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ceai COMMUNITY ENTERPRISE ASSOCIATION IRELAND

The National Hub Network

Guidance Handbook for Good Governance

Rialtas na hÉireann
Government of Ireland

Ár dTodhchaí Tuaithe
Our Rural Future

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Introduction

The Western Development Commission (WDC) and the Community Enterprise Association Ireland (CEAI) have, in partnership, prepared this Handbook to support good governance practices across the National Hub Network.

Connected Hubs is managed by the WDC and is a key driver of the National Hub Network on behalf of the Department of Rural and Community Development (DRCD). CEAI represents the community enterprise centre and enterprise hub sector within the Network – estimated at circa 180 locations which are funded and supported by Enterprise Ireland to drive innovation and entrepreneurship across local communities and regions. In order to address the diverse governance needs and challenges arising from the varied legal structures found across the Network's centres and hubs, this Handbook takes a broad and inclusive approach.

The National Hub Network

The National Hub Network is a Government of Ireland initiative which provides a vehicle for individual centres and hubs to come together under a shared identity to maximise the economic opportunity of remote working.

The National Hub Network is led by the Department of Rural and Community Development with the aim of creating a network of over 400 locations across Ireland. This Network supports Ireland's Broadband Connection Points (BCPs) and may include some libraries, which offer remote working spaces to the communities they serve (e.g. desks, meeting, rooms, event spaces).

These Hubs – which can act as enterprise centres, innovation spaces, co-working and hot-desking locations – are an important part of the support system for entrepreneurs, innovators and early-stage companies as well as micro and SME business across the regions. Specialised hubs within the Network provide crucial

supports for the development of high-potential tech businesses alongside rural and urban regeneration initiatives.

The Hub Network promotes and showcases individual locations through an online platform – connectedhubs.ie.

When Hubs work with each other, they benefit from increased occupancy, improved visibility, and the cross-pollination of ideas, all of which help to drive business development at community, regional, and national levels.

In order for the National Hub Network to deliver on government ambition and to ensure the credibility, operational transparency, and business sustainability of hubs at local, regional, and national levels it is vital that their governance standards and practices are clear and robust, inspiring trust in potential partners, as well as network members, government agencies, and investors.

The QHubs Quality and Innovation Management Programme

The QHubs Quality and Innovation Management Programme is Ireland's Standard for the National Hub Network.

The QHubs Programme is a world-first, with biennial third-party verification and certification awarded by the National Standards Authority of Ireland NSAI.

The Programme offers a strategic framework for the management of centre and hub locations through

- the development of a location-specific growth pathway,
- the measurement of centre and hub performance,
- the establishment of innovation and growth targets, and
- the promotion of a culture of continuous improvement, ongoing innovation, and best-in-class leadership across the National Hub Network.

At the core of the QHubs Programme are six key pillars, underpinned by comparable and appropriate principles drawn from the relevant families of ISO Standards. These pillars reflect the key strategic and operating functions of all locations across the National Hub Network and are:

- 9000 Series (Quality Management Systems)
- 14000 Series (Environmental Management)
- 27000 Series (Information Security Management)
- 37000 Series (Governance of Organisations)
- 44000 Series (Collaborative Business Relationship Management)
- 56000 Series (Innovation Management Systems)

The pillars will work together to achieve, sustain, and improve the capability of the centre or hub location to deliver services – consistently and to the highest standard – to the satisfaction of clients, tenants companies, remote employees, stakeholders, and the wider community.

QHubs Verification & Certification

> *The QHubs Mark is awarded to locations who are verified and certified members of the Programme.*

Performance against pre-defined programme targets across the six key pillars is measured biennially, leading to independent verification and certification by the NSAI.

To achieve the QHubs Mark, participating locations are passed through a rigorous audit-based process which underpins the integrity of the Programme.

The QHubs Growth Programme

The Growth Programme focuses on ongoing performance improvement, supporting Centres and Hubs to achieve and excel in effectiveness and efficiency. It enables participating locations to set and achieve measurable goals to enhance their business functions, thus building their capacity and capability to provide ambitious, progressive, and innovative services that will drive performance and growth for the National Hub Network.

The QHubs Growth Programme is structured on a Framework which allows participating locations to set meaningful performance improvement goals on a mapped timeline.

Progression through the Programme is supported by mentorship and complementary programmes, with the pace of engagement entirely driven by the participating location.

Oversight & Governance

> *The design, development and rollout of the Programme is overseen by a National Steering Group on behalf of the Department of Enterprise, Trade and Employment.*

Representation on the Group is drawn from the following government departments, organisations, and key representative bodies:

An Roinn Fiontar, Trádála agus Fostaíochta
Department of Enterprise, Trade and Employment

An Roinn Forbartha Tuaithe agus Pobail
Department of Rural and Community Development

CCMA
Cumann Lucht Bainistíochta Contae agus Cathrach
County and City Management Association

Enterprise Ireland

IDA Ireland

NSAI
National Standards Authority of Ireland
Údarás Um Chaighdeáin Náisiúnta na hÉireann

REGIONAL ENTERPRISE PLANS

Skillnet IRELAND

WESTERN DEVELOPMENT COMMISSION

IKTA
Irish Knowledge Transfer Association

Údarás na Gaeltachta

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What is Governance?

The term ‘governance’ refers to the structures and processes that are used for directing and managing an organisation. Good governance assures stakeholders that an organisation is operating properly and efficiently: it supports effective management and performance, involves key stakeholders in decision-making, and helps to ensure long-term success and delivery on strategic goals.

Corporate Governance

Governance within an organisation is shaped by ‘Corporate Governance’ – the external systems and procedures that set out how organisations operate. Corporate Governance is informed by relevant legislation, regulations (e.g. rules created by membership bodies), self-regulatory arrangements, voluntary codes and commitments, and sector-specific ideas concerning best practice. While corporate governance frameworks vary in some respects, they are all concerned with how effectively and transparently an organisation operates.

