

CABINET

24 AUGUST 2021

KYNDI - SIX MONTHLY PROGRESS REPORT

Portfolio Holders: Councillor Howard Doe, Deputy Leader and Portfolio Holder for Housing and Community Services and Chairman of Kyndi Limited

Councillor Rupert Turpin, Portfolio Holder for Business Management

Report Author: Phil Watts, Chief Finance Officer and Corporate Client for Kyndi

Summary

This report presents a review of Kyndi's performance, for the first quarter of the 2021/2022 financial year. It is accompanied by an update on the company's achievements and financial performance prepared by the Chief Executive at Kyndi.

1. Budget and Policy Framework

- 1.1. Kyndi operates as a local authority trading company (LATCo) that is owned by Medway Council (single shareholder) and was established in 2016.
- 1.2. Review of the trading and financial position of the company is a matter of Cabinet and this is effected through six monthly progress reports. The last report to Cabinet regarding Kyndi's performance was on 2 February 2021 and this meeting also received a presentation on Kyndi's revised Business Strategy (Decision Number 130/2020 refers).

2. Background

- 2.1. Kyndi was established in 2016 as Medway Commercial Group Ltd to deliver the Council's successful CCTV and telecare services on a more commercial basis. The company then took on other areas of business, including the Council's previously in-house temporary staff agency and certain education related services traded with schools.
- 2.2. In Autumn 2020, following a restructure and the appointments of a completely new Board and Management Team, the business was rebranded to Kyndi. Kyndi's service offer comprises three market segments:
 - CCTV services through the CCTV partnership and direct provision for third parties including an 'out of hours' call centre model;
 - Telecare services to both corporate clients and private individuals;
 - Recruitment agency for Medway Council.
- 2.3. Medway Council holds 100% of the shares in Kyndi and the company now operates through one subsidiary to enable the company to trade with both the

Public and Private Sector:

- Kyndi Care Ltd which trades with the private sector;
- Medway Public Services Limited (MPS), which is in the process of being wound up (Cabinet decision number 134/2020 refers).

3. Governance

- 3.1. The Company's Board of Directors comprises one executive director (Chief Executive Officer) and four non-executive directors. The Council's non-executive director appointments for this municipal year are Councillor Howard Doe (Chairman) and Councillor Rupert Turpin. The Board appointed two independent non-executive directors in early 2020, Steven Hughes, telecoms and commercial experience, and Ashley West, financial and business turnaround experience.
- 3.2. Board Meetings are held on an eight weekly cycle to ensure good governance protocols are embedded and opportunities for business growth are approved, to safeguard commercial risk
- 3.3. The Chief Finance Officer is the appointed Medway Council corporate client for Kyndi and attends Board meetings, with the responsibility to safeguard the single shareholder interests of Medway Council and act as a strategic conduit between Medway Council and Kyndi on business development opportunities between the two parties.
- 3.4. The Kyndi Board appointed a new Chief Executive Officer (CEO), Sean Kearns, in September 2020 and a new Head of Finance, Support and Governance, Ben Murphy, in October 2020, who both have the relevant background and skill sets to drive commercial performance, along with embedding a new organisational structure and culture for Kyndi.
- 3.5. Kyndi provides services to a number of Council clients. Responsibility for the commissioning of CCTV services largely sits with the Head of Regulatory Services, whilst telecare services are commissioned by the Adult Social Care division. The Head of HR is the main contact for the provision of both temporary and permanent staff provided by Kyndi's recruitment agency.
- 3.6. Services provided by the company sit within the portfolio themes of the Portfolio Holders for Adult Services and Resources.
- 3.7. These regular update reports comprise a covering report from the Council's corporate client, accompanied by an update on the company's achievements and financial performance prepared by the Chief Executive Officer at Kyndi.

4. CCTV Services

- 4.1. The relationship between Kyndi's CCTV services and clients is excellent across the board. The estate is managed proactively and effectively. Communication flows freely in both directions and a suite of management reports are provided monthly to enable informed decisions regarding the effective deployment or decommissioning of assets. The CCTV management team are supportive of the CCTV partnership (currently comprising of

Medway and Gravesham) and are instrumental in fostering these relationships, and actively seeking new members.

5. Telecare Services/Assistive Technology

- 5.1. The need to increase the use of assistive technology is important for both Kyndi and Adult Social Care. The use of assistive technologies, alongside traditional equipment and telecare, supports the Adult Social Care Strategy of enabling clients to remain independent in their own homes.
- 5.2. Assistive Technology is a key theme of the Adult Social Care Transformation and Improvement Programme and in the longer term is being supported by the Business Change Team as part of the Smart Cities Programme. However, the need to increase the use of technology now is important.
- 5.3. A subgroup was set up in May 2021 to consider short term improvements and increases in the use of assistive technology. The initial focus has been on new clients into the Adult Social Care and those with changing need. Processes have been set up between Adult Social Care first response hubs and Kyndi to receive potential referrals. These are triaged and progressed by Kyndi staff with feedback to social care teams.
- 5.4. The subgroup meets fortnightly to monitor progress. Figures up to the 21 June 2021 show that 375 names were sent to Kyndi. Of the 130 which were triaged by the end of June, 17 Canary units were identified as being required; of which 5 individuals declined, 5 agreed (with 3 installed and 1 awaiting installation), 1 awaiting booking and 7 awaiting call backs. A further 48 individuals required an enhancement to their telecare offering, including falls and door sensors and 56 individuals required no input.
- 5.5. A further piece of work is being progressed through the Adult Social Care Transition and Review team to further review the use of technology with clients in supported living environments.
- 5.6. Recent discussions with other providers have identified that there is a broader range of technology available in the marketplace than is currently available via Kyndi. The need for research and horizon scanning to ensure that Adult Social Care have access to a greater range of technology is apparent.
- 5.7. Including assistive technology as part of the Smart City agenda will support this approach.

