

Building strong, effective boards

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SOCIAL PRACTICE ENT REVIEWED THE TRUSTEES' ANNUAL REPORTS OF THIRTY-SIX LARGE CHARITIES.

OUR FINDINGS SHOW THAT MORE CHARITIES ARE ACTIVELY CONSIDERING THE SKILLS ON THEIR BOARDS, AND REVIEWING THE EFFECTIVENESS OF THEIR TRUSTEE BOARD.

Board composition is integral - trustees should ensure that they have the right skills and diversity on their boards. The Charity Governance Code recommends that charities should consider the mix of skills, the knowledge and experience of trustees currently serving, or to be recruited, to their board. Trustees should also consider the need for retaining experienced long serving trustees, as well as the need for succession planning, recruiting young trustees to their boards.

Board composition

The board should have enough trustees to ensure that the necessary skills required to run the charity are available. However, the number of trustees must also be capped, to ensure that the board is able to make decisions effectively. A board composition of five to twelve trustees is generally considered to be consistent with good practice.

Of the thirty-six charities that we reviewed, the average and median board size was thirteen. The largest board had seventeen trustees, whilst the smallest board had five trustees serving on the board.



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Charities that actively carry out skills audits (number)	20
Charities that actively carry out skills audits (%)	56%

EFFECTIVENESS REVIEWS

Effectiveness reviews carried out by the board, will ensure that the charity is adequately considering how trustees are recruited, retained, appraised and supported. As a result, trustees will be in a position to oversee the strategic direction of the charity.

Nominations and remuneration committees may ensure that charities will be in a position to recruit individuals into senior leadership roles and onto their board with the necessary skills, as well as ensuring that diversity of employees and the board is taken into consideration. The committees should ensure that the process of recruiting trustees is rigorous and transparent. Executive salaries should also be considered by the remuneration committee ensuring that they are in line with sector benchmarks.

As part of the effectiveness review, the board should consider the tenure of trustees. It is good practice for the Chair to serve for a maximum of nine years. Likewise, trustees should also serve for a capped number of years, which may also be a maximum of nine years.



Charities that completed a governance review in the year/subsequent year	21	58%
Charities that completed an external governance review	9	25%



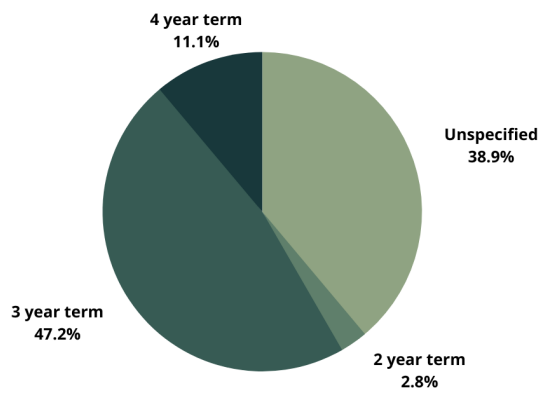
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TRUSTEE TENURE

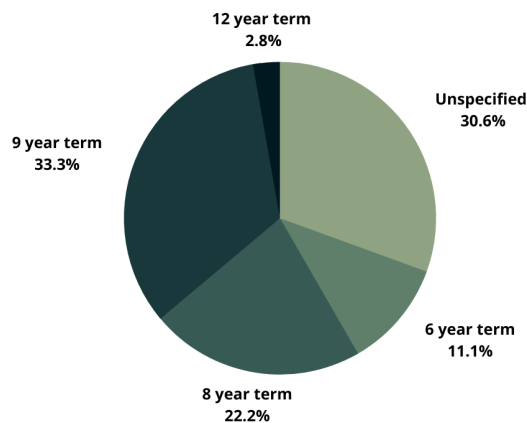
Of the thirty six charities that we researched, 3% (1) had a cap of two years, as the initial term for trustees. 47% (17) had a cap of 3 years, whilst 11% (4) had a cap of 4 years. 39% (14) did not specify their trustee tenures.

3% (1) of the charities had a maximum term of 12 years; 33%(12) had a maximum term of 9 years; 22%(8) had a maximum term of 8 years; 11% (4) had a maximum term of 6 years; and, 31% (11) did not specify their trustee tenures.

Average initial board tenure



Average maximum board tenure



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Prepared by Social Practice ENT
31 October, 2022