

# Governing for impact – diversity and the Charity Governance Code

The positive impact of diversity at board level is becoming well-recognised in the sector.



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## Governance expert Tesse Akpeki explores the latest developments

*'Promoting and supporting diversity in the workplace is an important aspect of good people management – it's about valuing everyone in the organisation as an individual. However, to reap the benefits of a diverse workforce it's vital to have an inclusive environment where everyone feels able to participate and achieve their potential. While UK legislation – covering age, disability, race, religion, gender and sexual orientation among others – sets minimum standards, an effective diversity and inclusion strategy goes beyond legal compliance and seeks to add value to an organisation, contributing to employee well-being and engagement.'* – Chartered Institute of Personnel and Development (2017)

Delivering Through Diversity, a study by McKinsey, published in January 2018, shows that an effective organisation, no matter what sector it is in, needs to be composed of a group of people who think differently. The environment has to be safe to share and to use these differences to deliver the vision of the organisation. The authors of the report stress the importance of listening – to understand problems, barriers and obstacles – before exploring and offering solutions. Ask questions that invite engagement and avoid statements that invite judgement. The concept of organisational diversity is also broadening to include personality type, thinking style and other factors.

Ground-breaking research by the Charity Commission into awareness and effectiveness of charity trustees in England and Wales, Taken on Trust (2017), found that men outnumber women trustees on boards by two to one. The average age of trustees is 55-64 years. Yet 71% of trustees are recruited through an informal process. The report recommends that charities do more to promote diversity on their boards and encourage applications from women, young people and people from ethnic minority and socially diverse backgrounds. A separate analysis by CharityData reveals that one in 12 trustees is called John or David.

The new Charity Governance Code, published in 2017, emphasises the importance of recruiting and retaining a diverse board that leads effectively and

achieves high performance. Principle 6 of the code recommends that 'the board's approach to diversity supports its effectiveness, leadership and decision making'. This is the standard against which charities will be assessed for diversity effectiveness. Trustee boards with income of more than £1m should ensure that there are plans in place to monitor and achieve the board's diversity objectives. As part of the annual report, the board is expected to report on what it has done to address board diversity, with an explanation of where diversity objectives have not been met.

In building cultural competence that goes beyond diversity we have to find creative ways to use next-gen talent. The bottom line is that this approach is about inclusion not exclusion. That means everyone working for the best interests of the vision. The potential benefits of strong performance make the effort to foster inclusion and engagement well worth it.

## 9 practical questions for charities

1. What does diversity, engagement and inclusion mean for you?
2. How do you know your goals are moving you towards success?
3. Are your initiatives moving you towards or away from your goals?
4. What is working for you?
6. How can you share the learning and how can you stay resilient?
7. What have been your struggles?
8. What resources, training or supportive mechanisms are you using?
9. Where next for you?

### Find out more

The McKinsey report, *Delivering through Diversity*, is at <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>

The Charity Commission report on the effectiveness of trustees is here <https://www.gov.uk/government/publications/taken-on-trust-awareness-and-effectiveness-of-charity-trustees-in-england-and-wales>