6. Recruitment Services

- 6.1. The contract agreement between Kyndi and Medway for the supply of temporary workers and permanent employees enables Kyndi to act as an exclusive agency to identify potential employees, workers or suppliers for all Medway services
- 6.2. Background
 - 6.2.1. During 2019 Medway HR became involved in Children's Service recruitment as part of the improvement journey, due to delivery concern a decision was

taken in December 2019, to move the compliance process away from Kyndi (MCG at the time) back to the Council's HR team, as they were already managing the direct contact with agencies and had seen an improvement in service. During this period the service saw a reduction in the overall vacancy rate from 40% (90 fte) in April 2020 to 21% (51 fte) as of 31 March 2021.

6.2.2. Despite successful delivery, a revised contract agreement was agreed as part of the revised Kyndi Business Plan in December 2020 to address a non-contractual change to the service arrangement with effect from 31 March 2021, for all temporary worker services to be supplied through Kyndi, which addressed the temporary amendment applied in December 2019 for Children's Services.

6.3. Current delivery:

6.3.1. Kyndi continue to successfully deliver temporary workers and permanent employees to Medway and have worked in collaboration on ad-hoc projects, for example the recruitment for the COVID-19 testing centres which was a demanding project with a challenging timeline. They have also successfully managed three executive recruitment campaigns, resulting in a Director and two Assistant Director placements. However, the transition of the Children's Service recruitment back to Kyndi in March 2021 coincided with an increase in demand for temporary staff in Children's Services Assessment and Children in Care teams whilst simultaneously experiencing a market supply shortage of skilled temporary workers in those Children's Service disciplines. The supply of all other temporary assignments for Children's Services and all other services have not materially been impacted by market conditions in the same period. In addition to market supply the Children's Service also reported concerns around delivery, mainly a delay in CV's being sent over for shortlisting and interviews being cancelled at short notice.

6.3.2. HR and Kyndi have been working together to fully understand the factors that saw a decline in CV referrals following the responsibility of children's Service recruitment being handed back to Kyndi in March 2021.

6.3.3. Due to the increasing number of unfilled posts Kyndi management agreed in June to the Medway HR team taking over responsibility for hiring in the three short supply roles for a 4 week period to offer additional resource and to determine whether other factors were limiting supply. Due to further service leavers it has been agreed by both parties to review the transition back to Kyndi at the end of August.

6.3.4. To help build confidence with the service Kyndi has introduced a three step recruitment process to assess supply/demand impacts for roles and alternative decision making criteria for recruiting managers to potentially overcome market supply issues, in addition an increase in resource to allow for increased vacancy demand, and access to managers diary to remove unnecessary delays.

7. Risk Management

7.1. The Kyndi Board reviews strategic and operational risks on a six-monthly cycle to ensure appropriate levels of governance controls around risk.

7.2. The key risks to be reported to Cabinet are shown in the table below:

Risk	Description	Action to avoid or mitigate risk	Risk rating
Poor Business Strategy	Inadequate business planning will impact on commercial performance and subsequent return on investment to the Council	The Kyndi Board has commissioned an evidence-based business strategy to set out a clear strategic direction for Kyndi to maximise commercial growth.	C2
Limited Business Growth	Business growth opportunities are limited or restricted by continued Covid-19 social distancing rules and guidelines.	Kyndi Board adopted a business rebrand to position services to support new business that embraces services being delivered remotely in support of social distanced guidelines.	C2

8. Financial Implications

- 8.1. Although the company has not yet posted final accounts for the 2020/21 financial year, it has forecast a pre-tax profit of circa £327,000. More detailed financial projections for 2021/22 are included in the accompanying appendix to this report.
- 8.2. The company accounts for the previous trading years adversely impacts the credit rating for Kyndi. However, the recent unaudited accounts will remedy the liquidity and trading scores.

9. Legal Implications

- 9.1. Local Authorities have powers to establish local authority trading companies under the Local Government Act (2003) and Localism Act (2011). The Local Government Act 2003 Section 15 (l) enables Local Authorities to put in place commercial loans to wholly owned trading subsidiary companies.
- 9.2. Cabinet acts on behalf of Medway Council, as the single shareholder for Kyndi, and is responsible for reviewing trading and financial performance on a regular basis.

10. Recommendation

- 10.1. The Cabinet is asked to note the latest update report prepared by Kyndi for the period 01/04/2021 to 30/06/2021.

11. Suggested Reason for Decision

11.1. When Cabinet agreed to establish Kyndi (previously known as MCG) it was agreed that regular monitoring reports would be provided to Cabinet.

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Appendices

Appendix 1 – Kyndi Six Monthly Performance Report

Background Papers

None.