Good corporate governance relies on organisations respecting the rule of law, demonstrating moral integrity, ensuring their processes are transparent, and encouraging participation. Organisations also need to be effective and transparent, and they must demonstrate responsibility and accountability for their actions too.

State Bodies also have to comply with Ireland's Code of Practice for the Governance of State Bodies (2016). This applies to all bodies funded either directly or indirectly by the State. It requires that they serve the interests of government, the taxpayer, and all other stakeholders. This Code seeks to ensure value for money, good risk management, and prudent, ethical, and transparent governance practices, in accordance with State Bodies' statutory responsibilities.

The QHubs Quality and Innovation Management Programme

QHubs is the new national Quality Standards Framework for Ireland's enterprise Hub, co-working, and remote working sector. It represents the world's first initiative in this space, and so it offers Ireland's Hubs a real competitive advantage in the international marketplace.

Its overarching aim is to benchmark the sector and raise its performance in terms of its quality, environmental responsibilities, and capacity for innovation. Grounded in ISO standards, the framework will ensure that the National Hub Network is fully equipped to help deliver sustainable and balanced regional development for Ireland.

How will individual Hubs engage with QHubs?

Hubs will be invited to sign up to the QHubs Standard and participate in the Hubs Network as they progress towards QHubs accreditation. Each Hub will be invited to take the following steps as part of a positive, developmental process.

Each Hub will:

- Undergo an Innovation and Quality Diagnostic process to benchmark its current status and performance against key indicators (e.g. Hub type, strategic purpose, and development level).
- Identify ambitions and goals, as well as strategies for adding value (with Hub teams identifying their own vision for the future).
- Define a growth pathway in a Strategic Plan, developed within each Hub, that will be reviewed and verified by an external party.
- Take part in an annual audit, which will review performance in relation to quality standards, environmental responsibilities, and innovation capacity; community involvement and networking capabilities; customer experience; digitisation; and job creation.

[1] *QHubs development, funded by Enterprise Ireland, was overseen by Community Enterprise Association Ireland (CEAI) – it was a key deliverable of the CEAI's Strategic Plan (2019–2021).*

[2] *The International Organization for Standardization sets and certifies internationally agreed standards for quality, safety, and efficiency. Known as 'ISO standards', they are central to the design and development of the QHubs framework and programme.*

It will make sense for governance and compliance measures within individual Centres or Hubs to be assessed as part of this audit process to support the credibility of the entity outside the sector.

Choosing the appropriate legal structure for your Centre or Hub

Organisational structures

At present, the majority of Centres and Hubs across Ireland's National Network can be described as social enterprises: although their primary areas of focus may differ, their ultimate goal is to serve their communities through the provision of services, employment, and business/community animation.

The legal structures these Centres and Hubs operate through also vary (see Appendix A). The National Hub Network is currently made up of a mixture of companies limited by guarantee (CLGs); registered charities and Centres and Hubs that are either community-owned, established by local authorities or local development companies or alternatively have been set up by private organisations.

- Most often, a Centre or Hub is incorporated on a non-profit basis as a company limited by guarantee without share capital (CLG), and is governed by the Companies Act 2014. CLG Centres and Hubs will often have representatives of corporate bodies (e.g. local authorities) on their boards.
- A Centre or Hub will sometimes be established as a private company limited by shares (a limited company).
- Sometimes a non-profit Centre or Hub will be incorporated as a designated activity company (DAC).
- Some Centres or Hubs have not been incorporated as legal entities, and this creates risk for the groups who run them because appropriate oversight and governance systems are not in place.
- Less commonly, a Centre or Hub may be established as a Trust, Cooperative, or Friendly Society.

It is important for a Centre or Hub to have a defined legal and organisational structure and incorporation, supported by strong governance, because these measures can reduce risk and protect an organisation's mission and its stakeholders.

For now, the legal forms open to the non-profit sector in Ireland are the CLG; the DAC; and, in rarer circumstances, Trusts or Cooperatives. Many CLGs have also registered as charities (see Appendix B for a full breakdown of legal structures and their advantages and disadvantages).

Incorporating your Centre or Hub

Incorporating your Centre or Hub

To incorporate a Centre or Hub, you should take the following steps:

1. Decide on the most suitable legal form for your Centre or Hub (see Appendix A), taking account of legal advice and basing your decisions on factors including the advantages and disadvantages of each form and the requirements of potential funders and other stakeholders (see Appendix B).
2. Draw up your governing document (Memorandum and Articles of Association) with legal advice.
3. Seek out company members to incorporate the company.
4. Seek out directors to oversee the Centre or Hub's governance in accordance with its constitution.
5. In conjunction with your solicitor/accountant, file the governing document with the Companies Records Office (CRO) and file Director details with the Register of Beneficial Owners.

Understanding Key Roles

Executive(s)
The 'Executive' is the senior management team of an organisation. Its size and activities will be shaped by the organisation's purpose. For example, a larger Centre or Hub may have a Chief Executive Officer, a Chief Operations Officer, a Chief Financial Officer, a Chief Technical Officer, and other senior roles, where relevant, while a smaller Centre or Hub may operate with a leaner team.

Directors
Directors (sometimes called 'board members', 'officers of the board', or 'trustees', in the case of charities) must be admitted to an organisation's governing Board through a process defined in its Constitution and Board Handbook. They will have specific responsibilities under the Companies Act 2014, and organisations are required to keep an up-to-date register of directors.

Company Members
Company members may have subscribed to the company's Memorandum and Articles of Association at incorporation ('subscribers'), or they may have been admitted by the Board at a later date. Members have voting rights at an organisation's AGM, unlike general members (who may have paid a subscription to join the organisation in a client role, for example). The company's Constitution may dictate that all Directors become company members by default, until they retire from the board. Organisations are required to keep an up-to-date register of company members.

