

# Succession Planning in Third Sector Organisations Briefing Paper

## Introduction

Succession planning is a critical process for all organisations, but it holds particular significance within the third sector. Third sector organisations face unique challenges, such as limited resources, a heavy reliance on volunteers, particularly at board level, and other governance constraints, making leadership continuity essential. Despite its importance, succession planning is often overlooked or underdeveloped in the third sector. This paper explores the significance, current challenges, and best practices for succession planning within third sector organisations, aiming to provide guidance for boards and senior leaders.

### 1. The Importance of Succession Planning

Succession planning refers to the process of planning leadership transitions, including identifying and/or developing potential new leaders to replace those who leave or retire. In the context of the third sector, this involves preparing for transitions at both the executive level (e.g., Chief Executive Officers and senior managers) and at the board level (e.g., trustees, chairs and other office-bearers, and trustees).

Effective succession planning ensures:

- Continuity of operations during leadership changes and avoidance of crises.
- Preservation of organisational knowledge.
- Sustained funder/donor and stakeholder confidence and reputation.
- Support for diversity and inclusion by creating pathways for a broader range of candidates.
- Legal compliance.
- Stronger organisational resilience, especially in times of crisis or rapid change.

### 2. Challenges in the Third Sector

Several factors contribute to the lack of robust succession planning in the third sector:

#### 2.1 Cultural Factors

Many third sector organisations foster collaborative, mission-driven cultures where leadership is seen as a shared or diffused responsibility. While this ethos is valuable, it may downplay the importance of formal leadership structures and planning. With long-serving leaders who have played an important role in the organisation's development, it can be hard for others to even initiate conversations about succession planning.

#### 2.2 Resource Constraints

Limited budgets and staff capacity can mean strategic HR planning takes a back seat. Small charities, in particular, may not have dedicated HR or governance professionals to lead or support succession initiatives.

#### 2.3 Governance Structures

Third sector organisations are overseen by boards of trustees, which, if they are charities, are made up entirely of volunteers, who may have limited experience of succession planning. The lack of turnover of trustees and a lack of term limits in some organisations, concerns about their ability to recruit new trustees, and an ageing trustee population can hinder proactive planning.

## **2.4 Lack of Formal Policies**

According to sector research, many smaller third sector organisations lack written policies and Standard Operating Procedures. Much of the organisational intelligence resides in the heads of the leaders. Very few third sector organisations have succession plans. This may be due to the discomfort of discussing leadership change, especially if it involves founders or long-standing leaders (paid or voluntary).

## **2.5 Equality legislation**

To combat discrimination in employment, equality legislation is in place to ensure the recruitment of any staff (not volunteers or trustees) is done on a fair and open basis and does not disadvantage any particular groups because of age, gender, political or religious background, sexuality, etc. This constrains organisations from identifying particular individuals to be slotted into leadership roles (without open recruitment) when they become vacant.

## **3.A Key Components of a Succession Plan for senior staff**

A robust succession plan for senior staff typically includes the following elements:

### **3.1 Risk Assessment**

Identify key paid roles that are critical to the functioning of the organisation and assess the risks associated with sudden vacancies. Some may be low risk because they have an assistant(s) or deputy who can easily step in, others may be harder to fill at short notice and are much higher risk.

### **3.2 Talent Identification and Development**

Create mechanisms to identify potential groups of potential, emerging leaders internally and fairly provide them with progressive development opportunities, including delegating more senior tasks, leadership training, mentoring, appraisal feedback, leading working groups and/or special projects, etc.

### **3.3 Develop Operating Procedures**

Develop Standard Operating Procedures for the main responsibilities of each of the senior staff to make it easier for someone else to come in and carry out the duties of the role temporarily or permanently.

