

CHARITIES INCLUSIVE GOVERNANCE REPORT

2022

INCLUSIVE BOARDS

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Foreword by Samuel Kasumu Co-founder

Inclusive Boards is an executive search and leadership development agency based in London and Nottingham. We help organisations and sectors with efforts to develop diverse boards, executive teams, and inclusive governance structures.

The Charity Sector

The UK's charity sector tackles some of the most pressing social and humanitarian challenges of our time. The number of areas the UK's largest 500 charities work in inevitably means they serve every corner of this vibrant multicultural country. This is why it's so important that the senior leadership teams and Boards of these charities reflect the people they serve.

Progress

The Inclusive Governance 2022 report highlights the progress that has been made in the sector since our last report in 2018, as well as acknowledging where there is still room for improvement. Despite women making up the majority of the third-sector workforce, gender parity at the Board level has still not been reached. Ethnic diversity still lags behind the FTSE 100. Senior leadership teams remain behind Boards in terms of gender, racial and ethnic diversity.

To tackle this situation with the urgency it deserves, we have included a set of recommendations which will help accelerate progress towards a more equal, diverse and inclusive civil society sector. Ensuring greater diversity will lead to better decision-making in this difficult operating environment caused by the pandemic and cost of living crisis. It is important that those most likely to be affected by hardship are able to contribute toward the decision making process. As a matter of social responsibility and efficacy, there has never been a more important time for the UK charity sector to open its doors to diversity.

“

Ensuring greater diversity will lead to better decision-making

INTRODUCTION

This report follows Inclusive Boards' 2018 Charities Inclusive Governance report which found a widespread lack of diversity in the 500 largest UK charities by income. Four years on, this group of charities has progressed in many areas.

More women and people from minority ethnic backgrounds now sit on the UK's largest charity Boards than ever before. However, this is starting from a low baseline and the sector still has a long way to go to become truly representative of its service users or to keep pace with the progress of other sectors, including the FTSE 100, on ethnic diversity.

The UK charity sector provides considerable societal value, without which significant numbers of people would lose access to vital support. This includes the almost 5 million individuals who relied on charitable services during the pandemic. Rising energy prices and other inflationary pressures are likely to increase demand for the charity sector for the foreseeable future.



Despite increased reliance on the sector, many charities were significantly impacted by the pandemic. The October 2021 government budget featured a £6.6 billion reduction in funding for the sector which left a “permanent income scar” according to ProBono Economics. This, coupled with the 4.9 million fewer individuals who donated to charities between January and April of 2022, has created financial challenges.

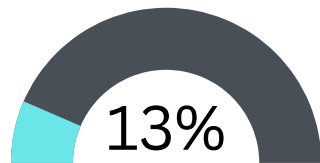
Despite the economic crisis, it is essential that the charity sector becomes more diverse. The business case for this alone, as outlined below, promises huge efficiency improvements for charities. Furthermore, the demographics of service users reliant on charities are likely to be very diverse and this ought to be reflected in the charities themselves for better service provision and representation.

Principle 6 of the Charity Governance Code (CGC) was expanded from ‘diversity’ to ‘Equality, diversity and inclusion’ in 2020. This report constitutes the first sector-wide assessment against this priority since the update of the CGC. The Charity Commission does not include Principle 6 of the CGC within their business plan.

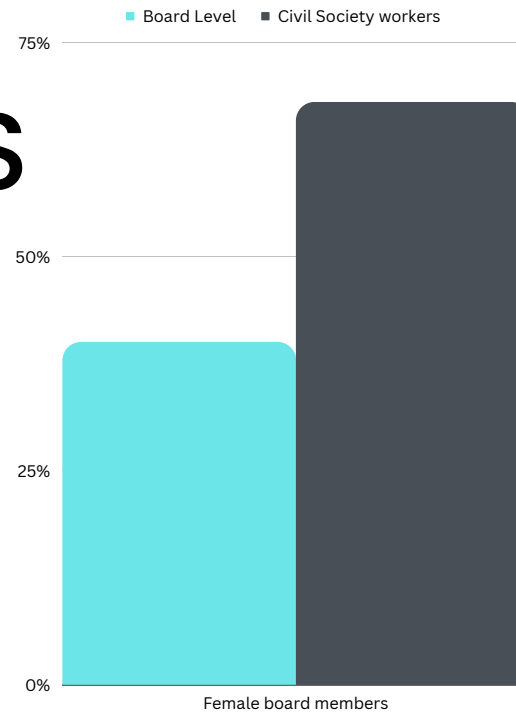


“Despite the economic crisis, it is essential that the charity sector becomes more diverse.”

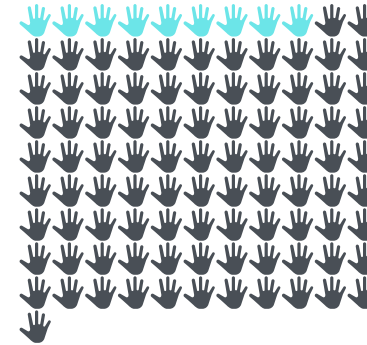
KEY FINDINGS



Only 13% of boards have gender parity despite women making up 68% of civil society workers



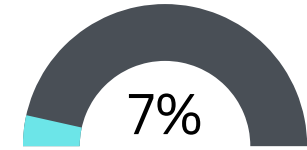
Women remain underrepresented at board level, representing 40% of trustees compared to 68% of workers in the civil society sector



9% of senior leadership team members are from a minority ethnic background



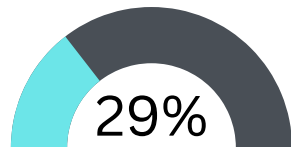
Over 1 in 10 charities have an all male senior leadership team



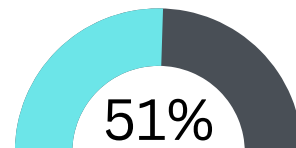
7% of trustees in the UK's top 500 charities are minority ethnic women



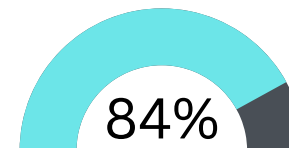
6 out of the top 10 highest income boards with no minority ethnic representation are based in London, despite being the most diverse region in the UK



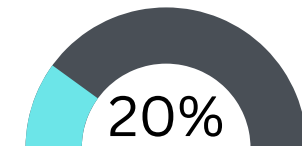
29% of charities have all white boards compared to 4% of FTSE 100 boards



51% of charities do not have a minority ethnic woman on their board



84% of senior leaders and trustees are white compared to 82% of the UK population



The top 500 UK charities are 20% richer in 2022 compared to 2017

RECOMMENDATIONS

Based on our findings, Inclusive Boards makes the following recommendations:

1

The Charity Commission should introduce a requirement for charities with 250 or more employees to annually publish diversity data of their boards and senior leadership teams.

2

The Charity Commission should update its current and future Business Plans to include a specific focus on equality, diversity, and inclusion priorities.

3

All charities should aim for gender parity across their board and senior leadership composition.

4

Charities should aim for levels of representation for individuals from minority ethnic backgrounds within senior leadership using place-based (local) as opposed to national benchmarks.