Identifying Key Stakeholders

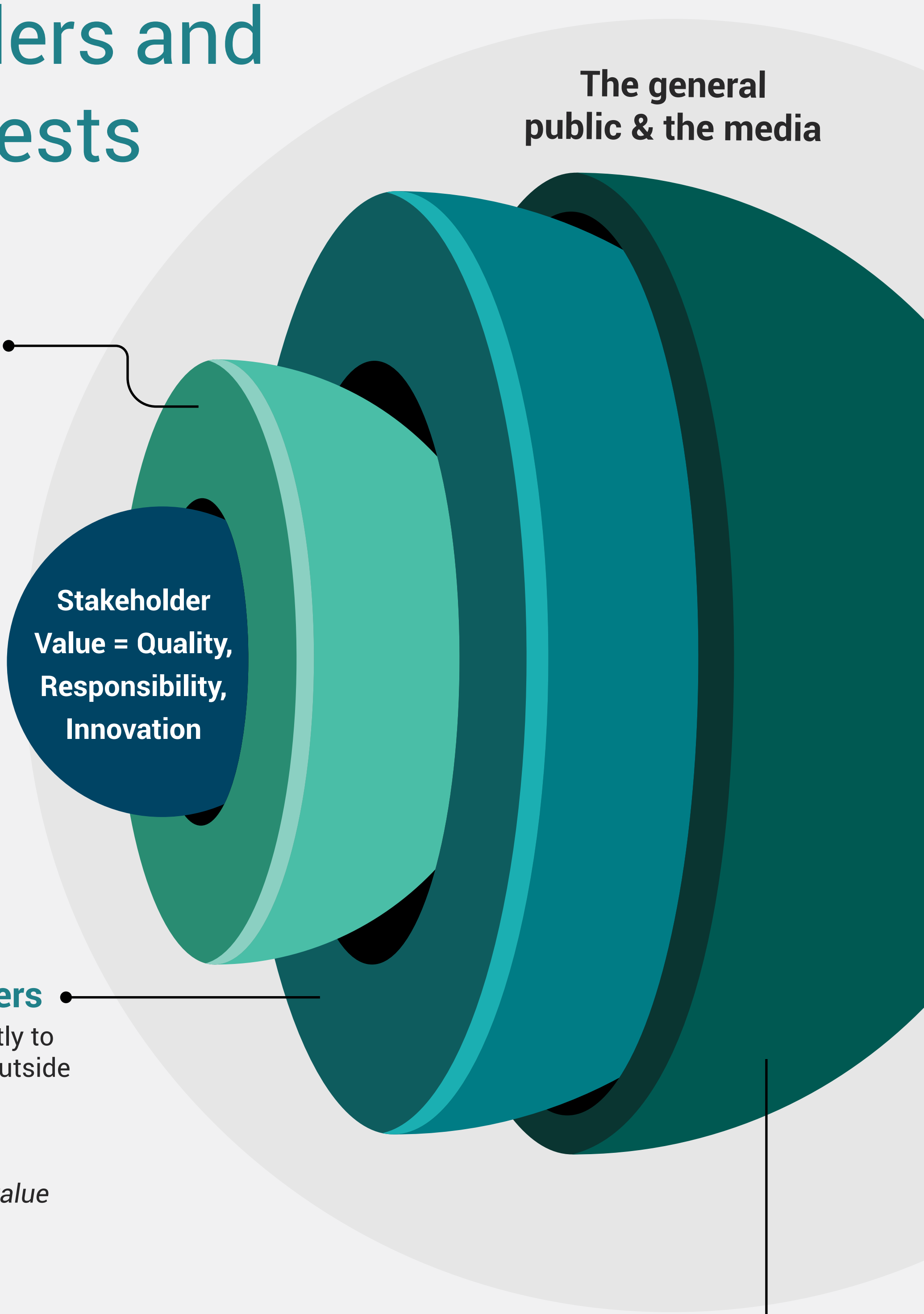
In order to ensure good governance and support strategy development for your Centre or Hub, it is vital to understand who your stakeholders are, what they need, and how to deal with their expectations.

What is a Stakeholder?

Traditionally, a stakeholder has been understood to be a person, group, or organisation involved in, or directly affected by, your organisation and its goals. These stakeholders may stand to benefit from your work, either financially or through improved opportunities.

In recent years, the definition of the term has expanded to include groups, such as local communities, government bodies, and trade groups, that will be indirectly affected by your projects or would benefit from having their views listened to by your Board and Executive.

Stakeholders and their interests



Internal stakeholders

People or groups linked directly to an organisation/project.

Management & employees
Income, well-being, satisfaction, & safety.

Connected stakeholders

People or groups linked directly to an organisation/project but outside its structures.

Service users
Quality of Services Offering, value for money, social benefits.

Suppliers and vendors
Revenues & safety.

Funders
Returns on financial investment (financial, social etc.)

External stakeholders

People or groups outside, but affected by, an organisation/project.

Communities
Health, safety, & socio-economic development.

Government
Local enterprise development & community animation.

Stakeholders will have different perspectives on how your organisation can deliver ‘good value’. Some may appreciate ‘value for money’ or ‘return on investment’, while others will focus on less tangible outcomes, such as ‘social benefits’, for example.

Your capacity to deliver good value across all of these metrics will always be better if you have a strong strategic vision, good governance mechanisms, and an awareness of your organisation's responsibilities, so that you can be responsive to stakeholders' needs.

> *Stakeholders can make an important contribution to your organisation by prompting you to innovate to achieve the best solutions in line with your mission, purposes, and objectives. (See Appendix C for guidance on how to map your stakeholders).*

Good Stakeholder Management

To support good working relationships with this important cohort:

- Identify your organisation's key stakeholders.
- Chart their interests, needs, and expectations.
- Assess the ways in which these interests impact on your organisation.
- Prioritise key stakeholders and develop a strategy to govern your relationship with them.
- Document and promote the ways you produce stakeholder value.
- Invite regular feedback from your stakeholders.

