Now in its 28th year, the UK Spencer Stuart Board Index analyses the board governance practices of the top 150 FTSE companies.

In the face of an increasingly challenging and economically uncertain external environment, boards appear to be prioritising plc experience in their new director appointments. The proportion of first-time, female, and minority ethnic directors in the new cohort has fallen.

While there has been an overall increase in the proportion of women in one of the four senior board-level leadership positions, women have been chosen for just three of the 20 new CEO appointments, and four of the 22 new chair appointments.

In this summary report we explore these and other notable findings.
Less diversity among new directors

Against a backdrop of unprecedented and destabilising events over the past 12 months, many boards have been opting for experienced and proven hands over new and more diverse talent.

» 44% drop in minority ethnic non-executive directors (NEDs) among the latest cohort (15% of new NEDs vs 27% in 2022)

» 51% of new NEDs are women vs 60% in 2022

» 36% of new NEDs are foreign vs 52% in 2022

» 31% of newly appointed NEDs are first-time directors, compared with 44% in 2022

» The proportion of women among all first-time directors has declined from 54% in 2022 to 45%

» 55% of new NEDs have a CEO, or general management background
More women in board leadership roles

Some progress has been made against the targets for female representation in the four senior board positions set by the FTSE Women Leaders Review and the Financial Conduct Authority, although there remain 60 boards where men occupy all four roles.

» 60% of boards now have at least one woman as either chair, senior independent director (SID), CEO or CFO — an increase from 50% in 2022
» Women hold just 20% of these four senior leadership roles
» 22 women chair boards, compared with 20 last year (only four out of 22 new chair appointments went to women)
» There are now 17 female CEOs and 26 female CFOs
» 35% of SIDs are women, up from 32% last year
» Women chair 68% of remuneration committees and 64% of sustainability-related committees
Gender balance in the boardroom

This year’s data suggest a slowing down in the ongoing efforts to address gender imbalance on boards.

» 53% of companies reached the 40% target for women on boards at our cut-off date, up from 46% in 2022

» 46% of non-executive directors (including chairs) are women (no change since 2022)

» 18 boards achieved gender parity in 2023, down from 26 in 2022. However, 73 boards comprise at least 50% female non-executives

» This year sees the highest number of female SIDs on record (52 vs 43 in 2022) whereas there has been a net increase of just two female chairs, one female CEO and one female CFO

Ethnic diversity

In 2017, the Parker Review noted that 51 constituents of the FTSE 100 did not have a single director from a minority ethnic background. A target was set for every FTSE 100 company to have at least one board director from a minority ethnic background by the end of 2021. The same target is to be met by FTSE 250 companies by 2024.

» At our 30 April 2023 cut-off date, there were just six “non-compliant” FTSE 100 companies

» 41 out of the 53 FTSE 250 companies in our cohort reported meeting the target

» 13% of all directors (196 out of 1,526) self-identify as having a minority ethnic background, compared with 12% in 2022 (186 out of 1,495)

» Only 42% (83) of minority ethnic directors are UK nationals
Overboarding and external commitments

Scrutiny over the extent of directors’ commitments continues to affect decision-making over board appointments, as investors and proxy voting advisers focus on ensuring that directors do not over-extend their responsibilities.

» 62% of non-executive board members have additional listed company board commitments (down from 65%)
» 31% of non-executive directors hold executive positions in other companies (down from 33%)
» 13% of chairs have two chair mandates on the FTSE 150 companies featured in our Board Index
» Only 27% of CEOs in the top 150 FTSE companies now sit on an outside board, down from 35% in 2022

Sustainability committees continue to rise

As regulators, investors, and customers increasingly hold companies to account for their behaviour and impact on society, boards across all sectors are responding by establishing committees covering topics such as sustainability, climate change, decarbonisation, human rights, labour standards, good citizenship, workforce engagement, and diversity, equity and inclusion.

» 55 boards (37%) have a committee to oversee environmental and social topics, nine more than 2022. They are broken down as follows:
  – Corporate social responsibility 14
  – Sustainability 25
  – ESG 16
» 64% of sustainability-related committee chairs are women

27% of CEOS sit on an external board (vs 35% in 2022)

64% of sustainability-related committee chairs are women
Other board committees

Boards of the top 150 companies continue to have a wide variety of committees; details on every board committee can be found on the 2023 UK Spencer Stuart Board Index website.

- 17% of boards have a standalone risk committee and a further 24% have a combined audit and risk committee
- 69% of audit committee chairs are current or former chief financial officers
- 68% of remuneration committee chairs and 53% of members are women
- 24% of audit committee chairs and 49% of members are women
- 18% of nomination committee chairs are women and 46% of members
- 13% of remuneration committee members and 14% of audit committee members have self-identified as having a minority ethnic background

Remuneration

The average base fee for a non-executive director has increased by an average 2% every year for the past decade, reaching £72,051 in 2022. There has been an increase in fees across the board in the past year.

- Average total remuneration for chairs has increased by 7% in 2022 to reach £433,935
- The average base fee for a NED has increased by 7% to £76,868
- Average total remuneration for SIDs has increased by 5.7% to £124,000
- The average total remuneration of the chair is 3.5x that of the SID and 5.6x that of the NED
Further reading

Leadership for a Complex World: Planning for the CEO of the Future

With the business environment becoming even more complex and challenging, more is being asked of CEOs. What are the attributes of effective CEOs in this new context?

Sustainability in the Spotlight: Has ESG Lost Momentum in the Boardroom?

The 2023 ESG survey by Spencer Stuart and Diligent Institute seeks to understand more about how rapidly the financial and ESG climate has changed in the boardroom over the past year.
About Spencer Stuart

At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to non-profit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit www.spencerstuart.com.