5

Charities should promote relevant schemes, both internally and externally, to ensure a continuous pipeline of diverse candidates for senior leadership and board positions.

6

Charities should offer Board shadowing opportunities to underrepresented staff within their own organisations to increase their exposure to prospective roles.

7

Charities should expand their outreach for job advertisements into a wider array of platforms, to increase awareness of opportunities.

8

Charities should ensure transparent and clear communication of internal career progression, commensurate staff benefits and accommodate for flexibility for all positions advertise.

NEXT STEPS

The sector should invest in further research into the intersectional nature of representation in senior leadership. This should include disability and social economic factors.

STATE OF THE SECTOR

“

a ‘lack of precision in the use of terminology’ and ‘lack of clarity of the benefits’ that diversity can offer is a sector-wide issue

Our 2018 version of this report, produced prior to the 2020 Charity Governance Code (CGC) update, showed that only **6.6%** of the top 500 charities by income had one or more trustees from a minority ethnic background. An even smaller minority, just **2.9%** of trustees were minority ethnic women. Over **34%** of larger UK charities had a senior leadership team entirely comprising white individuals, and **92%** of trustees were comparatively older with an above-average income and education.

New Philanthropy Capital (NPC) identified that a ‘lack of precision in the use of terminology’ and ‘lack of clarity of the benefits’ that diversity can offer is a sector-wide issue. Civil Society Futures also highlighted a general understanding that the sector has a distinct problem with racial equity, and that discussion of the issues is “too often muted or insufficient”. Civil society is founded on principles of philanthropy and giving and is critical to supporting some of the most vulnerable. However, this can lead to a “predisposition amongst charity staff to assume discriminatory practice and racial inequality is not present in the sector”.

Attitudes in the sector reinforce the necessity of the changes to the CGC. In 2020, NPC revealed that **78%** of charities thought their staff were not fully representative of the population they serve, rising to **90%** amongst the major charities. These charities were also the most likely to acknowledge that recruitment of individuals of different ethnicities would lead to increased diversity internally.



More recently, ACEVO's 2021 Pay and Equalities Survey showed that only **25%** of individuals were happy with the level of ethnic diversity on their Boards.

Specific recommendations on the transparency of representation amongst senior leadership were raised prior to this in the 'Taken On Trust' review of 2017. It advocated for capturing information on the gender of trustees and introducing a requirement to report on board diversity in the annual returns for all charities whose annual income exceeds £500,000 per annum. **The Charity Commission responded by stating that no decisions on such proposals had been made as of 17th December 2021.**



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In 2020, NPC revealed that **78% of charities thought their staff were not fully representative of the population they serve, rising to 90% amongst the major charities**

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EY Foundation's April 2022 survey illuminated several perceived preventative barriers to improving representation within the sector:

- **25%** of individuals expressed a lack of awareness about where to apply and search for jobs
- **24%** stated that there are currently suboptimal opportunities to develop their careers in the sector
- **23%** of individuals perceive there to be a poor variety of job roles
- **20%** believe charities do not offer fair pay, reasonable benefits or flexibility.

DATA ANALYSIS

Overview

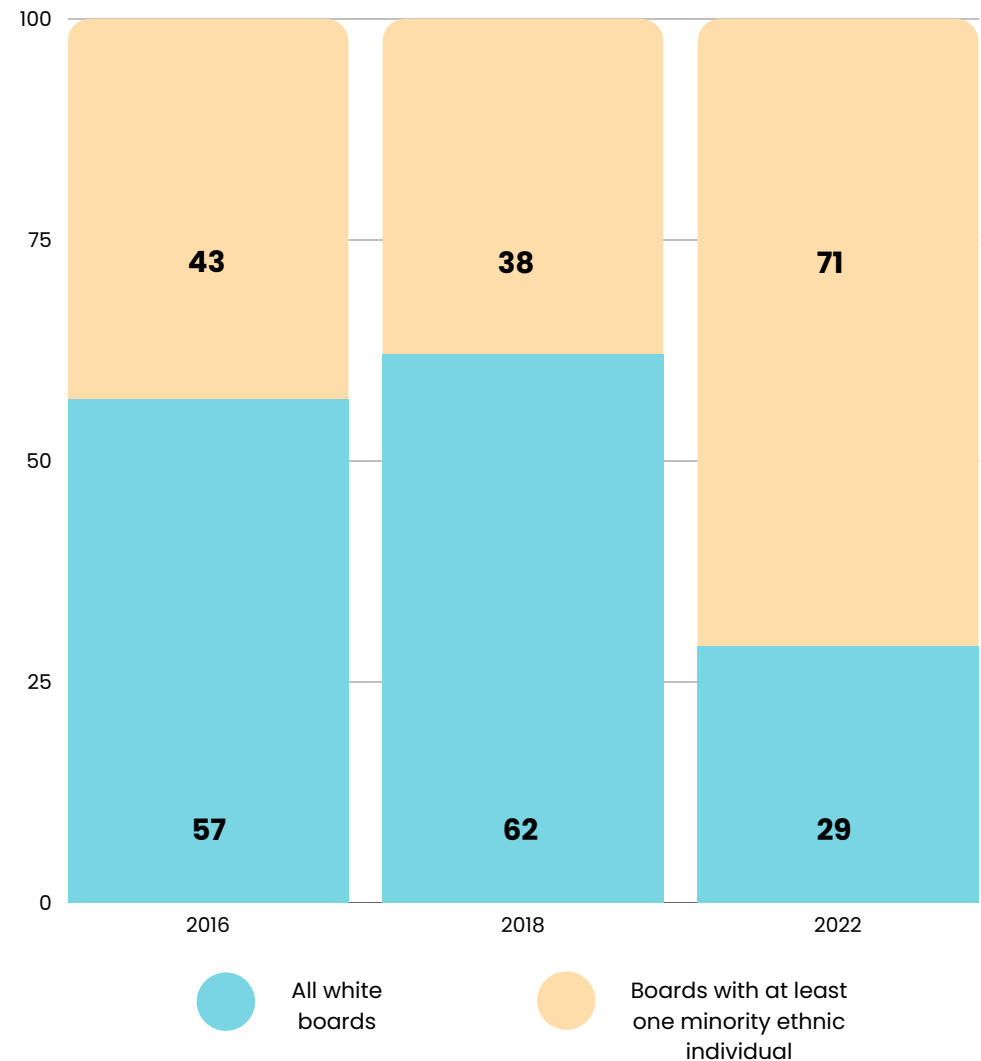
Inclusive Boards identified **9,763** individuals on the senior leadership teams and trustee boards of the top 500 UK charities ranked by income. The combined income of the top 500 UK charities in 2022 increased by **19.5%** since 2016/17, from £35.5 billion to £42.4 billion. All data was collated between June and July 2022.

68% of those identified (6,411) are trustees, whilst the remaining **34%** (3,352) are senior leaders. **60%** of those identified are male-presenting and **40%** are female-presenting.