The Role and Function of the Board

The Board is at the heart of a Centre or Hub's corporate governance. It has a central role in ensuring that a Centre or Hub can achieve its objectives. While your Executive runs the Centre or Hub on a day-to-day basis, your Board is responsible for ensuring it operates in line with its own strategic vision, as well as internal and external standards.

The Board has a critical oversight role. It sets the strategy for an organisation and reviews relevant risks. Management personnel deliver on that strategy and put in place practical operational plans. Those plans are then implemented under the supervision of the Board, which is responsible for ensuring that they are developed and implemented in line with the overall strategy.

The Board of Directors	Management (Managers)
Provides intrinsic leadership and direction	Carries through the Centre or Hub strategy on behalf of the Board
Is legally required to act in the best interests of company members and its employees	Manages employees and volunteers
Sets strategy and makes strategic decisions	Delivers on operational plans
Considers how decisions relate to stakeholders	Engages with stakeholders
Ensures the company is run properly	Runs the company

A Board must also be able to act as the link between the Centre or Hub and its range of stakeholders. A well-structured board can help to strike the right balance between often diverse stakeholder objectives too. It is a good idea to set out the Board's ideal composition in your organisation's governing document.

The duties of the Board – often referred to as 'fiduciary duties' – will reflect the commitment that Directors have made to act in the best interests of your Centre or Hub, setting aside their own disagreements and interests and taking collective responsibility for the decisions of the Board.

Under normal circumstances, the Board is responsible for appointing the Chief Executive Officer (CEO) or Managing Director, and, in all circumstances, it is responsible for holding the CEO to account.

Board Members and their Appointment

In order to be successful, a Board needs members ('Directors') with relevant skills and expertise who also have an understanding of the Centre or Hub's business and its overall vision. These types of Directors can supervise management effectively and provide accountability to stakeholders. Each board also needs to have a 'Chairperson' or 'Chair', whose responsibility it is to lead and manage the business of the Board.

When you are looking to appoint Board members, you must decide on the number of members you need to balance efficiency, diversity, depth of insight, and freedom of discussion.

Each new Director must receive a formal Letter of Appointment which sets out the nature of the role and their office. Any person invited to join a Board should also conduct their own due diligence to ensure that they understand the requirements of the role, that they are comfortable with the strategic intent of the company, and that they are not exposed to undue risk.

The appointment of a Director is governed largely by the Companies Act 2014 and by your organisation's governing document. In the case of CLGs and registered charities, Directors cannot be paid due to the rules set out in their governing documents.

Characteristics of an Effective Board of Directors

A Board that is likely to be effective will have:

- Appropriate governance structures (architecture).
- A comprehensive suite of policies and procedures (see Appendix D).
- A well-rounded culture, that reflects a diverse range of views, skills, and experience.
- A culture where respectful challenge is acceptable.
- An ability to lead and influence.
- A willingness to be held accountable.
- A commitment to monitoring and ensuring regulatory compliance.
- A strategic vision.

Board Composition and Skillset

It is important to find a happy medium between having a Board large enough to carry out its fiduciary duties and having one that is too large to organise and manage. It will be helpful to develop a plan for the composition of your Board that produces the following outcomes.

Your Board should be:

- Independent in its decision-making and demonstrate integrity and honesty.
- Strategic in its mindset and offer visionary leadership.

- Equipped with a range of relevant management skills, talents, abilities, and areas of expertise (e.g. governance, finance, human resources, marketing, and public relations).
- Good at communicating, both within and beyond the Centre or Hub.
- Representative of specific bodies/stakeholder groups, if required.
- Able to evaluate risk and comply with regulatory requirements.

Smaller Boards can promote active participation and engagement, with individual Directors assuming lots of responsibility, ownership, and accountability. Consensus can be easy to reach, and small Boards can also help to reduce costs and time commitments; however, they can put excessive burdens on members, and they can also lack diversity and an adequate range of experience and skills.

On larger Boards, it can be difficult to ensure that everyone gets a chance to participate fully. Discussions can be more shallow, and large meetings need more management. It can be tricky to ensure consistent attendance too. However, larger Boards can support a well-rounded committee structure and decision-making, without relying too much on individual members' time.

The Role of the Director

Directors must, at all times, act in the best interests of the company. They are obliged to participate in, and contribute to, the business of the Board, and they must ensure that they fulfil their statutory duties and their fiduciary duties.

The principal responsibilities of a Director (set out in Part 5 of the Companies Act) are, broadly speaking, to act in good faith, honestly and responsibly, and to act according to the company's Constitution. Directors are also obliged to respect both the interests of the organisation's employees and the interests of tenants and clients, beneficiaries, and stakeholders, without regard for their own benefit or profit.

Directors need to disclose any interest they have in contracts made by the company (Companies Act, section 231), and they should consider obtaining legal advice to make sure they are compliant with these obligations. There are consequences for an individual Director if they breach their statutory and/or fiduciary duties, including removal from office; disqualification from being a Director; and, potentially, criminal sanctions for serious dereliction of duty.

The Role of the Board Secretary

The Secretary is appointed by the Board and generally reports directly to the Chair, though Secretaries may report to Managers for practical reasons. The Board Secretary, who may also be referred to as the 'Company Secretary', has important legally mandated duties that go far beyond note-taking.

The Secretary must ensure that the Board adheres to all relevant statutory duties and timelines. They also need to make sure that the operations of the Board and its Committees are carried out in an orderly manner, so that your Centre or Hub can operate in a well-managed way. The Secretary should become a key resource for the Chair and a key link to the CEO/Manager/Managing Director and other Executives.

The Secretary needs to ensure that the company is compliant with the requirements of the Companies Registration Office (CRO), provide advice and guidance on procedures to the Board, and generally ensure the smooth running of the Board's affairs.

Company Secretaries may be paid or unpaid, and they may be employees of the company. It is also permissible to have their services provided by an external company. Under the Companies

Act, the onus is on the company to ensure that the Secretary has the necessary skills and experience to fulfil the role.

