

This assessment seeks to confirm that the company has suitable governance and internal control arrangements in place in order to provide assurance to the Shareholder Board

There are 11 sections covering the following;

Section 1 - Company Operation

Section 2 - Roles and Behaviours of company Directors

Section 3 - Board Composition, Skills & Development

Section 4 - Role of the Board Chair

Section 5 - Roles and Behaviours of the Board

Section 6 - Role of Executive & Non-Executive Directors

Section 7 - Business Planning

Section 8 - Financial Management

Section 9 - Risk Management

Section 10 - Ethical Conduct

Section 11 - Performance Management

Each section contains a number of statements and your assessment should state confirm whether or not the company, to the best of the Board's knowledge, is compliant with each statement by answering yes or no. If you do not feel the statement applies, you can respond with N/A

You are required to list the evidence that may be available to support your conclusions e.g. Board meeting minutes, available policies/procedures, declarations of interest. This evidence may be requested by internal audit as part of an independent validation of the self assessment and they can also be consulted on what evidence may be suitable if this is unclear.

Where a response of 'No' or 'N/A' is provided, you should advise in the exemption note column what action is being taken to lead to compliance with the statement or the reason the statement does not apply and you are therefore exempt from providing evidence.

The assessment may be completed by any officer of the company but must be approved by the Board and signed by the Chair.

**Annual Assurance Statement 24/25: Medway Development Company**

This statement on behalf of the Board outlines the results of a self-assessment acknowledging the company's responsibility in delivering practices that promote proper systems of governance and internal control, and that these are followed and maintained.

The Board acknowledges its responsibility in ensuring that company policies and procedures are followed, and that proper systems of governance and internal control are maintained in all business areas. This responsibility incorporates the requirement to monitor and review the operation of these systems as part of the council's risk management processes.

In completing this exercise, it is acknowledged that appropriate governance and internal controls can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or will be detected within a timely period.

The information provided in this document is given to the best of our knowledge and belief in connection with the company's business activities.

<b>Officer completing this statement:</b>	Jedene Arnold
<b>Job Title:</b>	Finance Director
<b>Date Completed:</b>	30/06/2025

<b>Date approved by Board:</b>	04/07/2025
<b>Signature of Board Chair:</b>	

<b>1. Company Operation</b>				
<b>Ref</b>	<b>Responsibility</b>	<b>Confirmed</b>	<b>Evidence to support conclusion</b>	<b>Exception Notes</b>
1.1	The company operates in line with the rules agreed by the shareholders, directors and the company secretary, in the Articles of Association	<b>Yes</b>	We have been operating in accordance with the Articles and MOU approved by the cabinet in January 2024.	We are taking the necessary actions to complete the required legal formalities.
1.2	Any changes to the operating model of the company are discussed with the board and shareholders, with the Articles of Association reviewed and updated accordingly.	<b>Yes</b>	The MDC board fed into the comments process in relation to the Articles and MOU.	
1.3	There is a record of the essential functions and other matters which are reserved for board decision and cannot be delegated.	<b>Yes</b>	The Board is aware of which matters are delegated to the Cabinet Sub Committee. An example of this is the appointment of auditors and we are currently seeking approval for this.	

2. Role and Behaviours of Company Directors				
Ref	Responsibility	Confirmed	Evidence to support conclusion	Exception Notes
2.1	Directors act in accordance with the seven Nolan Principles: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership.	Yes	Directors have signed a Terms of Agreement (ToAs) document on appointment. These set out their performance standards and we've attached an example ToA that covers the Nolan principles.	
2.2	Directors act within the remit of their powers.	Yes	Directors are aware of their limitations as set out in the MOU and articles.	
2.3	Directors promote the success of the company.	Yes	The directors promote the success of the company through due diligence, scrutiny and challenge of company strategy and oversight of delivery of successful development schemes at regular structured board meetings.	
2.4	Directors exercise independent judgement.	Yes	The directors are non-executive and independent from day to day management with no financial or personal interests in the company other than remuneration.	
2.5	Directors exercise reasonable care, skill and diligence.	Yes	As above, where contentious issues are encountered, directors lever in independent third party advice.	
2.6	Directors avoid conflicts of interest	Yes	This is the first agenda item at each board meeting. The directors promote the success of the company through due diligence, scrutiny and challenge of company strategy and oversight of delivery of successful development schemes at regular structured board meetings.	
2.7	Directors do not accept benefits from third parties	Yes	None accepted.	
2.8	Directors declare interests in any proposed transactions or arrangements within the company	Yes	Annual Conflicts of Interest questionnaire and disclosure is also part of annual audit. This is the first agenda item at each board meeting.	