84% of trustees we identified are white, and **16%** are from minority ethnic backgrounds - this is a significant difference of **9.4** percentage points since the composition was last assessed in 2014. Inclusive Boards were unable to ascertain the ethnicity of **0.6%** of those identified.

29% of boards are all-white, a significant decrease from **62%** in 2018. **7.2%** of trustees identified are women from minority ethnic backgrounds, an increase of **2.9%** since 2018. There are **6** all-minority ethnic boards of trustees as opposed to **4** in 2018. All six of these boards either relate to a religious denomination or work in the international aid sector.

Figure 1. All white boards vs Boards with at least one minority ethnic person

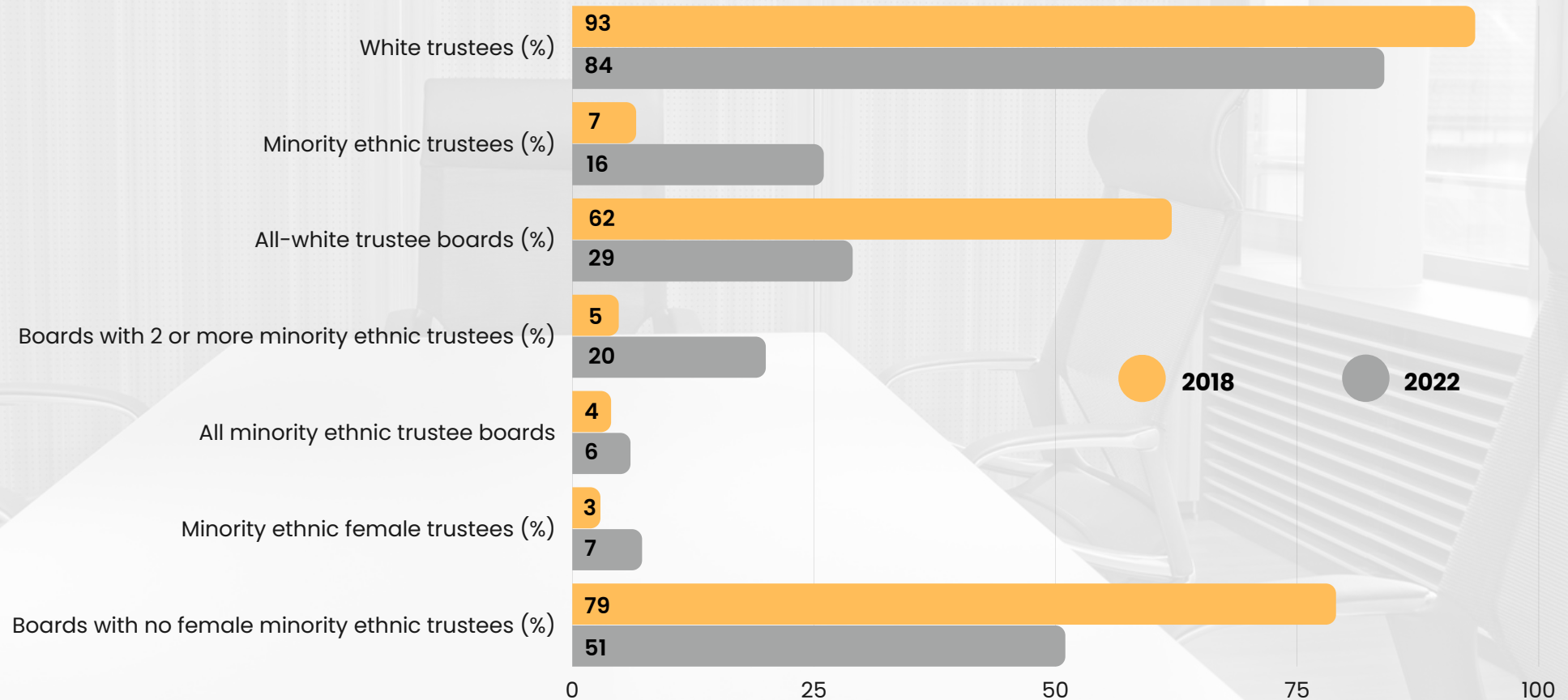


TRUSTEES BY ETHNICITY

We were able to ascertain the ethnicity of 6,372 trustees. There has been a significant increase in the representation of minority ethnic groups at trustee level (Fig 2). Minority ethnic trustees grew as a share of total trustees from a low level of **7%** in 2018 to **16%** in 2022. In addition, the number of boards with no minority ethnic representation has decreased from 62 in 2018 to 29 in 2022. All minority ethnic board numbers increased from 4 to 6.

As in our 2018 report, 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: one in Liverpool, one in Cheshire, one in Preston, and one in Bristol.

Figure 2. Ethnic diversity of trustees 2018 to 2022



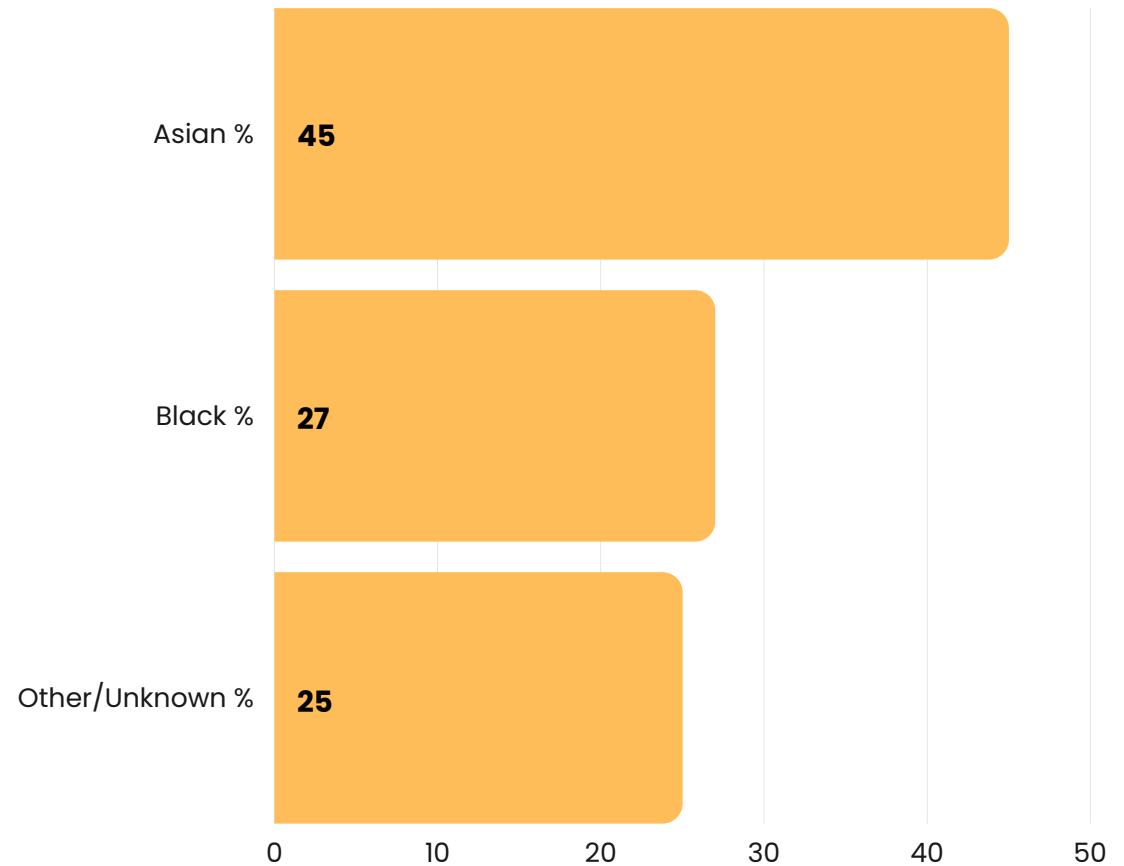
BREAK DOWN OF TRUSTEE ETHNICITY

Our research identified a total of 1,043 minority ethnic trustees. Of this number, 482 or **46%** were identified as Asian, 291 or **27%** as Black and 270 or **25%** as Other/Unknown.