Board Handbook

The Secretary's most valuable tool will be the Board Handbook, one of the most important documents relating to the governance of your organisation. It brings together, in one place, the key elements of the Constitution and details about its governance architecture, policies, procedures, and legislative requirements. The Handbook is sometimes described as the 'Playbook' for the Board because it clarifies its purpose, role, and function.

> ***A Board Handbook needs to be a living document that becomes more sophisticated as your organisation grows.***

It is recommended that your Board Handbook should be compiled by the Executive under the direction of the Board (generally represented by the Company Secretary and one or two Directors). It needs to be submitted for formal approval by the Board, and, after its adoption, it should be subject to a regular review and revision process, especially at times when the Centre or Hub is expanding, shifting strategic direction, or undergoing a major re-organisation. Suggested contents for your Board Handbook are included in Appendix E.

Duration of Board Membership

A company's Constitution generally prescribes the term of service for Directors. It should set out how long someone can be in office before becoming eligible for re-election. It should also explain when the re-election will happen.

Because it takes a new Director a significant amount of time to get up to speed in relation to their role, a Director's term of office should be long enough to ensure that they can play a significant governance role. It is also important to ensure that your Board does not become stale or stagnant, and so there should be regular opportunities to bring new perspectives to the table. Changes in Board personnel also help members to avoid succumbing to 'group think'.

> *Given the nature of governance requirements for Centres and Hubs, our considered opinion is that the term of office for a Director should be no shorter than three years and no longer than five years. No Director should be permitted to be a member for longer than two consecutive terms. It is also recommended that appointments to the Board should be staggered.*
>
> *If a maximum of one third of the Board is rotated out at any one time, the Board will be able to retain valuable experience and tacit knowledge to support continuity.*

Strategic Planning

One of the key responsibilities of the Board is to set the organisation's strategy. In a Strategic Plan, the Board determines its vision for the future of the Centre or Hub and the goals and objectives that will deliver on that vision. A strong strategy sets out the mission of your organisation, and it also establishes guidelines for its culture, making clear your Centre or Hub's ethical values.

The Strategic Planning process is not just about expressing a top-line vision. It involves deciding on specific goals and the sequence in which those goals should be delivered so that the stated vision can be achieved.

A good place to start is with Strategic Objectives, which describe what you would like your outcomes to be. You can then break those Outcomes down into specific Goals that you will need to achieve in order to deliver on your vision. Once you have set out your Objectives and Goals, the next steps are to identify the risks involved in the plans you have made and create an agreed Implementation Plan.

> *A time-frame of three to five years is ideal for a Strategic Plan, but the document should always be kept under review, particularly in times of greater uncertainty.*

While it is essential to have the Executive involved in devising and proposing your Centre or Hub's Strategy, the ultimate responsibility rests with the Directors, who need to agree on and approve it. It is then the role of the management team to devise operational plans to deliver your strategic goals, and the team should be held to account for progress on an ongoing basis.

> *Ideally, at each Board Meeting, a permanent agenda item should remind the Board to assess progress in relation to the Strategy, with the Chief Executive reporting on steps taken since the last meeting.*

Separation of Powers and Clarity of Purpose

A clear and well-documented separation of powers between the Board and the Executive will help your Centre or Hub to succeed. Remember, the role of the Board is to set the strategy for success. It then needs to hold the Executive to account for the delivery of that strategy, through regular progress updates and reviews.

Sometimes, Boards spend too little time devising their Strategic Plan and overseeing its implementation. When Directors have a poor grasp of this vital information, or become bogged down in operational issues, they can lose focus on their oversight role. If this happens, the management team will lack bird's-eye insights from the Board, as well as guidance on good practice.

Keeping the roles and responsibilities of Board and Executive separate helps to avoid loss of clarity and unnecessary scuffles for control. A strong Board Handbook should support good governance by making clear:

- The powers that the Board reserves to itself (e.g. setting the company strategy, appointing the Chief Executive Officer, determining the organisation's appetite for risk, and signing off on financial statements), and
- The powers that the Board has delegated to the Chief Executive Officer (e.g. making administrative decisions, hiring senior executives, and acquiring assets up to a stated value).

The Board can, if it sees fit, decide that it will exercise a specific power that it has delegated to the Chief Executive Officer, but the CEO and the Executive do not have the power to carry out any function that the Board has reserved for itself.

> ***Make time for regular reviews of this separation of powers, and be sure to assess how well relationships between Board and Executive are working in support of the strategic vision of the Centre or Hub.***

Board Director Induction

The formal Letter of Appointment each Director receives should explain their role and anticipated time commitment under a contract for service (Directors are not employees), as well as their term of office and remuneration (applicable only in LTDs or public limited companies (PLCs)). It is also essential that Directors participate in a comprehensive induction programme when they join the Board, so they can get up to speed on the key issues and learn more about the areas on which they need to focus.

An induction checklist and induction pack should be used to support and acclimatise new Directors. Your Board Handbook will be an essential element of the induction process too, and it is important that all Directors, including those who are new to the Board, are fully conversant with its contents and know how to raise any issues of concern.

Board Performance: Assessment and Oversight

When Boards fail, sometimes in scandalous circumstances, it often emerges that policies and procedures were either missing or failed to guide the Board in its oversight role.

In cases like these, Directors have become uncertain of their responsibilities, or the right balance of skills and experience has not been in place. The dynamic between Board and Management may have become unhelpful and, often, strategic issues have been left to one side, with Board members investing too much time and attention in day-to-day operations. Boards have lost sight of risks or failed to manage them.

The term ‘asleep at the wheel’ is commonly used to describe Boards that have neglected their oversight and accountability duties. The expression reflects the fact that problems can creep up over time without vigilance and good procedures in place.

In order to identify areas of potential weakness and improve the overall performance of the Board, it is essential that its operations are submitted to regular and systematic evaluation.

