

KYNDI STRATEGIC RISK REGISTER 2021 - 22

| REF | RISK | OWNER | INHERENT RISK SCORE | CURRENT RESIDUAL RISK SCORE | TARGET RESIDUAL RISK SCORE |
|-------|-----------------------------|-------------|---------------------|-----------------------------|----------------------------|
| SR001 | Commercial Performance | KYNDI BOARD | BII | CIII | CIII |
| SR002 | Corporate Governance | KYNDI BOARD | CII | DIII | DIII |
| SR003 | Business & Product Strategy | KYNDI BOARD | BII | CIII | CIII |
| SR004 | Regulatory Compliance | KYNDI BOARD | CII | CII | CIII |

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|------------|---|--------|----------------|----|---|
| Likelihood | A | | | | |
| | B | | | | |
| | C | | SR001 SR004 | | |
| | D | | SR003 | | |
| | E | | SR002 | | |
| | F | | | | |
| | | IV | III | II | I |
| | | Impact | | | |

| Key | |
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| Low risk/priority | |
| Medium risk/priority | |
| High risk/priority | |

| Likelihood: | |
|-------------|-------------------|
| A | Very high |
| B | High |
| C | Significant |
| D | Low |
| E | Very Low |
| F | Almost impossible |

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| SR001 – Commercial Performance | | RISK OWNER: KYNDI Board | | |
| | | RISK REVIEW CYCLE | Quarterly | |
| INHERENT SCORE: BII | TARGET RESIDUAL SCORE: CIII | QUARTERLY REVIEW SCORE | CIII | |
| Inherent Risk <ul style="list-style-type: none"> Inability to compete commercially to secure (and retain) Business to meet Commercial Performance Targets. | | <u>Score</u> CIII | Triggers <ul style="list-style-type: none"> Income targets not met across KYNDI Business Activity Areas Adverse Budget Reporting impacting on Trading Viability of KYNDI as a LATCo. Consequence <ul style="list-style-type: none"> Net Profit targets not achieved. Business Activity Areas become unviable impacting on KYNDI Business Model. Services not provided at an acceptable level resulting in reputational risk for Kyndi & shareholders. | |
| Current Residual Risk <ul style="list-style-type: none"> KYNDI market opportunity analysis Pipeline to bid /target for new Business Growth. KYNDI has a Product Strategy to support strategic growth activity into the Telecare Market to improve Commercial Performance. | | <u>Score</u> CIII | Target Residual Risk <ul style="list-style-type: none"> Business Plan for Year 1 is based on a balanced Trading Performance on existing Business with no growth targets. Business Plan proposes development of a Product Strategy and Tender Pipeline in Year 1 to support Commercial Performance Growth from Year 2 of the Business Plan. Growth funding built into Year 1 Business Plan Budget to support engagement on Product Strategy Consultants. | <u>Score</u> CIII |
| MITIGATION | | | | |
| REF: ACTION | LEAD OFFICER | DESIRED OUTCOME: EXPECTED OUTPUT | MILESTONES | PROGRESS UPDATE (QUARTERLY REPORTING) |
| <u>SR001 - 01</u> Produce a 3 Year Tender Pipeline (subject to Annual Review) to support Commercial Performance Growth | Chief Executive Officer (KYNDI) | Tender Pipeline Produced. | KYNDI Board Approve Tender Pipeline. | Researching telecare and CCTV tender history to summarise renewal dates and therefore likely retender timetable across South East. |
| <u>SR001-02</u> Annual refresh Strategy to support strategic growth activity into the Telecare Market. | Chief Executive Officer & Head of Product Marketing | Product Strategy Refreshed. | KYNDI Board Approve Product Strategy | Strategy in place. Commissioned Red Bullet to prepare rebrand and marketing campaign. |