3. Board Composition, Skills & Development				
Ref	Responsibility	Confirmed	Evidence to support conclusion	Exception Notes
3.1	The board includes a range of skills and backgrounds including commercial, financial, business development, technical, legal and HR experience	Yes	The current board has many years of experience in housing, development, finance, marketing and sales.	
3.2	Appointments to the Board have been subject to formal selection processes.	Yes	We have produced an appointment plan and currently the proposal is to extend a number of appointments which is being presented to the Cabinet Sub Committee in June.	
3.3	Board composition is reviewed regularly to ensure it remains fit for purpose.	Yes	We are presenting a proposal as item 3.2.	
3.4	Board members have received appropriate training in relation to their legal roles and responsibilities, including those under the: <ul style="list-style-type: none"> <li>- Companies Act 2006,</li> <li>- Insolvency Act 1986,</li> <li>- Bribery Act 2010,</li> <li>- Modern Slavery Act 2015,</li> <li>- Data Protection Act 2018, and</li> <li>- Health and Safety at Work etc. Act 1974</li> </ul>	No	The board members have professional qualifications in their fields and extensive business experience to date, as well as refresher training completed in the other non-exec roles they have.	Broadly, Directors have the necessary skills in relation to the items listed but we plan to implement further refresher training.
3.5	There are annual evaluations of Board and Chair performance, with recommendations for additional training as necessary.	Yes	The chairman conducted appraisals for each NED in April 2025 with separate notes taken for each. The chairman appraisal is currently being coordinated.	

<b>4. Role of the Board Chair</b>				
<b>Ref</b>	<b>Responsibility</b>	<b>Confirmed</b>	<b>Evidence to support conclusion</b>	<b>Exception Notes</b>
4.1	The Chair acts in accordance with the seven Nolan Principles: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership.	<b>Yes</b>	See section 2	
4.2	The Chair formulates the Board Strategy and ensures relevant issues are on the agenda.	<b>Yes</b>	Business Plan will be presented at the June Cabinet Sub Committee.	
4.3	The Chair ensures all Executive and Non-Executive Directors are enabled to contribute to Board activities.	<b>Yes</b>	The Chair operates an open environment where NEDs are able to contribute to board activities.	
4.4	The Chair ensures that the Board is in full control of the company's activities.	<b>Yes</b>	We have had 46 board meetings to date which demonstrate that the board totally controls the activities.	
4.5	The Chair promotes the effective & efficient use of staff and resources.	<b>Yes</b>	The board regularly implements staff compliment reviews and is discussed at every board meeting.	
4.6	The Chair ensures delivery of high standards of integrity and propriety in company activity.	<b>Yes</b>	The Chair has introduced stricter governance protocols since starting.	

5. Roles and Behaviours of the Board				
Ref	Responsibility	Confirmed	Evidence to support conclusion	Exception Notes
5.1	The Board operates openly and transparently.	Yes	All records are outlined in the board meeting minutes.	
5.2	The Board meets regularly, with due notice of the issues to be discussed supported by the necessary paperwork, and retains a record of all matters discussed and conclusions reached.	Yes	Quarterly Board meetings plus interim board meetings when necessary. Agenda sent ahead of meeting.	
5.3	The Board promotes the success of the company by directing and supervising the company's affairs	Yes	As item 5.2	
5.4	The Board provides entrepreneurial leadership within prudent and effective controls, where risk is assessed and managed	Yes	At each board meeting we review the risk register.	
5.5	The Board sets strategic aims and ensures sufficient resources (financial and human) are available to meet objectives	Yes	Part of the annual business plan.	
5.6	The Board reviews management performance	Yes	Annual and interim appraisals are undertaken.	
5.7	The Board sets corporate values and standards	Yes	Part of the business plan.	
5.8	The Board ensures obligations to shareholders and others are met	Yes	Part of the business plan. KPIs set up and reviewed by the shareholder.	
5.9	The Board has processes to ensure that the entity continues to be financially viable, supported by the role of its external auditor.	Yes	Part of the business plan. Annual audit completed by Kreston Reeves and reviewed as part of Going Concern testing by reviewing after date management account, P&L and cashflow forecasts.	
5.10	The Board has processes in place to deal with financial issues, including business planning, budget control, financial systems and financial monitoring and reporting.	Yes	The Board has implemented a new Sage financial systems which ensure budget control and effective financial reporting.	
5.11	The Board undertakes in-depth consideration of company matters that are deemed significant, including new projects, exiting projects, approvals and endorsement of advice	Yes	This is all set out in the Business Plan. This includes protocols for detailed reviews of significant company matters such as approving projects, changes to management strategies and obtaining specialist advice as required.	
5.12	The Board ensures that workforce policies and practices are consistent with the company's values and support its long-term sustainable success.	Yes	We have a suite of company policies. Procurement process included as an example.	