Board Review and Evaluation Processes

There are a number of steps your Board can take to support its Directors and safeguard its own functions and processes:

- A regular Board evaluation process, conducted using a questionnaire and Skills Audit Matrix (see Appendix F), should be completed annually, with results reported back to the Board for discussion. This will help you to evaluate views on the Board's operations, keep track of your Board's skillset, and note any gaps that should be addressed when you next recruit Directors. (This is a requirement for State Bodies under the

Code of Practice for the Governance of State Bodies 2016, and the Code's templates and toolkits will be helpful to all organisations). Once every five years, an external review is also advisable.

- Regular informal meetings between the Chair and individual Directors will create opportunities for each party to discuss concerns or opportunities that arise.
- An annual, formal away-day event will allow Board members to discuss progress and recalibrate plans.
- A short 'members only' period at the start of each Board meeting, without management present, can support free discussion. Meanwhile a closing recap, reviewing how each meeting went, can help to ensure that organisational issues are addressed in a timely way.
- A succession plan will ensure that you approach the process of replacing retiring Directors methodically. Succession planning can also help you to make sure you address skills gaps and minimise the risks associated with change.

Board Sub-Structures

It is becoming increasingly common for Boards with good governance to empower committees (sometimes referred to as Sub-committees) to take on specific projects on their behalf. Committees allow Boards to increase the pool of expertise at their disposal, and it can help to have a process in place, and a separate space, in which to address key elements of a Board's oversight functions or specific projects planned.

In Appendix G, we review the different forms that these committees, working groups, and taskforces can take and the ways they can assist with the Board's oversight processes.

Your Centre or Hub's Operations

Policies and Procedures

A comprehensive suite of policies and procedures ('policies') provide a guide for how an organisation is governed and operates. Policies help your Centre or Hub to comply with legal obligations, and they also support consistency and transparency. We have developed a non-exhaustive list of policies which a Centre or Hub should consider creating and implementing (see Appendix D).

It is vital that your Board facilitates:

- Regular reviews of policies to ensure they are fit for purpose.
- Version control measures, so that everyone can easily identify the current policy.
- Distribution of policies to relevant parties and training to support dissemination, understanding, and policy implementation.
- Checks to ensure that policies are being adhered to at every level of your organisation.

Management Structure

A management structure sets out an organisation's hierarchy and determines its lines of authority and communication, as well as assorted rights and duties.

Centres and Hubs are intended to attract a diverse set of people with different talents and skills, and this diversity should be reflected as far as possible in each Hub or Centre's management team,, as well as its Board. The management structure plays a critical role in sustainability, especially in the case of a small rural Centre or Hub, and management teams need to be fully supported by their Boards and by robust governance structures.

The size of your team (including full-time and part-time staff members) will depend on the workspace you have available; the programme of services on offer; and the vision, mission, and goals of your Centre or Hub. It may also reflect the current stage of development.

There are various options you can explore when you are sourcing staff, and your final decisions will depend on the roles you are looking to fill, the scale of your activities, and the budget or funding you have available.

Staffing Options:

- Full-time employee
- Part-time employee
- Shared resource staff (partially funded by two or more organisations)
- Community Employment Scheme participants
- Volunteers
- Directors

Employee Recruitment and Succession Planning

When your Board is recruiting key staff or making plans for succession, its members will need to draw on a clear strategy and robust processes to ensure the new team member will be a good fit with your Centre or Hub and ensure continuity.

Planning for succession, as well as recruitment, ensures that your organisation can weather change successfully. Succession planning may also form part of a contingency or continuity plan. For more details on resources for employers, see Appendix H.

Volunteers

Volunteers play a significant role in forming and supporting community and not-for-profit organisations, and they can be a key resource for Centres or Hubs of all types. The Government recognises the unique contribution that volunteers make across Irish society and, to that end, it has set out a long-term vision for volunteering in its useful National Volunteering Strategy 2021–2025.

Volunteer Ireland and local volunteer centres can also play a huge role in supporting Centres and Hubs. They are a valued support service and they can advise on appropriate governance and e-vetting procedures. Your Centre or Hub can access the services of the National Vetting Bureau if your volunteers plan to work with children or vulnerable adults.

Managing and Supporting Volunteers

Volunteers differ from employees in that you will have no contractual relationship with them in place, but you will still have responsibilities in relation to volunteers' health and safety, and you will require appropriate management systems to safeguard volunteers and benefit the organisation.

It is essential that there is an induction programme for volunteers that equips them with a clear understanding of their roles, as well as providing volunteers with an information pack and volunteer role description upon commencement.

Volunteer management should also be supported by robust policies, procedures, and processes across a number of key areas (see graph opposite and Appendix H).

Planning and preparation

Role/assignment description and development

Recruitment

Screening

Induction

Training

Ongoing support and motivation

Feedback and evaluation

Appreciation and recognition

Resource-sharing Models

Resource-sharing between organisations can be a useful response to insufficient resources and increasing client and operational demands. It can take many forms, but resources, including staffing, are generally shared between organisations that want to secure the benefits of cooperation while maintaining their separate legal identities.

Small community service organisations may consider resource-sharing when they want to address threats to their viability. Resource-sharing can be positive for larger organisations too, generating benefits that can include increased organisational efficiencies gained through economies of scale and improved effectiveness thanks to greater access to knowledge and expertise.

> ***Various models of co-location and shared resources have evolved to respond to local community needs and demands. Partnerships between national and local government organisations, private companies, and voluntary and community service organisations, as well as Centres and Hubs, all work to harness the benefits of shared resources and co-location.***

Resource-sharing can be part of any organisation's strategy for ensuring it can deliver sustainable and high-quality services to its clients. It can allow Centres and Hubs and their partners to benefit from each other's knowledge, experience, and strategic/policy resources. It can also offset some of the issues that small organisations encounter when they need to access costly software and/or expertise. Examples of resource-sharing strategies in the area of procurement can be found in Appendix I. Of course, resourcing brings with it some governance concerns, and you should conduct a detailed assessment of resource-sharing arrangements to ensure, first, that actual financial and operational benefits are identified that contribute to delivery of your Strategic Plan, and, second, that the processes for resource-sharing are efficient and fair.