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| SR002 Corporate Governance | | RISK OWNER: KYNDI Board | | |
| | | RISK REVIEW CYCLE | Quarterly | |
| Inherent Score: CIII | Target Residual Score: EIII | QUARTERLY REVIEW SCORE | EIII | |
| Inherent Risk <ul style="list-style-type: none"> A lack of robust Corporate Governance will result in commercial risk to Medway Council as the single shareholder along with reputational risks of poor business performance or business failure. | <u>Score</u> CIII | Triggers <ul style="list-style-type: none"> Commercial performance targets not secured through inadequate Governance Controls and risks (Strategic & Operational) are understated and not effectively managed. Weak or unclear agreements/contract and governance arrangements. In place impacting on poor Business Reporting. Consequence <ul style="list-style-type: none"> Failure to meet statutory responsibilities. Unexpected costs from new delivery model. Delivery model not sustainable; responsibility for delivery of function unexpectedly transfers back to the council. Reputation of council damaged by activities of delivery model. Council or delivery model expectations not met by new arrangements. | | |
| Current Residual Risk <ul style="list-style-type: none"> KYNDI performance is reviewed by KYNDI Board Cabinet (6 monthly) and scrutinised by the relevant Overview and Scrutiny Committee. | <u>Score</u> EIII | Target Residual Risk <ul style="list-style-type: none"> Corporate Governance Model for KYNDI has been strengthened through the appointment of a Chair and two Non-executive Directors & a new Chief Executive to support appropriate levels of Business Scrutiny. KYNDI Business Plan Reporting will be on a regular basis (Bi-Monthly to KYNDI Board & every 6 Months to Cabinet). Reporting schedule to Cabinet & Overview & Scrutiny will include more transparent reporting on Business Performance to ensure "greater levels" of accountability Corporate Client Role established to protect the Council's Interests. | <u>Score</u> EIII | |
| MITIGATION | | | | |
| REF: ACTION | LEAD OFFICER | DESIRED OUTCOME: EXPECTED OUTPUT | MILESTONES | PROGRESS UPDATE |
| <u>SR002-01</u> Complete recruitment to the vacant Non-Executive Director posts for KYNDI to ensure appropriate levels of Corporate Governance around Business Delivery. | Corporate Client & Chair KYNDI | KYNDI Board established prior to the commencement of Year 1 of the Business Plan. Chief Executive Appointed to Board | KYNDI Board Established. | COMPLETE March 2021 |
| <u>SR002-02</u> Embed a governance framework that ensures appropriate levels of transparency and scrutiny on KYNDI Performance. | Chief Executive Officer & Corporate Client | Effective accountability of KYNDI Performance at KYNDI Board, Cabinet & Overview & scrutiny Cycles. | Governance Reporting Cycles | COMPLETE March 2021 |

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| SR003 Business & Product Strategy Development | | RISK OWNER: KYNDI Board | | | |
| | | RISK REVIEW CYCLE | Quarterly | | |
| Inherent Score: CII | Target Residual Score: DIII | QUARTERLY REVIEW SCORE | | DIII | |
| Inherent Risk <ul style="list-style-type: none"> A lack of robust and deliverable Business & Product Strategy for KYNDI will adversely impact on commercial performance and business viability/failure. | | <u>Score</u> CII | Triggers <ul style="list-style-type: none"> Business Strategy Targets not delivered impacting on commercial performance and client retention rates. Product Strategy does not deliver a strategic re-positioning of Business Growth into the Telecare Market. Consequence <ul style="list-style-type: none"> Commercial Growth not secured. Delivery model not sustainable; responsibility for delivery of function unexpectedly transfers back to the council. Reputational damage. | | |
| Current Residual Risk <ul style="list-style-type: none"> KYNDI has a robust Business & Product Strategy to Business Growth and strategic re-positioning into the Telecare Market to improve Commercial Performance. KYNDI is developing a Business & Product Strategy for Business Growth and strategic positioning for its Recruitment Service to improve Commercial Performance | | <u>Score</u> DIII | Target Residual Risk <ul style="list-style-type: none"> Business Plan for Year 1 is based on a balanced Trading Performance on existing Business with no growth targets. Business Plan is focussed on core Business Activity with no proposed diversification of business growth into non-core areas underpinned by stronger Corporate Governance Model. Business Plan proposes development of a Product Strategy and Tender Pipeline in Year 1 to support Commercial Performance Growth from Year 2 of the Business Plan. | | <u>Score</u> DIII |
| MITIGATION | | | | | |
| REF: ACTION | LEAD OFFICER | DESIRED OUTCOME: EXPECTED OUTPUT | | MILESTONES | PROGRESS UPDATE |
| <u>SR003-01</u> New Chief Executive Officer appointed with relevant commercial skill sets to strategically manage KYNDI. | Corporate Client & Chair KYNDI | Chief Executive in role and leading strategic business planning. Annual Net Profit growth year on year. | | Business Plan Performance Year & End of Quarter P&L and Balance Sheet | 2020-21 Net Profit posted & 1st Quarter 2021/22 on track |
| <u>SR003-02</u> Funding built into Year 2 Budget of the Business Plan to support Marketing Rebrand & Marketing of products and services to deliver the strategy | Chief Executive Officer & Corporate Client | Re-Brand and marketing campaign increases sales & market share re-positioning of KYNDI into the Telecare Market. | | Business & Product Strategy signed-off by KYNDI Board | ENGAGED & IN PROGRESS |