6. Role of Executive & Non-Executive Directors				
Ref	Responsibility	Confirmed	Evidence to support conclusion	Exception Notes
6.1	Executive & Non-Executive Directors act in accordance with the seven Nolan Principles: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership.	Yes	Directors have signed a Terms of Agreement (ToAs) document on appointment. These set out their performance standards and we've attached an example ToA that covers the Nolan principles.	
6.2	Executive Directors implement the Boards plans and policies.	Yes	N/A - we only have NEDs.	
6.3	Non-Executive Directors challenge and contribute to the development of the company's strategy.	Yes	The Business Plan is reviewed and scrutinised annual. Management information and KPIs are reviewed at every board meeting, with interim reporting of sales and marketing outcomes for both market sales and PRS operations.	
6.4	Non-Executive Directors monitor reporting of performance and scrutinise performance of management in meeting agreed goals.	Yes	The Business Plan is reviewed and scrutinised annual. Management information and KPIs are reviewed at every board meeting, with interim reporting of sales and marketing outcomes for both market sales and PRS operations.	
6.5	Non-Executive Directors satisfy themselves on the accuracy of financial information and that financial controls and risk management are robust and defensible	Yes	We have an annual audit which scrutinises financial systems and information. We have a chartered accountant as part of the board who scrutinises financial updates and appraisals. The appointment of a chartered accountant was an intentional decision to strengthen the financial overview of the company.	
6.6	Non-Executive Directors determine executive directors' remuneration and have a prime role in appointing/removing senior management	Yes	All pay increases and appointments approved by the Board.	

## 7. Business Planning

Ref	Responsibility	Confirmed	Evidence to support conclusion	Exception Notes
7.1	The company has a documented business plan, setting out it's objectives and how these are to be resourced and achieved.	Yes	25-35 Business Plan	
7.2	A business planning process is undertaken at least annually, which considers; - The core business offering and potential future services/innovations. - strategy and implementation, underpinned by effective marketing, communications, and branding strategies - financial break-even analysis, projected surplus or deficit, cash flow, balance sheet and reliance on trading income - operations and management (analysis of capacity and capabilities to fulfil its purpose, workforce planning, board development, support services, managing the supply chain and clients) - market analysis of trends and competitors.	Yes	25-35 Business Plan	

8. Financial Management				
Ref	Responsibility	Confirmed	Evidence to support conclusion	Exception Notes
8.1	The company has an independent financial status from the council, including separate bank accounts and designated signatories.	Yes	The MDC group is independent from the Council and each entity has its own Current Account and Deposit Account.	
8.2	The company has a set of documented financial policies and procedures	No	The company has established financial policies, procedures and internal controls in place which are consistently applied with a high level of MD and FD oversight, with new processes being introduced following the recruitment of an in-house finance team and introduction of Sage Intacct.	We are formally summarising and documenting these currently.
8.3	The financial implications, particularly Value for Money, are assessed in all decisions that are made.	Yes	This is a key aspect of project business case reviews where options are considered to inform prudent decision making.	
8.4	There are controls in place to ensure that: - charges are levied at the appropriate level/rates, - all income is collected, or pursued in instances of non-payment, - where possible payment is collected in advance of service delivery	Yes	We follow our agreed procurement process which was drafted in alignment with the Council's process. This has been rolled out across the Business with training provided. Regular reconciliations are performed as part of the monthly financial reporting to identify outstanding monies for collection. For our PRS operations, we have a robust rent arrears process in place, including eviction where relevant, plus also subscribe to a rent guarantee package through our managing agent. There is little opportunity to collect in advance of service delivery.	
8.5	There are controls in place to ensure that all expenditure is legitimate and properly authorised.	Yes	The Procurement process is followed rigidly across the business including credit checking before engagement. Further to this a purchase order process is embedded in MDC's financial system which mirrors MDC's delegated authority schedule.	
8.6	There are controls in place to ensure that where required, assets are properly recorded on company inventory.	Yes	WIP and Investment balances are audited annually. The MD ensures that assets are appropriately recorded. Independent valuations obtained as necessary.	
8.7	All assets are appropriately safeguarded against theft or damage.	Yes	Insurance policies in place. CCTV in place to reduce risks.	
8.8	There is appropriate segregation of duties to reduce the risk of fraud.	Yes	We are small team overall so segregation of duties is not always possible but we ensure that no Finance Team members can raise project purchase orders as they ultimately pay the resultant invoice.	
8.9	There are controls in place to ensure the accuracy and legitimacy of financial information held within the accounts, including review by qualified accountants	Yes	A new qualified and experienced accountant has been recruited into the newly created Finance Director role to provide primary internal control over financial information, including full reconciliation procedures. Further we have have an independent external annual audit.	
8.10	Board reports clearly outline the current financial position of the company in terms of its trading position (income and expenditure), liquidity (cash flow) and solvency (balance sheet).	Yes	Quarterly Management Accounts and Annual Accounts presented to Board.	