In addition, we were unable to confirm the ethnicity of 38 trustees - less than 1% of the total number of trustees identified.

Further research is needed to break down ethnicity by further subgroups - as highlighted in our first recommendation, annual diversity reporting in the sector could help to create a complete picture of ethnic diversity at trustee level in the charity sector.

Figure 3. Ethnicity breakdown of trustees identified



TOP 10 CHARITIES BY INCOME, GENDER & ETHNICITY

Table 1. Diversity of trustees in the top 10 charities

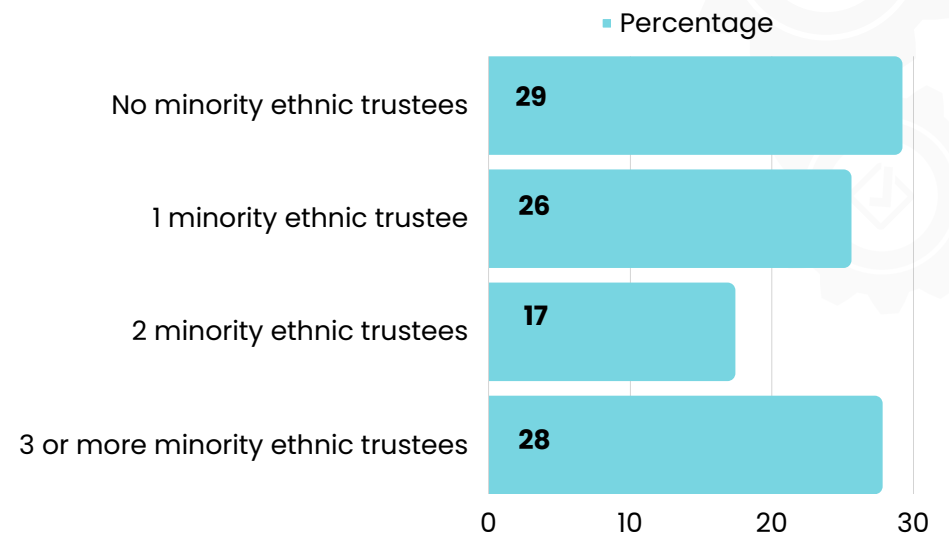
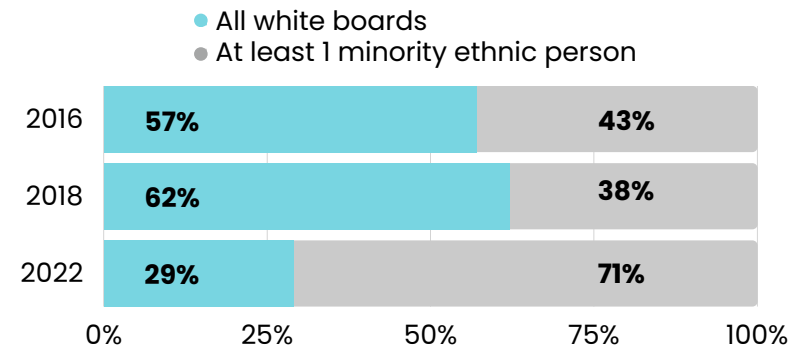
Charity	Income	Male Trustees	Female Trustees	White Trustees	Minority Ethnic Trustees
The Arts Council Of England	£1,488,506,017	6	9	12	3
International Finance Facility For Immunisation Company	£1,059,428,626	3	5	6	2
The Charities Aid Foundation	£1,008,480,000	5	3	7	1
The British Council	£924,965,472	8	5	10	3
Save The Children International	£876,468,492	5	7	8	4
Nuffield Health	£779,900,000	8	2	7	3
Cardiff University	£604,593,000	13	12	21	4
Cancer Research Uk	£582,083,475	7	7	13	1
United Church Schools Foundation Ltd	£553,383,000	7	5	8	4
The National Trust For Places Of Historic Interest Or Natural Beauty	£507,661,000	6	5	9	2

Table 2. Top 10 all white boards by income

Charity Name	Income
Ako Foundation	£439,773,000.00
The Ormiston Trust	£258,916,000.00
The Salvation Army	£237,788,000.00
The Eric Wright Charitable Trust	£219,531,000.00
Oasis International Association	£217,409,000.00
Canal & River Trust	£215,400,000.00
JISC	£195,818,000.00
The Salvation Army Social Work Trust	£172,706,000.00
Charities Trust	£164,284,183.00
The Archbishop's Council	£146,473,478.00

Table 3. Total number of trustees and their diversity 2018 - 2022

	White Trustees	Minority Ethnic Trustees	Female Minority Ethnic Trustees
2018	3983	281	124
2022	5329	1043	459

Figure 4. Distribution of minority ethnic trustees**Figure 5. All white boards vs Boards with at least one minority ethnic person**

TRUSTEES BY GENDER

Inclusive Boards identified the gender presentation of all 6,411 trustees:

Table 4. Gender diversity of trustees from 2018 to 2022

Metric	2018	2022	Change
Male-presenting trustees	66%	60%	-6 pp
Female-presenting trustees	34%	40%	+6 pp
Boards with between 1 and 5 female trustees	70%	60%	-10 pp
Boards with between 6 and 10 female trustees	21%	32%	+11 pp
Boards with more than 10 female trustees	15	15	0
Boards with no female-presenting trustees	30	16	-14
All-male trustee boards	30	16	-14
All-female trustee boards	1	1	0

The number of boards that have between 1 and 5 female trustees has decreased since 2018, from **70%** to **60%**. This may in part be due to an **11%** increase in the number of boards with **6-10** female trustees. We identified **15** boards with more than ten female trustees and just one all-female board (UK Online Giving Foundation).

The number of all-male boards has almost halved since 2018 - there are **16** all-male boards in 2022 as opposed to the previous sum of **30**. The majority of these organisations (**62.5%**) have a religious affiliation.