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| SR004 Regulatory Compliance | | RISK OWNER: KYNDI Board | | |
| | | RISK REVIEW CYCLE | Quarterly | |
| Inherent Score: CII | Target Residual Score: CIII | QUARTERLY REVIEW SCORE | | CIII |
| Inherent Risk <ul style="list-style-type: none"> A lack of Regulatory Compliance adversely impacts on KYNDI Performance and Business Viability representing reputational risks to Medway Council as the Single Shareholder and potential additional costs. | <u>Score</u> BII | Triggers <ul style="list-style-type: none"> Failure to meet Regulatory Compliance targets impact on commercial growth and business retention. Adverse Regulatory Reports result in Business suspension or inability to tender for new business growth opportunities impacting on the long-term financial viability of KYNDI. Risk of fines and adverse judgments from regulators. Consequence <ul style="list-style-type: none"> Commercial Growth not secured. Delivery model not sustainable; responsibility for delivery of function unexpectedly transfers back to the council. Reputational damage. | | |
| Current Residual Risk <ul style="list-style-type: none"> KYNDI needs to ensure robust Regulatory Compliance Frameworks are embedded into Business Activity to safeguard service delivery and reputational risks. | <u>Score</u> CII | Target Residual Risk <ul style="list-style-type: none"> Embed a Risk Compliance Culture into the Operating Model for KYNDI with clear Accountability Leads for Regulatory Compliance across all Business Areas. Ensure Regulatory Compliance is built into the Operational Risk Register for KYNDI Business Areas to ensure effective measurement of Regulatory Accountability Ensure adequate levels of Training through KYNDI's Workforce Development Plan to ensure sufficient levels of "regulatory competence" within the workforce. Ensure Corporate Governance adequately tests Regulatory Compliance through governance reporting cycles. | <u>Score</u> CIII | |
| MITIGATION | | | | |
| REF: ACTION | LEAD OFFICER | DESIRED OUTCOME: EXPECTED OUTPUT | MILESTONES | PROGRESS UPDATE |
| SR004-01 Adopt an Operational Risk Register that show how all levels of Business Activity meet Regulatory Compliance Standards. | Chief Executive Officer & Senior Management Team | Operational Risk Register produced and signed-off by KYNDI Board at commencement of Year 1 of the Business Plan. | KYNDI Board Approval. | COMPLETE – Sept 2020 and being monitored monthly by SMT |
| SR004-02 Produce an Annual Workforce Development Plan for KYNDI that includes adequate levels of Compliance Training/Accreditation to ensure a compliant and competent workforce. | Chief Executive Officer & Senior Management Team | Annual Workforce Plan adopted and reviewed six monthly. | KYNDI Board. | IN PROGRESS being reviewed to apply for revised company strategy |
| SR004-03 Dashboard Reporting on Regulatory Compliance. | CEO & Head of Finance & Governance | Six-monthly reporting on Regulatory Compliance to KYNDI Board. | KYNDI Board. | Basic Dashboard in place, being reviewed and enhanced by HFSG & CEO |