### **3.4 Emergency Succession Planning**

Have plans already in place for unexpected short-term absences (e.g. 3 weeks sickness leave), medium-term (e.g. longer-term sickness or maternity leave) and permanent absences (e.g. someone leaves or is dismissed with little/no notice), ensuring continuity while a permanent solution is identified. This may include considering the following options:

- Identifying who could act up (if more than one person might be able to act up, outlining how that person will be selected)
- Identifying how the responsibilities of the individual could be allocated to different people in the organisation
- Identifying the potential sources of interim/agency/secondment/freelance individuals to contract in to the organisation to cover for an interim period.

### **3.5 Long-term Planning**

Maintain a dialogue with senior staff about their performance and their plans for the future and any intentions in terms of moving on, retiring, etc. (without suggesting or implying that they should leave or retire). When they indicate an intention to

leave/retire, agree clear timelines, handover processes, preparation of a handover file, and communication strategies.

### **3.6 Recruitment Strategies**

Ensure job descriptions and person specifications are up-to-date and plan for internal and external open recruitment processes that align with the organisation's values and future direction, as well as employment law.

### **3.7 Governance Considerations**

Ensure the board is actively involved in succession planning.

## **3.B Key Components of a Succession Plan for trustees and office-bearers**

A robust succession plan for the board typically includes the following elements:

### **3.1 Risk Assessment**

Identify key trustee roles that are critical to the functioning of the organisation (e.g. Chair, Treasurer, and/or relevant compliance champions) and assess the risks associated with sudden vacancies.

### **3.2 Strengthen the depth of skills on the board**

Carry out regular skills audits in relation to the board. Identify those roles on the board where the skills and knowledge need to be strengthened or deepened. In higher risk roles, which may be harder to fill e.g. chair, treasurer, safeguarding or health & safety champions, consider creating deputy roles e.g. a vice-chair, or having two trustees/directors with an important skill area e.g. finance, safeguarding, health & safety, to enable a smooth transition to take place when one of them leaves.

### **3.3 Time Limits**

Identify if the organisation has official time-limits on terms of office and when they are required to stand down. If they are not in place, agree terms of office and time limits (e.g. normally 2 terms of 3 years, plus an extra term of 3 years, in exceptional circumstances, for a particular office-bearer role which may be hard to fill).

Identify where each of the current board members are in relation to these terms or office and time-limits, in order to plan for succession well in advance.

### **3.4 Reviews of trustee/director performance**

Agree a process for each trustee/director to assess their own performance each year and discuss it with the chair. Trustees/directors who make little contribution should be encouraged to stand down or not restand.

### **3.5 Clear role descriptions**

Ensure there is an up-to-date governance manual with clear current, detailed role descriptions for each of the office-bearer roles and a schedule of delegated authority.

### **3.6 Trustee/director recruitment & selection campaigns**

Not less than every 3 years, plan a major open recruitment campaign to identify people in the community with relevant skills, experience (as identified in a skills audit) and backgrounds (to ensure balance and diversity) to create a potential pool of new trustees/directors to interview and select from.

### **3.7 Governance Considerations**

Ensure the board is actively involved in drawing up these succession plans.

#### **4. The Role of the Board of Trustees/directors**

Trustees/directors have a legal and moral duty to ensure that their organisation is well-governed. Succession planning is a key part of this responsibility. As highlighted above, boards should:

- Agree a Succession Plan.
- Ensure there are clear terms of office and time-limits for trustees.
- Plan trustee/director/office-bearer succession, annually, at least a year in advance.
- Ensure there is a governance manual with clear, current role descriptions for the board, each of the office-bearers, and sub-committees.
- Ensure the board has the appropriate depth and breadth of skills and maintains effective oversight. Strong boards can deal much better with difficult transitions at senior management level.
- Maintain oversight of the Chief Executive's performance and plans through appraisal and consider the leadership potential of other senior managers.
- Support leadership development across the organisation.
- Use relevant external agencies to support the recruitment of trustees/directors and senior managers to maximise the pool of appropriate, potential candidates.

#### **5. Recommendations**

To strengthen succession planning across the third sector, organisations should:

##### **5.1 Integrate Succession Planning into Strategy**

Treat succession planning as a strategic priority and align it with organisational goals and values.