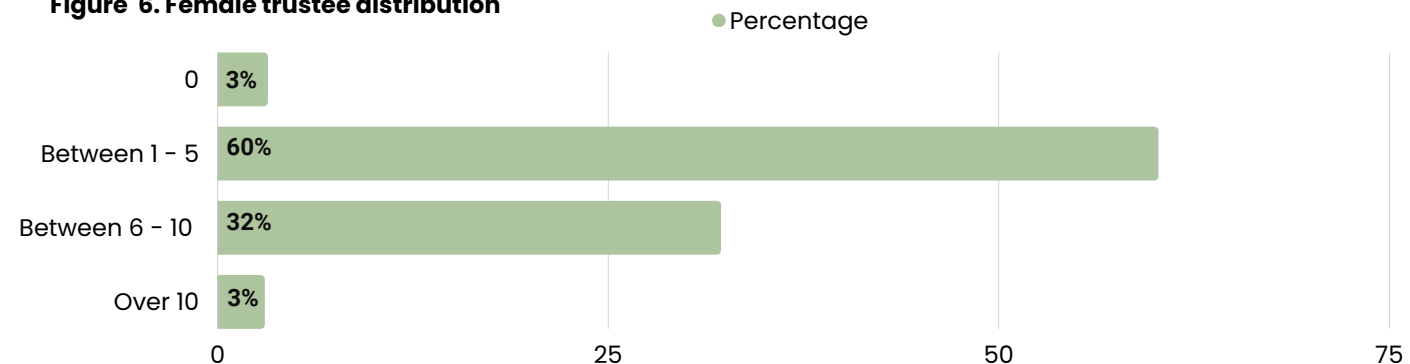
65 charities out of 500 (**13%**) have an equal number of male and female executives, an increase of **17** since 2018.

Table 5. Top 10 boards by income with highest female representation

Organisation	Income	Proportion Female
MSI Reproductive Choices	£294,440,000.00	88%
UK Online Giving Foundation	£117,234,759.00	100%
Nursing And Midwifery Council	£92,005,000.00	75%
Cats Protection	£71,972,000.00	75%
Plan International UK	£69,771,000.00	77%
CAMFED International	£61,655,929.00	90%
The Forrester Family Trust	£60,205,034.00	80%
Hestia Housing And Support	£37,443,021.00	75%
Refuge	£33,983,581.00	88%
World Animal Protection	£31,372,000.00	73%

Table 6. Top 10 all male boards by income

Name	Income
HCT Group (went into administration in Sept 2022)	£123,706,829.00
Ahmadiyya Muslim Jamaat International	£48,484,000.00
Bridge House Estates	£47,400,000.00
Amanat Charity Trust	£46,500,110.00
Real Life Options	£44,627,000.00
The Church Of Jesus Christ Of Latter-Day Saints (Great Britain)	£38,148,000.00
Achisomoch Aid Company Limited	£36,101,125.00
The Pears Family Charitable Foundation	£32,896,881.00
Muslim Hands	£32,458,760.00
Niab	£31,137,000.00

Figure 6. Female trustee distribution

SENIOR LEADERSHIP TEAMS

Overview

The gender gap is narrower at the senior leadership team level - 55% of senior leaders are male and the remaining 45% are female.

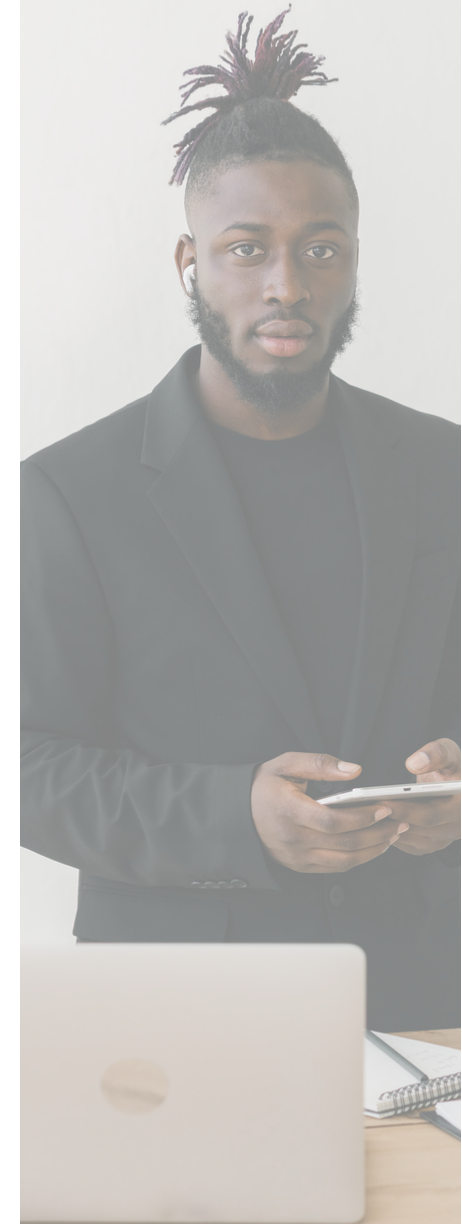
Representation from a range of ethnic groups remains an area in need of improvement at the senior leadership level. Across the senior leadership teams Inclusive Boards identified **301** (9.1%) of individuals from a minority ethnic background, out of whom **134** are female.

Table 7. Senior Leadership Team at the top 10 charities by income

Charity Name	Income	Male	Female	White	Minority Ethnic
The Arts Council Of England	£1,488,506,017.00	9	11	15	5
International Finance Facility For Immunisation Company	£1,059,428,626.00	No Senior Leadership Team identified			
The Charities Aid Foundation	£1,008,480,000.00	6	3	9	0
The British Council	£924,965,472.00	9	1	9	1
Save The Children International	£876,468,492.00	2	4	4	2
Nuffield Health	£779,900,000.00	2	3	5	0
Cardiff University	£604,593,000.00	7	5	10	2
Cancer Research UK	£582,083,475.00	5	2	7	0
United Church Schools Foundation Ltd	£553,383,000.00	3	3	6	0
The National Trust For Places Of Historic Interest Or Natural Beauty	£507,661,000.00	5	4	9	2

This means that minority ethnic women represent just **4.0%** of all senior leaders identified in the top 500 charities by income - a marginal improvement on the **2.3%** in 2018.

There has been a **17%** reduction in the number of all-white senior leadership teams, however this is still the case at **62%** of charities. When looking at organisations with 1, 2 and 3 or more minority ethnic leaders there has been improvement at levels of **5%**, **7%** and **3%** respectively.



ETHNICITY

We were able to identify **3,352** senior leaders, equating to **34%** of the overall number of individuals identified, of which we were able to ascertain the gender presentation of **3,347** individuals.



Table 8. Senior Leadership Team diversity from 2018 to 2022

	2018	2022	Change
White leaders	94.7%	89%	N/A
Minority ethnic leaders	5.3%	9.1%	+3.8 pp
Minority ethnic women leaders	2.3%	4%	+1.7 pp
Senior Leadership Teams with no minority ethnic women	N/A	81%	N/A
Senior Leadership Teams with 1 minority ethnic professionals	16%	21%	+5 pp
Senior Leadership Teams with 2 minority ethnic professionals	2%	7%	+5 pp
Senior Leadership Teams with 3 or more minority ethnic professionals	3%	6%	+3 pp
Senior Leadership Teams with no minority ethnic professionals	79%	62%	-17 pp

BREAK DOWN OF SENIOR LEADERSHIP TEAM ETHNICITY

Our research identified a total of 306 minority ethnic senior leaders.