Operational Considerations

There are operational areas where you need to establish strong processes in line with good governance practices.

Costs

The costs involved in operating an organisation may include:

- Running costs (fixed and variable), which involve your team in procurement practices (See Appendix J for examples of running costs).
- Pension considerations. Employers are legally obliged to offer their employees access to a pension. They are not legally obliged to set up or contribute to a pension scheme for their workforce. Nevertheless, it is advisable for an organisation to assess the cost and benefit impacts of offering a scheme to its employees.

Procurement of Goods and Services

What is Procurement?

At national and EU levels, procurement has been identified as an area that requires strong corporate governance and compliance from the people, processes, and systems it involves.

The term 'procurement' encompasses all elements of an organisation's purchasing process, from identifying your organisation's needs to the receipt of goods, services, and property. The procurement process can require expertise in areas such as supply chain management, the sourcing of raw materials, and relationship-building, for example, as well as strong administrative processes. The rules and procedures used for buying goods and services need to comply with legal and ethical codes, as well as ensure that value for money is produced from competitive supply chains.

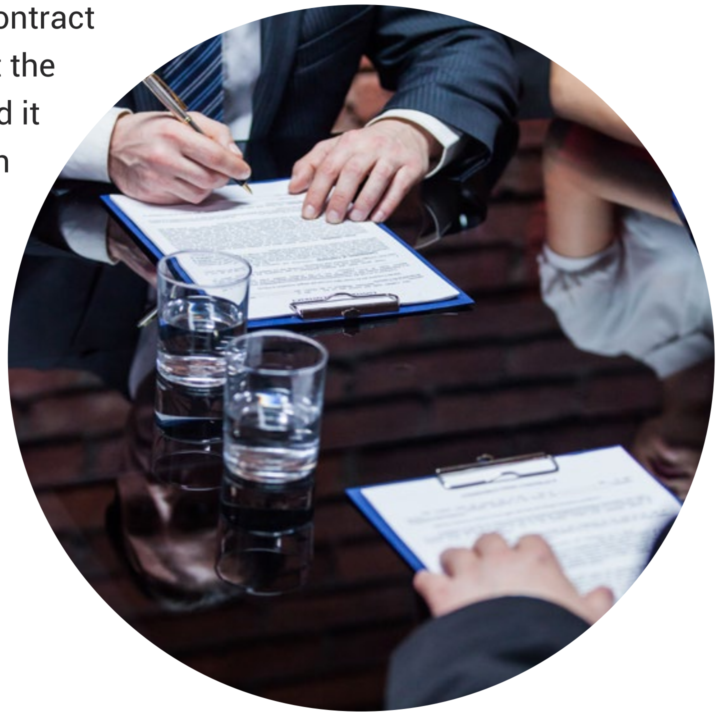
Steps in the Procurement Process

1. **Determine your procurement needs:** Establish what goods and services your organisation needs to fulfil its mission statement and deliver on its values.
2. **Develop a procurement strategy:** Ensure that managers have a clear plan for acquiring necessary items or services that is aligned with your organisation's mission statement and values. You will also need to pay attention to the thresholds beyond which you are obliged to begin a competitive tendering process.
3. **Manage and review contracts and relationships with suppliers:** Make sure that managers are equipped to evaluate new suppliers, build effective relationships with long-term suppliers, and keep procurement options under regular review.
4. **Assess value for money:** Evaluate your purchase options, whether you are negotiating directly with suppliers or with a third party to secure the best quality goods and services at the very best price. Having multiple vendors can lead to a competitive bidding process.
5. **Purchase goods/services:** Develop and comply with a management approval process for purchase requests and payments.

What is a Framework Agreement?

A Procurement Framework or Framework Agreement is an arrangement whereby a body (e.g. a purchasing consortium, the government, or a local authority) carries out a process to pre-select suppliers and sets terms and prices for an extended period.

A framework agreement is different to a contract for supply of services or goods. It sets out the terms and conditions for future orders, and it places no obligations on your organisation to order anything. A binding agreement to purchase and deliver services only begins when an order is made.



Framework agreements can be useful because they can help your organisation to benefit from:

- Access to a larger supplier network
- Cash savings
- Administrative savings (e.g. less time spent on tendering)
- Greater purchasing insights
- Improved consistency
- Enhanced service levels
- Legal certainty

What is a Purchasing Consortium?

A Purchasing Consortium is created when a group of organisations procure jointly in order to maximise their bargaining power and benefit from economies of scale.

Conflicts of Interest

A conflict of interest can be described as any form of personal interest which may impinge, or might reasonably be deemed by others to impinge, on an individual's impartiality in decision-making.

Any individual participating in the tendering process must be aware of potential conflicts of interest and should take appropriate action to avoid them. If conflicts of interest arise, these should be immediately declared and appropriate actions taken to ensure the decision-making process is not tainted by a conflict, perceived or otherwise.

Risk Management

Risk management means taking a systematic approach to setting the best course of action in relation to an element of uncertainty. You will need to identify, assess, understand, act on, and communicate risk. Preventative controls stop something happening, and detective controls anticipate and seek to mitigate an existing risk. Detective controls can be broken down further into strategic and operational controls.

The Board is tasked with risk management, as well as strategy development and management, while management is responsible for implementing risk controls and measures.

Your Centre or Hub will need:

A risk management policy: This policy will provide guidance regarding the management of risk to support the achievement of corporate objectives, protect staff and business assets, and ensure financial sustainability.

A risk register: This repository for all identified risks should include additional information about each risk (e.g. the nature of the risk, the likelihood of it happening, who is responsible for managing the risk, and mitigation measures).

Your risk assessment should aim to identify, analyse, mitigate and/or solve risks before they become an issue or problem for your Centre or Hub. Having a risk register that will take into consideration the different types of risk your organisation may encounter can help to prevent and predict problems before they arise. For a breakdown of different risk types, see Appendix K.