##### **5.2 Promote a Leadership Development Culture**

Invest in professional development at all levels and encourage a culture of learning, feedback and growth.

##### **5.3 Enhance Board Diversity and Renewal**

Use succession planning as a tool for improving and widening board skills and knowledge, and broadening diversity.

##### **5.4 Establish Clear Policies and Processes**

Document the succession planning process and review it annually. Develop a handover procedure for staff who are leaving in a planned manner. Develop Standard Operating Procedures for staff roles, so others can more easily step into these roles in the short- or medium-term.

#### **Conclusion**

Succession planning is not just about replacing people; it is about ensuring the long-term sustainability and effectiveness of a charity. In the dynamic landscape of the third sector, where public trust, governance standards, and the demand for services are all increasing, yet resources are increasingly difficult to acquire, planning for leadership continuity is a fundamental part of good governance. With thoughtful preparation, third sector organisations can successfully manage transitions smoothly, retain institutional knowledge, and remain focused on their mission during times of change.

# [Charity Name]

## Succession Plan for Trustees, Office-Bearers, and Senior Staff

**Adopted on:** [Insert Date]

**Next Review Date:** [Insert Date]

### 1. Purpose

This Succession Plan outlines the approach of [Charity Name] to ensuring leadership continuity at the levels of trustees, office-bearers (Chair, Treasurer, Secretary), and senior staff (e.g., Chief Executive and senior managers). The aim is to minimise disruption, safeguard organisational knowledge, and support long-term sustainability.

### 2. Scope

This plan applies to:

- All trustees, including office-bearers (Chair, Treasurer, Secretary).
- Senior staff, including the Chief Executive (CEO) and members of the Senior Management Team (SMT).

### 3. Principles

The following principles will guide our approach to succession planning in the organisation:

- Proactive Planning: Anticipating transitions to reduce disruption.
- Transparency: Open processes with clear responsibilities and timelines.
- Legal compliance: With relevant company, charity and employment legislation.
- Diversity and Inclusion: Ensuring leadership reflects the communities we serve.
- Skills-Based Recruitment: Aligning leadership competencies with strategic needs.
- Continuity and Progressive Development: Continuously building leadership capacity internally and externally.

### 4. Roles and Responsibilities

#### Board of Trustees:

- Holds ultimate responsibility for succession planning.
- Reviews board composition, term limits, office-bearer and compliance champion roles, and future needs annually.
- Oversees planning for CEO and SMT roles.

#### Chair of the Board:

- Leads trustee and CEO succession discussions.
- Works with the CEO on senior staff development and succession planning.

#### CEO:

- Leads planning for SMT succession.
- Ensures talent development and emergency cover within the staff team.
- Ensures legal compliance with employment law.

#### Governance or Nominations Sub-Committee (if applicable):

- Recommends trustee recruitment & selection processes, appointments and renewal.
- Conducts skills audits and diversity reviews.

## **5. Trustee Succession Planning**

### **5.1 Term Limits**

Trustees normally serve a three-year term, renewable once (maximum six years), unless, in exceptional circumstances, in relation to an office-bearer or compliance champion role, where, despite best efforts, it has not been possible to identify a successor. In these exceptional circumstances, an individual may serve a further three-year term.

### **5.2 Skills Audit and Diversity Review**

Annually, the board will conduct a skills and diversity audit to:

- Identify gaps in expertise to ensure compliance with governance compliance and helping the organisation achieve its strategic and operational plans.
- Identify expertise areas where a second person should be recruited with that skill to support succession.
- Plan for future trustee recruitment needs.
- Promote broader representation i.e. great a great balance or reflect better the society in which the charity operates.

### **5.3 Trustee Recruitment and Induction**

- Recruitment is led by the Chair, vice-chair (or governance sub-committee), advertised openly and widely where possible.
- Ensure clear role descriptions and person specifications are provided.
- All new trustees will receive a thorough induction, including governance training and charity overview.