Of this number, 176 or 46% were identified as Asian, 100 or 26% as Black and 30 or 8% as Other/Unknown.

In addition, we were unable to confirm the ethnicity of 75 or 20% of senior leaders.

As with trustees, further research is needed to break down ethnicity by further subgroups - annual diversity reporting in the sector could help to create a complete picture of ethnic diversity at senior leadership level in the charity sector.

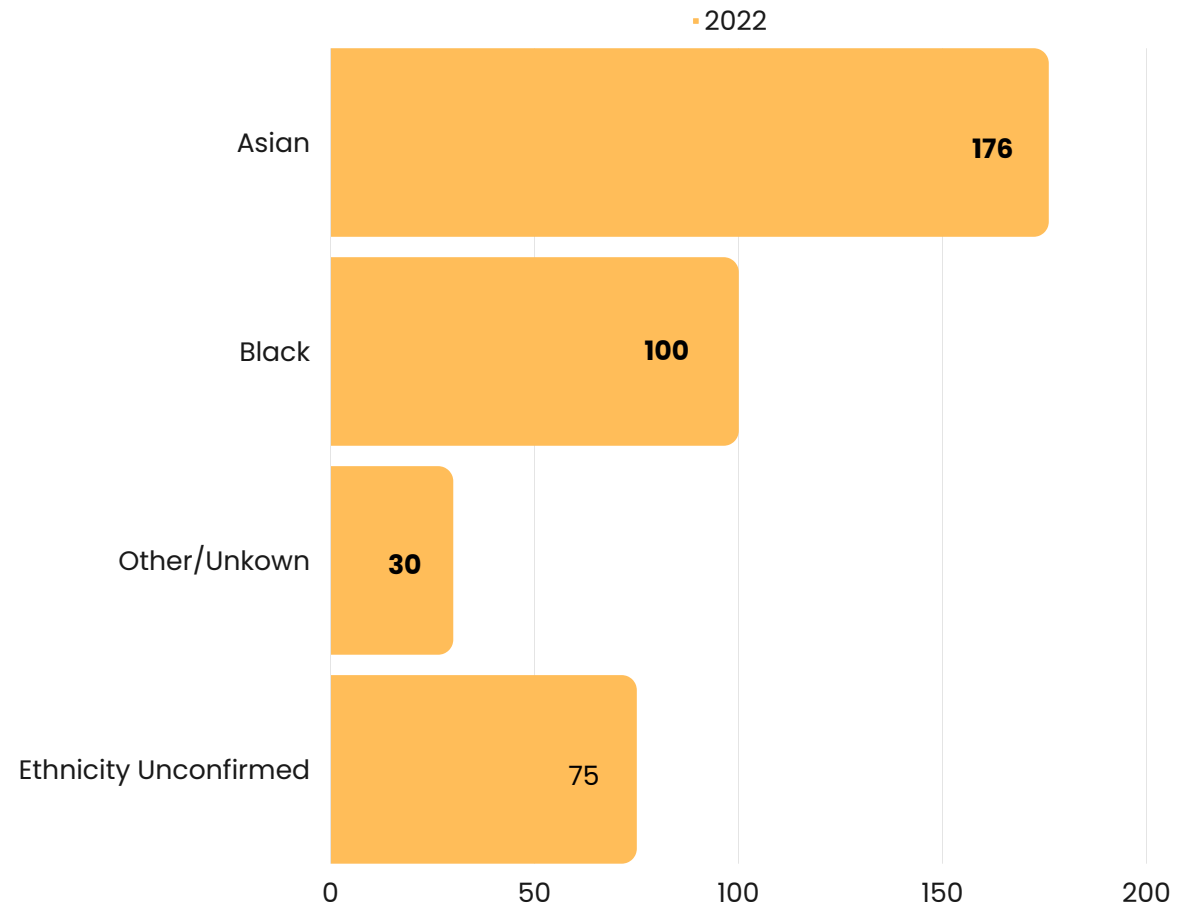


Table 9. Top 10 all white senior leadership teams by income

Charity Name	Income
The Charities Aid Foundation	£1,008,480,000.00
Nuffield Health	£779,900,000.00
Cancer Research UK	£582,083,475.00
United Church Schools Foundation Ltd	£553,383,000.00
The National Trust For Places Of Historic Interest Or Natural Beauty	£507,661,000.00
Wellcome Trust	£463,593,138.00
Swansea University	£360,665,000.00
Hospice UK	£264,355,000.00
The Girls' Day School Trust	£263,033,000.00
The Ormiston Trust	£258,916,000.00

TOP 10 ALL WHITE SENIOR LEADERSHIP TEAMS BY INCOME

GENDER

There are 55 organisations with all-male leadership teams, representing over a tenth of organisations studied. It is important to note that over half of these organisations (29) had only one senior member of staff that Inclusive Boards was able to identify. In addition, the number of senior leadership teams with 1 - 3 female leaders has seen a decline of 13%.

It is worth noting that the number of senior leadership teams with between 4-6 and more than 6 female leaders have increased by **3%** and **2%** respectively. The number of all-female senior leadership teams has also increased from **11** to **20** however again over half of these organisations (**12**) had only one senior member of staff that Inclusive Boards was able to identify.

It is significant that **65** charities had an equal number of male and female senior leaders, an increase of **17** since 2018.

Table 10. Senior leadership team gender diversity 2018 to 2022

Metric	2018 Report	2022 Report	Change
Male-presenting leaders	57%	55%	-2 pp
Female-presenting leaders	43%	45%	+2 pp
All-male Senior Leadership Teams	17	55	+38
All-women Senior Leadership Teams	11	20	+19
Senior Leadership Teams with gender parity	48	65	+17
Senior Leadership Teams with no women	6%	11%	+5 pp
Senior Leadership Teams with between 1 and 3 women	63%	50%	-13 pp
Senior Leadership Teams with between 4 and 6 women	26%	29%	+3 pp



TOP 10 ALL MALE SENIOR LEADERSHIP TEAMS WITH AT LEAST 2 STAFF BY INCOME

Table 11. Top 10 all male senior leadership teams by income

Name	Income
Islamic Relief Worldwide	£148,990,396.00
The Grace Trust	£127,452,335.00
The Royal National Institute of Blind People	£86,486,000.00
Malaria Consortium	£68,064,000.00
Haberdashers' Aske's Charity	£51,723,000.00
Fusion Lifestyle	£43,922,000.00
Acis Group Limited	£42,393,930.00
Coleg Sir Gar	£40,445,000.00
The Methodist Church in Great Britain	£40,280,000.00
IVCC	£39,438,000.00



SECTOR COMPARISON



How do the FTSE100 and FTSE250 compare with the UK's top 500 charities?

