel unconscious bias reduces my promotion opportunities.”

— Responder in the Charity Job Survey

The Good Governance Code

The Charity Commission is tasked with encouraging charities to adopt and promote good practice as part of their services, operations and activities. One of the ways in which the commission has provided guidance is through their regulatory framework built upon six Hallmarks presented and detailed in “The hallmarks of an effective charity”. The document, also known as CC10, was a collection of standards that trustees could follow to improve the performance and governance of their charities. In the eyes of the commission, an effective charity was defined as being clear about its direction, having the right mix of skills and experience, delivering services effectively, assessing performance, having sufficient financial resources and being accountable and transparent. In early 2017, it was agreed upon consultations and reflection that the regulator should refer charities to a new, more relevant and practical code put together by various charity sector bodies.

July 2017 marked the publication of the third edition of the Charity Governance Code. Founded on a basis of seven key principles, the Charity Governance Code is designed to help charities and their trustees develop higher standards of governance. Developed

by a number of third sector bodies including NCVO, Acevo and the Small Charities Coalition, the Governance Code sets out the core principles and recommended practice for good governance across the sector. The Code is not a legal or regulatory requirement. It has been developed by the charity sector as a tool for charities to continually improve to reach higher standards in governance practice and is endorsed by the Charity Commission.⁶

The new code introduces a number of key recommendations including conducting external reviews of the chair and trustees’ performance every three years and placing a greater focus on increasing diversity within governance structures.⁷

Principle 6 of the Charity Governance Code for Larger Charities recommends that:

“The board’s approach to diversity supports its effectiveness, leadership and decision making”.

The principle is built on the rationale that boards whose trustees are drawn from different backgrounds with varying experiences and different characteristics are more likely to provide comprehensive input, resulting in better decision making. In addition, the new code stresses the

⁶ Charity Governance Code (2017) *About the Code*, London, Good Governance Steering Group, Available from: <https://www.charitygovernancecode.org/en/about-the-code-1>

⁷ Weakley, K. (2017) *New Charity Governance Code Published Today*, London, Civil Society, Available from: <https://www.civilsociety.co.uk/news/new-charity-governance-code-setting-out-higher-standards-published-today.html>

importance of charity and board culture as well as behaviours, how crucial diversity is to good governance and provides further clarification on areas such as board membership. Perhaps the key differentiator between the new Code and the old CC10 is the focus on diversity. Also, **the code suggests a number of important recommendations on improving board diversity**, including:

- Board members take positive action to remove barriers that may prevent trustees from different backgrounds from serving as charity trustees.
- Board members regularly undertake skills audits including the experience and backgrounds of trustees to identify skills gaps, ensuring that recruitment practices for new

- Trustees consider how best to attract a diverse pool of candidates.
- The board of trustees publishes annually a description of the actions it has done to address diversity in the charity's leadership and report on its performance against diversity objectives.⁸

The Charity Commission also publishes its own detailed guidance on the roles and responsibilities of charity trustees and what they 'must' do in order to comply with the requirements of the law and also what they 'should' do in order to achieve good practice in the interests of the charity.⁹ This is published without making specific reference to trustees' responsibilities on diversity and inclusion.

⁸ Charity Governance Code (2017) *Charity Governance Code for Larger Charities*, London, Good Governance Steering Group, Available from: https://www.charitygovernancecode.org/pdf_gen?tabs_cookie=0

⁹ The Charity Commission (2016) *The essential trustee: what you need to know, what you need to do*, London, Charity Commission, Available from: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/617828/CC3.pdf

Our Services:

EXECUTIVE SEARCH



CANDIDATE RESOURCING



EXECUTIVE TRAINING



ADVISORY



Who are Inclusive Boards?

We are an agency set up specifically to support organisations in efforts to develop more diverse boards and stronger governance structures. Our services include executive search, candidate resourcing, executive training, and advisory.

There are 60,000 professionals within our network and a reach that expands into communities across the UK.

Some of our activities:

We have also worked with some of the largest charities in the UK including **the Royal National Institute for the Blind (RNIB)**, **British Red Cross** and **Amnesty International**.

We have been part of Cabinet Office strategic activities focused on improving diversity in governance. We have worked with 66 Tier 3 sport organisations to support their development of diversity action plans for board approval. This was historic piece of work within sport and required us to deliver a research-based solution. UK Sport & Sport England jointly commissioned us for the delivery of this work as part of the New Code for Sports Governance.

In April 2016 we **launched 'New View 50'** at the Houses of Parliament. A **publication** showcasing the top 50 BAME leaders from within public sector organisations. Over 40,000 copies of our New View supplement were distributed, reaching over 120,000 readers. The accompanying New View Diversity in the public sector report focused on senior-level ethnic diversity in over 500 public sector organisations was featured in City A.M., The Voice, The Independent and The Guardian.

Experts in diversity:

In November 2016 we published our first Inclusive Boards report focusing on the diversity of boards of trustees in the top-500 charities in England and Wales. Our research was featured in Third Sector and Civil Society. Extracts from our report was also featured in the 2017 edition of "The Charity Trustee's Handbook" (Williams, 2017), published by the Directory of Social Change.

During 2016/17 we submitted written evidence to the following committees and enquiries:

- Baroness McGregor-Smith Review: Issues Faced by Businesses in Developing Black and Minority Ethnic Talent.
- Youth Select Committee: Employment Outcomes for Young Muslims.
- Greenwich Fairness Commission
- Department for Communities and Local Government: Race Disparity Audit
- All Parliamentary Group on Race
- Race Disparity Audit - Education & Employment Partner Discussion - Cabinet Office, February 2017.

Inclusive Boards. The UK's diversity.

**Helping organisations
improve representation at
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