



An Rialáil
Carthanas

Charities
Regulator

Guidance note on succession planning

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Guidance note on succession planning

Introduction

Running a charity well means you need capable charity trustees who work together as an effective team. It is also important that there is a good mix of skills, experience and knowledge amongst charity trustees and that these are refreshed on an ongoing basis. Succession planning is a key responsibility of the board of a charity and helps to ensure that any gaps in skills, experience and knowledge on the board of charity trustees are filled. It also helps to maintain diversity at board level.

Charity trustees appointed for a limited number of years should understand from the start that they will in time be expected to step aside, and it is a responsibility of the board of charity trustees to prepare for this. In addition, a charity trustee might leave the board of a charity before their term comes to an end (e.g. for personal reasons) and having a succession plan in place to deal with such an eventuality helps to respond to it effectively and without undue delay.

Benefits of succession planning

Having the same people serve on the board of a charity for many years can cause the board to become set in its ways. New charity trustees can bring new energy, new ideas and fresh thinking to a charity. With proper succession planning in place a good board will have a mixture of charity trustees with a few years' experience working alongside new charity trustees. This helps to retain organisational memory and at the same time makes use of new energy and fresh thinking.

Where to start

Effective succession planning starts with a clear idea about the optimal board composition and board diversity. This process is normally led by the Chairperson and should help to identify skills, experience and knowledge that the board of charity trustees will need to oversee the charity now and in the future. Board succession planning is an ongoing process and should be closely linked to the charity's purpose, aims and objectives.

Board composition

An important part of the succession planning process is to consider the current make-up of the board. Consider what skills, experience and knowledge are currently available to the board from existing charity trustees, what is missing and what the charity will need in the future. Once the board of charity trustees has a clear picture of the existing skills and experience, it should consider what gaps need to be filled, e.g. financial expertise, and what gaps are created when a particular charity trustee is leaving.

The board of charity trustees should aim to appoint charity trustees who have the necessary skills to perform their roles and responsibilities. When charity trustees resign or their term ends, the board should ensure that those who replace them have the requisite skills aligned with the charity's purpose, aims and objectives.

Gaps in skills could also be filled by building on the skills of the existing charity trustees through training and development and working or sharing expertise with other charities.

Board diversity

It is important that the board of a charity is made up of charity trustees who bring different insights and perspectives to the deliberations and decision making of the board. Board diversity is an important consideration and, in addition to factors such as gender, age and ethnicity, succession planning should take into account any practical experience of individuals in the area to which the charity's purpose relates and any special expertise an individual may have in order to ensure the board of a charity gets a wider range of experience and is effective in realising its objectives.

Board Review

It is good practice for charity trustees to put in place a simple process to review the performance of the board and possibly individual charity trustees. Areas that may be considered as part of a board review are:

- Compliance with the Charities Governance Code;
- Compliance with relevant codes of conduct;
- Performance of sub-committees, their terms of reference and composition;
- Adequacy of information provided at board meetings;
- Board of charity trustee skills assessment.

A board review is also a good opportunity to make sure existing charity trustees are aware of how long more they have left to serve on the board and to find out if any trustee is considering resigning sooner than otherwise expected. If the board is experiencing a higher than expected turnover of charity trustees, it may be helpful as part of a board review to explore the reasons for this. This may help to identify measures to improve how the board operates and reduce the higher turnover of trustees.

While some boards may use the services of an external facilitator, a simple board review can be conducted by the board itself, led by the Chairperson, by inviting feedback in response to specific questions or on general areas of the board's work. Facilitating written feedback on an anonymous basis from charity trustees may encourage greater openness and therefore is something that a board may wish to consider.

Other Relevant Documents

This document should be read in conjunction with our guidance on **'Recruitment and Induction of Prospective Charity Trustees'** and **'Guidance for Charity Trustees'**.