### **5.4 Office-Bearers**

- Office-bearers are appointed by the board for one-year terms, renewable annually.
- Succession will be considered at least 6 months before the end of a term.
- Shadowing or deputy roles may be used to support continuity and succession.

## **6. Senior Staff Succession Planning**

### **6.1 Chief Executive (CEO)**

- The Chair will meet with the CEO annually to review performance and discuss succession intentions.
- A written contingency plan will be in place to respond effectively to unplanned absence (e.g., illness or resignation).
- The board will maintain an up-to-date CEO role description and updated handover notes.

In the event of the CEO's sudden departure, the board will:

- Appoint an interim CEO from within the SMT or externally through CO3 Executive Talent.
- Consult the SMT in relation to the priorities in relation to the recruitment of a new permanent CEO.
- Review the job description and person specification.
- Launch a formal recruitment process within 4–8 weeks.

### **6.2 Senior Management Team (SMT)**

- The CEO will review the SMT structure and consider the leadership potential and interest of senior managers annually.

- The CEO will facilitate the progressive professional and leadership learning and development to senior managers (e.g. training, mentoring, delegating leadership tasks, chairing working groups, taking on special projects, etc.).
- SMT roles will have basic cover arrangements in place for short-term absences.
- Standard Operating procedures will be developed for the main responsibilities of each of the senior managers.

## 7. **Emergency Succession Protocol**

In the event of a sudden or unexpected vacancy (trustee, office-bearer, or senior staff), the following steps will apply:

1. **Immediate Notification:** The CEO and Chair will, as soon as possible, discuss any sudden or unexpected vacancy and any action required, including how it will be communicated and to whom. If the vacancy is the CEO, the Chair or vice-chair will inform the board and discuss with the SMT.
2. **Emergency Cover:** Interim arrangements will be put in place using pre-identified individuals or external support.
3. Consideration will be given to appointing an interim who, as well as temporarily leading the organisation, would carry out an independent assessment of the health of the organisation and identify actions that are required to strengthen the organisation before appointing a new permanent CEO.
4. **Communications:** An agreed message will be shared with staff, funders and other appropriate stakeholders, and, where appropriate, regulators (e.g., Charity Commission).
5. **Recruitment Process:** A transparent, and thorough recruitment & selection process for a new permanent CEO will be initiated, ideally within 4-8 weeks.
6. A Thorough induction process will be organised by the board for the new CEO.

## 8. **Leadership Development and Talent Pipeline**

To build internal succession readiness, the following will consistently be in place:

- Annual staff appraisals, in order to identify leadership potential and ambition, and identify future plans.
- The learning needs of trustees and staff will be regularly assessed. Trustees and staff will be regularly offered relevant learning and development opportunities.
- Consideration will given to relevant secondments, shadowing, and off-line mentoring, if requested.
- Open trustee recruitment campaigns will be used to attract future board members with relevant skills and support succession planning.

## 9. **Review and Monitoring**

- This plan will be reviewed annually by the board or a delegated sub-committee.
- The CEO will report on staff development and internal succession readiness annually.
- The risk register will include leadership and succession risk, with mitigation measures.

## 10. **Confidentiality and Sensitivity**

Succession discussions, particularly concerning specific individuals, will always be handled with appropriate discretion and in line with data protection laws. Open and respectful communication is maintained with outgoing and incoming leaders.

## 11. **Supporting Documents**

This Succession Plan should be read alongside:

- The Trustee Recruitment & Selection Policy
- The Governance manual and Board Induction Pack

- The Staff Development and Appraisal Policy
- The Organisational Risk Register
- The Strategic Plan

**Approved by:**

Chair of Trustees: \_\_\_\_\_ Date: \_\_\_\_\_

Chief Executive: \_\_\_\_\_ Date: \_\_\_\_\_

Governance Lead: \_\_\_\_\_ Date: \_\_\_\_\_  
*(if applicable)*