The Governance Policy Landscape

A variety of regional, national, and international policies, strategies, and codes of good practice are influencing governance in Ireland and the development of the National Hub Network. Some focus directly on governance, while others address issues vital to the network, such as climate change, remote working, the digital divide, and the reinvigoration of rural communities (see Appendix L for an overview of Centres and Hubs in national, EU, and international contexts).

They include:

The Code of Practice for the Governance of State Bodies (2016)
The Code is a key guidance document and it is revised and updated on a regular basis to take account of developments in corporate governance, best practice, and relevant changes in legislative provisions. The Code should be read in tandem with additional guidance documents which address a number of key areas such as business and finance reporting requirements, audit and risk committee guidance, remuneration and superannuation, and Board self-assessment tools.

The Charities Governance Code (2018)
The Code, overseen by the Charities Regulator, applies to all registered charities in Ireland, regardless of size or access to funding. It sets core principles for the sector, which include advancing the charitable purpose, behaving with integrity, leading people, exercising control, working effectively, and being accountable and transparent. These principles inform the list of prescribed standards that charities must action and evidence in writing each year.

The Code's principles and standards are useful for all organisations, whether or not they are charities because they can help you to demonstrate compliance with best practice in governance and management. The Charity Regulator website contains useful toolkits, guides, template policies, and explanatory documents that your Board may find helpful.

UK Corporate Governance Code (2018)
As there is no equivalent document specifically framed for the Irish context, the current UK Corporate Governance Code, issued in 2018, is another significant resource for Irish Boards and their management teams.

Emerging trends in Corporate Governance
It will also be important to be aware of international trends in governance. Environmental and Social Governance is an emerging concern, for example, and it is shaping broader trends in Corporate Governance. Changes in reporting standards and performance evaluation procedures for Boards can also occur over time as practices are improved.

Environmental and Social Governance
Environmental and Social Governance (ESG) criteria are a set of standards for a company's operation that can be used to assess how the Centre or Hub

1. performs as a steward of nature;
2. manages its relationships with staff, suppliers, customers and the wider community; and
3. deals with its own stewardship, leadership, pay, internal controls, and stakeholder rights.

Current trends in the wider field of corporate governance include:

- Developing and maintaining diverse Boards characterised by equity and inclusion;
- Boards making direct commitments to act in an ethical manner;
- Clearly defined roles and responsibilities, with the roles of Board and executive fully separated;
- Greater efforts to align strategy and goals to help achieve objectives;
- Greater accountability to stakeholders;
- Greater focus on risk and the Board's risk appetite;
- Management of climate change risk;
- Oversight mechanisms for Codes of Conduct and Compliance Measures;
- Improved audit systems and processes;
- Improved people management policies and practice;
- Improved Board/management dynamics; and
- Increased digitisation (including the use of hybrid and virtual meetings).

Glossary

Articles of Association: Articles of Association govern the internal management of a company, setting out how it is normally to be governed. These articles are usually chosen from a standard set of Articles provided within the Companies Acts, with appropriate amendments made.

Board: A Board is the governing body of an organisation, made up of the number of directors prescribed by the governing document.

Board member: A Board Member is a member of the Board of Directors and may also be known as a Director or Trustee (in the case of charities).

Company member: Company members are members of the legal company as prescribed by the governing document and they have voting rights. They are bound by the provisions of the governing document and its rules on matters such as the cessation on membership.

Conflict of interest: A conflict of interest arises when a person's private interests compete with their professional duties and obligations. For example, a conflict of interest may arise if a board member influences the awarding of a contract to a company owned by a family member. It is legal to award a contract to the best qualified company, even if that company is owned by a relative of a board member, but the board member must not be part of the decision-making process, as they would stand to benefit financially from their position. A conflict of interest can also occur in relation to a board member's business connections.

Constitution: An organisation's governing document is also known as its Constitution. A Constitution sets out an organisation's purpose and its basic rules for governance. It may simply be made up of the Memorandum and Articles of Association, depending on the organisation's legal requirements in relation to Companies Act 2014.

Director: A Director is a member of the Board of Directors. A Director may also be known as a board member or as a trustee, if the person is a Director of a charity.

CEO: The Chief Executive Officer is the person responsible for managing the activities of an organisation. This person reports to the governing body. The post of CEO is usually a paid position. This person may be known by other names such as Managing Director, Manager, Coordinator, or Director (not to be confused with those people who are members of the Board of Directors of the organisation).

Incorporating/incorporated: This term indicates whether or not a group has been established (or is being established) as a separate legal entity.

Objects Clause: The Objects Clause sets out, in an organisation's governing document, the objects of the organisation and the reasons for its existence.

Register of Directors' interests: This document is a list of the interests and loyalties of the Directors which may conflict with the interests of the organisation.

Officer of the Board: The Directors and Secretary of the Board are also known as its officers.

Register of members: Every company is required by the Companies Act 2014 to keep a register of the company's members, containing details of

- The names and addresses of each member.
- The date at which each member was entered in the register as a member.
- The date at which any person ceased to be a member.

Register of Directors: This register, required by the Companies Act 2014, must record:

- The name and address of each director.
- The date at which each member was entered in the register as a director.
- The date at which any person ceased to be a director.

Register of Beneficial Owners (RBO): This internal register, mandated under money-laundering legislation, requires that an organisation must maintain and file data with the Central Register (rbo.gov.ie) about the people who own or control it.

Executive: Members of the Executive are employees in managerial positions (e.g. CEO, Managing Director, Human Resources Manager).

Governing instrument: The governing instrument is also known as a governing document (See Constitution above).

Memorandum of Association: A company's Memorandum of Association states the company's name and sets out its main and subsidiary objectives.

RRDF: Rural Regeneration and Development Fund

RETS: Regional Enterprise Transition Scheme

REDF: Regional Enterprise Development Fund

URDF: Urban Regeneration and Development Fund

See Appendix M for details of some useful resources.

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