## 9. Risk Management

Ref	Responsibility	Confirmed	Evidence to support conclusion	Exception Notes
9.1	The board has agreed an approach to risk management that is proportionate to the company's operating model	Yes	RAG rated based on Council's matrix approach of impact and likelihood.	
9.2	The board has overall responsibility for ensuring that appropriate risk management arrangements are in place	Yes	There is a risk register for each company which is reviewed by the shareholder and MDC board at each board meeting. The company also provides risks on the council's corporate risk register.	
9.3	There is a documented register outlining key risks and mitigating controls	Yes	Please see latest Risk Register.	
9.4	The board regularly reviews risks and how they are being managed	Yes	Please see latest Risk Register.	

10. Ethical Conduct				
Ref	Responsibility	Confirmed	Evidence to support conclusion	Exception Notes
10.1	All officers and Directors are aware of and uphold company's values and behaviours.	Yes	The directors have a code of conduct in the ToA.	
10.2	All officers and Directors are aware of and comply with the company code of conduct.	Yes	The directors have a code of conduct in the ToA. Staff have contracts which set out some conduct expectations.	We will review a company code of conduct policy to implement in the near future.
10.3	All officers and Directors carry out their duties in line with company policies.	Yes	As above	
10.4	All decisions delegated to Directors/officers are exercised lawfully and that they are intra vires.	Yes	All decisions are recorded in board meeting minutes and where further legal oversight is required, the board will implement this, for example Loan Agreements.	
10.5	Arrangements are in place to ensure all Directors and officers abide by relevant professional standards.	Yes	Many of the board members hold professional membership qualifications which set out relevant professional standards.	
10.6	Employees are encouraged to report concerns around unethical, or potentially illegal, behaviour and have clear routes to raise such concerns. E.g. if they are unclear of the lawfulness of a proposed decision, or decision taken.	Yes	Questionnaire completed by employees as part of the annual audit.  Additionally, we are developing a whistleblowing policy.	Whistleblowing policy will be developed in 2025/26.

11. Performance Management				
Ref	Responsibility	Confirmed	Evidence to support conclusion	Exception Notes
11.1	Available resources are planned, deployed, and monitored for the delivery of the company objectives.	Yes	Resources are reviewed as part of business planning.	
11.2	The use of resources is kept under continuous review, with appropriate action taken to address any instances of ineffective, inefficient, and uneconomic use.	Yes	Resource is an agenda item at every board meeting	
11.3	Key performance indicators and outputs are aligned with the objectives outlined in the business plan.	Yes	The KPIs evolve from the Business Plan for key areas of the business - development programme, PRS, Shared Ownership, overheads, etc. which then feed into management and staff objectives for all team members.	
11.4	Action plans are set for individual areas of business to assist with the achievement of key objectives.	Yes	The action plans evolve from the Business Plan for key areas of the business - development programme, PRS, Shared Ownership, overheads, etc. which then feed into management and staff objectives for all team members.	
11.5	All employees have periodic performance reviews with SMART objectives and targets that align with delivery of the business plan.	Yes	At MDC we have an annual objectives setting and periodic PDR meetings (PDR = Performance and Development Reviews). 1) Annual objectives setting will include any KPIs and financial budget responsibilities disseminated from the Business Plan and is done at the beginning of the year. 2) An interim progress review and performance rating at 6 months. 3) A final progress review and performance rating at the end of the year.	