Private Sector

The private sector has seen a relative degree of success from the voluntary business-led frameworks of the Parker, Hampton Alexander, Davies and FTSE100 Women Leaders Reviews. However, the targets outlined should be referenced as minimal baselines for effectuating diversity. Gender parity and benchmarking representation against national ethnicity composition should be sought by companies moving forward and continually reviewed to ensure progress.

- **4%** of FTSE 100 and **33%** of FTSE 250 Boards are all white compared to **29%** of the UK's top 500 charities. This means almost all FTSE 100 companies have achieved the Parker Review target of 1 minority ethnic board member by 2021 and FTSE 250 companies have a way to go to meet their respective 1 by 2024.
- **18%** of FTSE 100 Board directors are from minority ethnic groups, compared to **16%** of trustees in the UK's top 500 charities and only **11%** of FTSE 250 Board directors.
- **44%** of minority ethnic trustees in the top 500 charities by income are women, compared to **48%** of FTSE 250 Board directors and **47%** of FTSE 100.
- **44%** of FTSE 100 companies have achieved or exceeded Hampton Alexander Review (2022) targets of at least **33%** female board members compared to **73%** of the UK's top 500 charities
- **15%** of FTSE 100 companies have equal to or over **40%** female representation in leadership roles compared to **61%** of the UK's top 500 charities
- **8%** of FTSE 100 Board directors are minority ethnic women, compared to **7%** of the UK's top 500 charities and **5%** for the FTSE 250



Public Sector

The public sector has also seen a relative degree of success in both the Civil Service and NHS, selected in this report due to the size of their organisations as employers. Amongst Civil Service senior leadership (SCS) as of March 2021, 6.1% are declared as disabled, and 8.2% are from minority ethnic backgrounds, representing a record for ethnicity.

However, complacency over progress is ill-advised, as these early indicators of success are accompanied with other adverse realities. For example, the representation gap reduction between NHS boards and workforces is primarily due to the gap between non-executive directors, down 4.2% over the same period. In contrast, the gap has increased amongst directors by 1.3%. In all 7 regions across England there is a lower proportion of minority ethnic individuals on boards than in overall staff composition.

Civil Service

- 14% of Civil Service employees identify as minority ethnic compared to 19% of the working population
- 8% of Senior Civil Service (SCS) employees are ethnic minorities
- 55% of Civil Service employees are women
- 14% of Civil Service employees are disabled
- 6% of Civil service employees identify as LGBTQ+



THE CHARITY GOVERNANCE CODE

The Charity Governance Code (CGC) was launched in 2005 with the express aim of improving charities' systems, processes and practices. It set out seven initial principles to substantiate this:

1. Organisational purpose
2. Leadership
3. Integrity
4. Decision-making
5. Risk and control
6. Board effectiveness
7. Openness and accountability

Although not legally binding like the UK Corporate Governance Code, these principles are described as 'deliberately aspirational' and referenced on an 'apply or explain' basis. Various updates to the CGC have occurred since its inception.

The Charity Governance Code (CGC) was launched in 2005

The 2017 update combined principles four and five and incorporated an additional principle which was diversity. The CGC was updated again in December 2020 to reflect the ongoing evolution of priorities within the charity sector, developed through a consultation that received over **800** responses.

Principle 6 was renamed '**Equality, diversity and inclusion**', with the rationale that charities will ensure they achieve their aims by 'Recognising and countering any imbalance of power, perspectives and opportunities in the charity and in the attitudes and behaviour of trustees, staff and volunteers'. This focus also 'creates more balanced decision making' which will 'increase the charity's legitimacy and impact'.



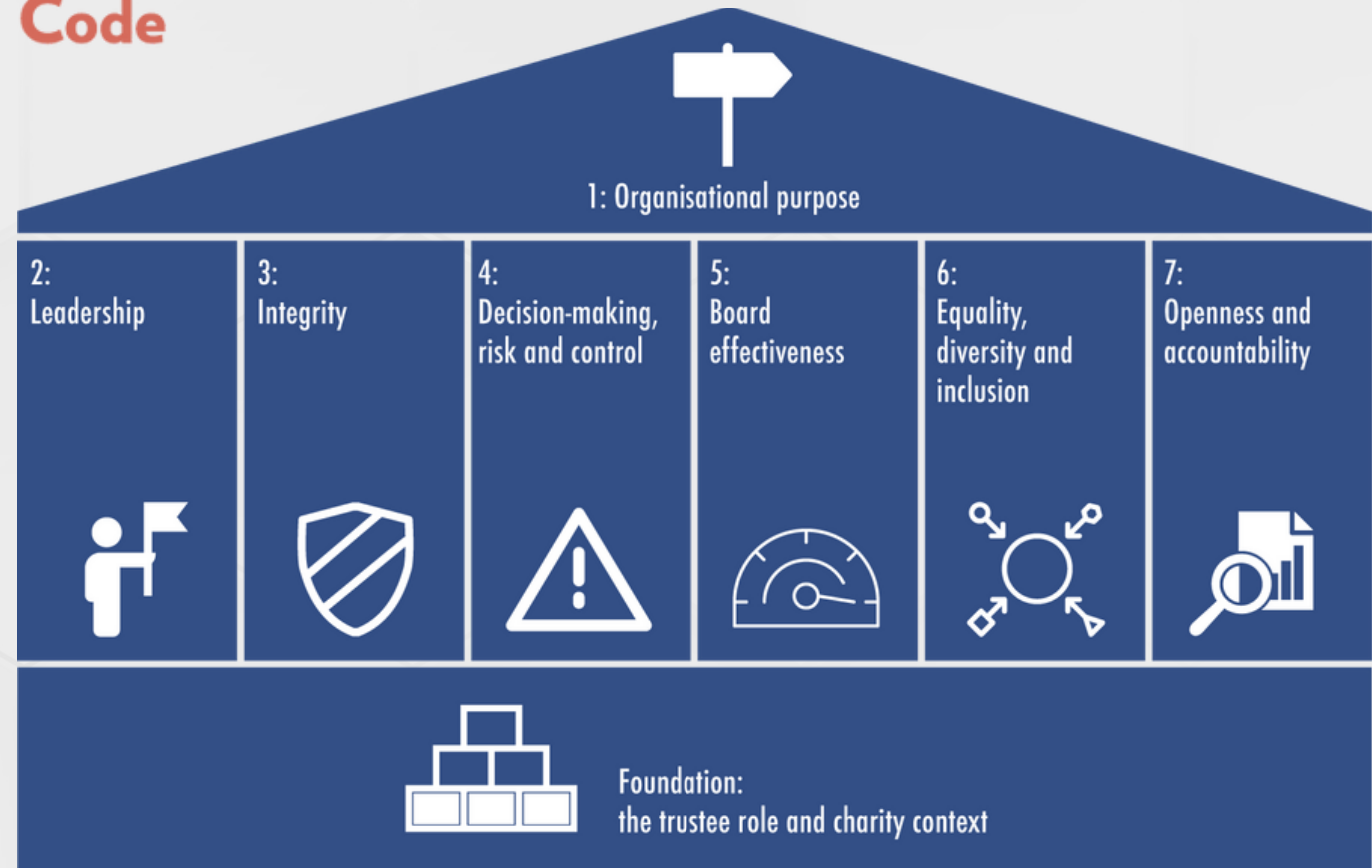
The change also encourages charities to deepen their commitment to these concepts through a multi-stage process. This includes evaluating why equality, diversity and inclusion are important priorities, setting out specific plans and targets, reviewing progress and publishing information on related performance in this area.

