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Cabinet Sub Committee
(Medway Norse Ltd Shareholder Board)

24 September 2026

Medway Norse Ltd Governance Self-Assessment and Independent Validation

Portfolio Holder:	Councillor Simon Curry, Portfolio Holder for Climate Change and Strategic Regeneration
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Summary

This report seeks to provide Members with assurance over the governance arrangements in place at Medway Norse Ltd, by presenting the outcomes of the governance self-assessment undertaken by the company against the Local Partnerships Local Authority Company Review Guidance (2023), and the results of the subsequent independent validation carried out by Internal Audit.

The validation identified evidence that a number of governance arrangements are in place, including Articles of Association, governance structures, financial monitoring arrangements, risk registers and policies relating to staff conduct and whistleblowing. However, in a number of areas insufficient supporting evidence was provided to enable Internal Audit to independently validate the assertions made within the self-assessment.

As a result, whilst the company has described governance arrangements that are intended to align with recognised good practice, Internal Audit was only able to provide limited assurance over their effectiveness.

1. Recommendations

1.1. The Sub Committee is asked to note the outcome of the self-assessment and Internal Audit validation review.

2. Suggested reasons for decision

2.1. To ensure the Council maintains effective oversight and assurance over its Local Authority Trading Company in line with best practice.

2.2. To strengthen governance arrangements and mitigate risks identified through independent validation.

3. Budget and policy framework

3.1. Medway Council is a joint venture partner in Medway Norse Ltd, alongside Norse Commercial Services Limited. The Council's powers and responsibilities in relation to its participation in the joint venture are an executive function of the Cabinet. Cabinet has delegated relevant oversight and governance responsibilities to this Cabinet Sub Committee.

4. Background

4.1. The Local Partnerships Local Authority Company Review Guidance (2023) highlights the importance of robust governance arrangements to ensure council-owned companies are effectively managed, accountable, and aligned with council objectives. These arrangements should balance company autonomy with appropriate shareholder oversight.

4.2. In line with this guidance, Medway Council implemented a governance self-assessment process for its trading companies, based on the checklist set out in Section 4 (Entity Governance Arrangements). This covers areas including:

- Board roles and behaviours.
- Business planning.
- Financial Management.
- Risk management.
- Director skills and oversight.

4.3. The self-assessment was completed by Medway Norse Ltd and supported by an Assurance Statement signed by the Chair. Internal Audit then undertook an independent validation, reviewing supporting evidence and testing the accuracy of the self-assessment conclusions.

5. Validation Conclusions

5.1. Internal Audit's validation found that Medway Norse Ltd has a number of governance arrangements in place which are intended to support effective oversight and accountability, including established Articles of Association, Board and Shareholder governance arrangements, financial monitoring processes, risk management arrangements and employee conduct policies.

5.2. Key strengths identified during the review include:

- Established Articles of Association and governance arrangements which have been reported to the Shareholder Board.
- Strategic and operational risk registers, which are periodically reported to the Shareholder Board.
- Regular financial monitoring and annual external audit of the company's financial statements.

- Adoption of Norse Group policies covering staff conduct, whistleblowing, gifts and hospitality, bribery and conflicts of interest.
- Established KPI monitoring arrangements with performance reporting to the Shareholder Board.

5.3. However, the validation identified that significant amounts of supporting evidence were not provided to substantiate the responses contained within the self-assessment. This limited Internal Audit's ability to independently verify governance arrangements and provide assurance regarding their effectiveness.

5.4. Areas where supporting evidence was unavailable or insufficient included:

5.4.1. Governance and Board Operations

- Board agendas and minutes were not provided to demonstrate governance oversight, challenge and decision making.

- Evidence supporting delegated authorities and governance arrangements was not available for review.

5.4.2. Director Governance and Development

- Evidence was not provided to support Board composition, skills assessments, induction arrangements, training records or director performance reviews.

- Governance documentation does not explicitly reference adherence to the Nolan Principles.

5.4.3. Strategic Planning

- Although the company reported that a five-year Business Plan exists, evidence could not be provided to demonstrate Board approval or implementation of an agreed Business Plan. Shareholder Board records indicate that business planning documentation remained under development during the review period.

5.4.4. Financial Management

- Supporting evidence was not available to validate financial policies, bank mandates, asset registers and a number of key financial governance processes.

5.4.5. Risk Management and Performance

- While strategic and operational risk registers were evidenced through Shareholder Board reporting, documentation supporting the wider risk management framework could not be validated.

- Evidence supporting workforce performance management arrangements was not available for review.

5.5. Overall, Internal Audit concluded that the information provided demonstrates an intention to align with recognised good practice governance standards. However, due to the limited availability of supporting evidence, only limited assurance can be provided regarding the effectiveness of governance arrangements operating within the company.

6. Risk management

6.1 Medway Norse maintains both strategic and operational risk registers, which are periodically reported to the Shareholder Board. The validation also identified that the company has established risk management arrangements through the Norse Group SHEQ framework, associated policies and procedures, and compliance with recognised management system standards.

6.2 However, whilst governance and risk management arrangements have been described within the self-assessment, insufficient supporting evidence was provided in a number of areas to enable Internal Audit to independently validate their operation and effectiveness. As a result, only limited assurance could be provided over the company's governance framework.

6.3 Risk management is an important component of effective governance. The Council has a responsibility to identify and manage risks associated with its interests in Local Authority Trading Companies and Joint Venture partnerships. The table below sets out the principal risks arising from the findings of this report and the actions required to mitigate them.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Limited governance assurance	Insufficient supporting evidence limits the Council's ability to obtain assurance that governance arrangements are operating effectively.	Strengthen document retention arrangements and ensure supporting evidence is available to support future assurance reviews.	B2
Weak governance transparency	Absence of Board minutes, agendas and supporting records may reduce transparency and limit the ability to demonstrate effective challenge, scrutiny and decision-making.	Ensure governance records are maintained and available for review by shareholders and assurance providers.	B2
Strategic planning risk	The absence of an evidenced and approved Business Plan could impact the company's	Finalise, approve and maintain a current Business Plan	B2

Risk	Description	Action to avoid or mitigate risk	Risk rating
	ability to demonstrate strategic direction and measure performance against agreed objectives.	supported by regular performance reporting.	
Financial governance risk	Inability to validate key financial governance documentation could reduce assurance over financial controls and accountability arrangements.	Ensure financial policies, mandates, asset records and supporting control documentation are maintained and available for inspection.	C2
Reputational risk	Weaknesses in governance assurance may adversely affect stakeholder confidence in both Medway Norse and the Council's oversight of its Joint Venture arrangements.	Strengthen governance reporting, oversight arrangements and the evidencing of key governance activities.	C2

For risk rating, please refer to the following table:

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	1 Critical 2 Major 3 Moderate 4 Minor

7. Consultation

7.1 The validation process included engagement with Medway Norse management and review of documentation and evidence supporting the self-assessment.

8. Climate change implications

8.1 There are no direct climate change implications to this report.

9. Local Government Reorganisation (LGR) implications

9.1 There are no LGR implications linked to this report.

10. Financial implications

10.1 There are no direct financial implications arising from this report. However, improved governance arrangements contribute to better financial oversight and value for money from the Council’s investment in its companies.

11. Legal implications

11.1 There are no legal implications arising directly from the contents of this report.

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Appendices

Appendix 1 - Governance Self-Assessment (Medway Norse Ltd)

Appendix 2 - Internal Audit Validation Report – Medway Norse Ltd Governance Self-Assessment (2025–26)

Background papers

Local Partnerships: Local Authority Company Review Guidance (2023)