

CABINET

13 JUNE 2023

KYNDI PERFORMANCE REPORT

Portfolio Holder Councillor Teresa Murray, Deputy Leader of the Council

Report from /
Author: Phil Watts, Chief Operating Officer and Corporate Client for Kyndi

Summary

This report provides a progress update on Kyndi's trading performance from July 2022 (Quarter Two) to March 2023 (Quarter Four) for financial year 2022-2023.

1. Budget and Policy Framework

1.1. Cabinet is responsible for reviewing the trading performance of Kyndi. The last reporting cycle to Cabinet on Kyndi was on the 19 October 2022.

2. Background

2.1. Kyndi operates as a Local Authority Trading Company (LATCo) that is owned by Medway Council (Single Shareholder). It was established in 2016 originally as Medway Commercial Group (MCG) then rebranded in 2020 into Kyndi.

2.2. Kyndi trading markets are Monitoring (CCTV) Services and Telecare that includes being the Contractor for the CCTV Partnership between Medway Council (Host Authority) and Gravesham Borough Council.

3. Governance

3.1. Appointment of the Kyndi Board is a reserved matter for Medway Council. The Kyndi Board has been made up of four directors with two being Councillor appointments and two external appointments. Councillor appointments have been made on an annual basis (municipal year) with one of the Councillor appointments also previously being appointed as the Chair of Kyndi.

3.2. For this reporting cycle, the Kyndi Board had three Directors in post, with one Councillor appointment Cllr Tejan who was the Chair of Kyndi and two external appointments. No Councillors were appointed to the Board at the Annual Council meeting on 24 May 2023 pending a review of the governance arrangements.

- 3.3. Board Meetings are held on a quarterly cycle to ensure good governance protocols are embedded and opportunities for Business Growth are approved to safeguard commercial risk and operational effectiveness.
- 3.4. The Chief Operating Officer is the appointed Corporate Client for Kyndi and attends Board Meeting with the responsibility to safeguard shareholder interests and act as a strategic conduit for Business Growth opportunities between the two parties.
- 3.5. Services provided by Kyndi sit within the portfolio themes of the Deputy Leader and the Portfolio Holder for Community Safety and Enforcement.

4. Trading Performance

- 4.1. Appendix 1 provides a summary of trading performance for this reporting cycle to Cabinet.

5. Risk Management

- 5.1. Kyndi Board review Strategic and Operational Risks on a quarterly cycle to ensure appropriate levels of Governance Controls around Risk. The key risks to be reported to Cabinet are shown in the table below:

Risk	Description	Action to avoid or mitigate risk	Risk rating
Shareholder control	Lack of appropriate governance levels present shareholder risk on subsidiary company performance	Six-Monthly progress reports presented to Cabinet. Corporate Client (Chief Operating Officer) attends Kyndi Board represent shareholder interests.	C2
Business Strategy	Inadequate business planning will impact on commercial performance.	Kyndi’s Business Strategy was approved by Cabinet at its October 2020 Meeting (Decision Number 130/2020) delivery of which is managed through the Kyndi Quarterly Board Meeting Cycle.	C2

Likelihood A Very high B High C Significant D Low E Very low F Almost impossible	Impact 1 Catastrophic (Showstopper) 2 Critical 3 Marginal 4 Negligible
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6. Finance Implications

- 6.1. Subject to Final Accounts Kyndi’s year-end forecast for 2022-2023 is Revenue of £2,537,000 and Net Profit of £170,000.

7. Legal Implications

- 7.1. Local Authorities have powers to establish Local Authority Trading Companies under the Local Government Act (2003) and Localism Act (2011).
- 7.2. Cabinet act as the Single Shareholder on behalf of Medway Council for Kyndi and are responsible for reviewing trading performance.

8. Recommendation

- 8.1. Cabinet is asked to note progress update on Kyndi's trading performance from July 2022 (Quarter Two) to March 2023 (Quarter Four) for financial year 2022- 2023.

9. Suggested Reasons for Decisions

- 9.1. When Cabinet agreed to establish Kyndi (previously MCG) it was also agreed that regular monitoring reports would be provided to Cabinet.

Lead officer(s) contact

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Appendices

Appendix 1 – Kyndi Performance Report

Background Papers

None