A variety of recommended practices is referenced in both the main and subsidiary points between **6.4** to **6.7** of the CGC, such as utilisation of diverse talent pools for recruitment, periodic learnings and reflections for the board, and removing obstacles that prevent individuals becoming trustees.

It remains to be seen whether the newest iteration of the CGC serves as sufficient motivation for advancing equality, diversity and inclusion.

As such, this research by Inclusive Boards represents the first sector-wide analysis of these priorities within the top 500 UK charities since the latest CGC update in 2020, providing illuminating insight into this area within the context of and landscape immediately following the Covid-19 pandemic.

Charity Governance Code



BUSINESS CASE

The business case for improving equality, diversity has primarily focused on factors specific to the private sector such as profitability. However, benefits such as reducing bias, increasing creativity, strengthening community engagement, and improving decision-making are all integral to the success of any organisation.

The decision-making process can benefit from addressing structural issues such as term limits for trustees, as the implementation of equality, diversity, and inclusion amongst trustees is minimised if positions are held indefinitely.

Research by OnBoard showed that almost a third of charities did not have term limits, which makes it 'harder to welcome and meaningfully integrate different voices into a trustee board' - a position also held by the Young Trustees Movement. Having a diversity of opinions has been demonstrated to increase the efficacy of decision-making by **87%**, outcomes by **60%**, and generate faster decisions with half as many board meetings necessary.

Research finds that the inclusion of a broad range of backgrounds, skills, experience and knowledge can directly enhance innovation and creativity.

Further research conducted has demonstrated that diverse boards in non-profit organisations, equipped with the right expertise, perform better both with respect to financial and non-financial outcomes than their non-diverse counterparts.

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Such outcomes are not exclusive to the governance of an organisation, "companies that treat their workers well outperformed their peers by **2.3 - 3.8%** per year over a 28-year period, or **89 - 184%** compounded". Embedding a culture of employee well-being is itself dependent on the promotion of inclusion and diversity principles internally.

Research conducted by Weber Shandwick, KRC Research, and the Institute for Public Relations also indicates that having an equitable workplace will attract a wider range of candidates, with **47%** of 18-30 year olds, **37%** of 35-50 year olds, and **33%** of 51+ year olds stating that diversity and inclusion is an important factor when considering a new job.



The importance of organisational equity cannot be overstated. Boston Consulting Group produced research demonstrating that “inclusion is critical to wellbeing”. Workers who reported being happy at work were around 1.5 times more likely to want to give their best, corroborated by a study by the University of Warwick which found that happier employees are up to **12%** more productive. The research by Boston Consulting group also found a correlation between inclusiveness and happiness at work. Of the employees surveyed who reported an inclusive culture, 81% said they were happy in their jobs – three times more than those who did not feel included.

Employees who reported being unhappy at work were also 4.6 times more likely to indicate they will probably leave their current employer within six months, leading to additional costs incurred through the recruitment and training of replacement staff members.

Importantly, **57%** of charity professionals are looking to increase representation among their decision-makers. Just over one in four (equating to 27%) view diversity as a priority, reflecting the necessity of embedding greater perspectives internally, in a mutually beneficial relationship with those who engage with charities.

Structural barriers in the workplace which exist from entry to board-level mean that minority ethnic individuals in the UK are less likely to progress in their professional environments, as outlined in the McGregor Smith Review in 2017.



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This experience is negatively affecting not just individuals but the organisations within which they operate – diverse employees with various backgrounds and thought processes bring unique expertise that optimises problem-solving. In order to thrive, organisations should be removing such barriers and nurturing the potential of a diverse workforce.

These observations are of particular importance given the charity sector’s considerable contribution to society – valued at £17 billion by official government figures. However, a report by Pro Bono Economics upscaled this projection to as much as £200 billion, demonstrating the profound impact the sector has – and by extension the importance of optimising decision-making through prioritising diversity.

CONCLUSION

The charity sector is a vital thread in the fabric of the United Kingdom's society, without which many of the most vulnerable would be left without critical support systems. Often, the demographic profile of those most in need of this support is over representative of minority groups. In spite of this fact, these groups are frequently left out of or even excluded from the parts of the sector in which decisions are made. Our analysis shows that much progress has been made with respect to the representation of women and minority ethnic individuals in the strategic management of the largest charities in the country.

However, progress is no cause for complacency, particularly as a significant proportion of the organisations evaluated have not yet achieved parity of representation for either of these groups. Whilst it was beyond the scope of this analysis to focus on other marginalised groups, such as disabled people and those that identify as LGBTQ+, literature suggests they too are subject to systemic exclusion from positions of power. More can and must be done to achieve procedural justice within the sector.

However, it is not just the diversity of senior leadership teams and boards of trustees which should be addressed in future efforts to better reflect the needs of stakeholders. The qualitative dimension of inclusion, which often lags behind diversity, should also be considered. This is of particular importance given the persistent prevalence of discrimination in the sector, as highlighted by organisations such as NCVO, Third Sector, the Social Justice Collective, and others.

There is a wealth of evidence that supports not just the moral and legal cases for the implementation of equality, diversity and inclusion, but also the fact that inclusion of the full spectrum of society drives creativity, innovation and financial performance. Diversity is not, therefore, an optional add-on, tick box or something that should be viewed as an obligation imposed upon charities. Rather, it is a critical factor to the continued survival and delivery of public benefit for all charities.



LANGUAGE USE

Efforts to understand the extent to which the charity sector is representative of the demographic groups it serves are based on publicly available data and may not fully represent the diversity of boards and leadership teams.

Where Inclusive Boards makes reference to the ethnicity of individuals within this report - this is based on additional research such as photographs, biographies and name. We acknowledge that there is room for error within this framework and that there may be additional ethnic diversity that is not captured within this data set as not all organisations contacted responded to our request for confirmation.

Where Inclusive Boards makes reference to the gender of individuals within this report - this is based on gender presentation and considered through the binary lens of male and female. We acknowledge that there may be additional gender diversity that is not captured within this data set as not all organisations contacted responded to our request for confirmation.


Use of the terms minority ethnic background / minority ethnic - Inclusive Boards use the term 'minority' to place the focus on the power struggle and systemic reality of who becomes viewed as a minority.







Supporting individuals, organisations and sectors with efforts to be more diverse and inclusive.

Contacts Us

 0207 267 8369

 hello@inclusiveboards.co.uk

 www.inclusiveboards.co.uk

 @InclusiveBoards

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Lead Researcher

Matthew Honeyman

Editor

Samuel Kasumu

Contributors

Aleksandra Lasak,
Alicia Haggins,
Anish Kotamarthi,
Conor McCrory,
Jack Harmsworth,
Katie Petrou,
Sophie Fice,
Toni Gisamrin
Wendy McPherson.

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