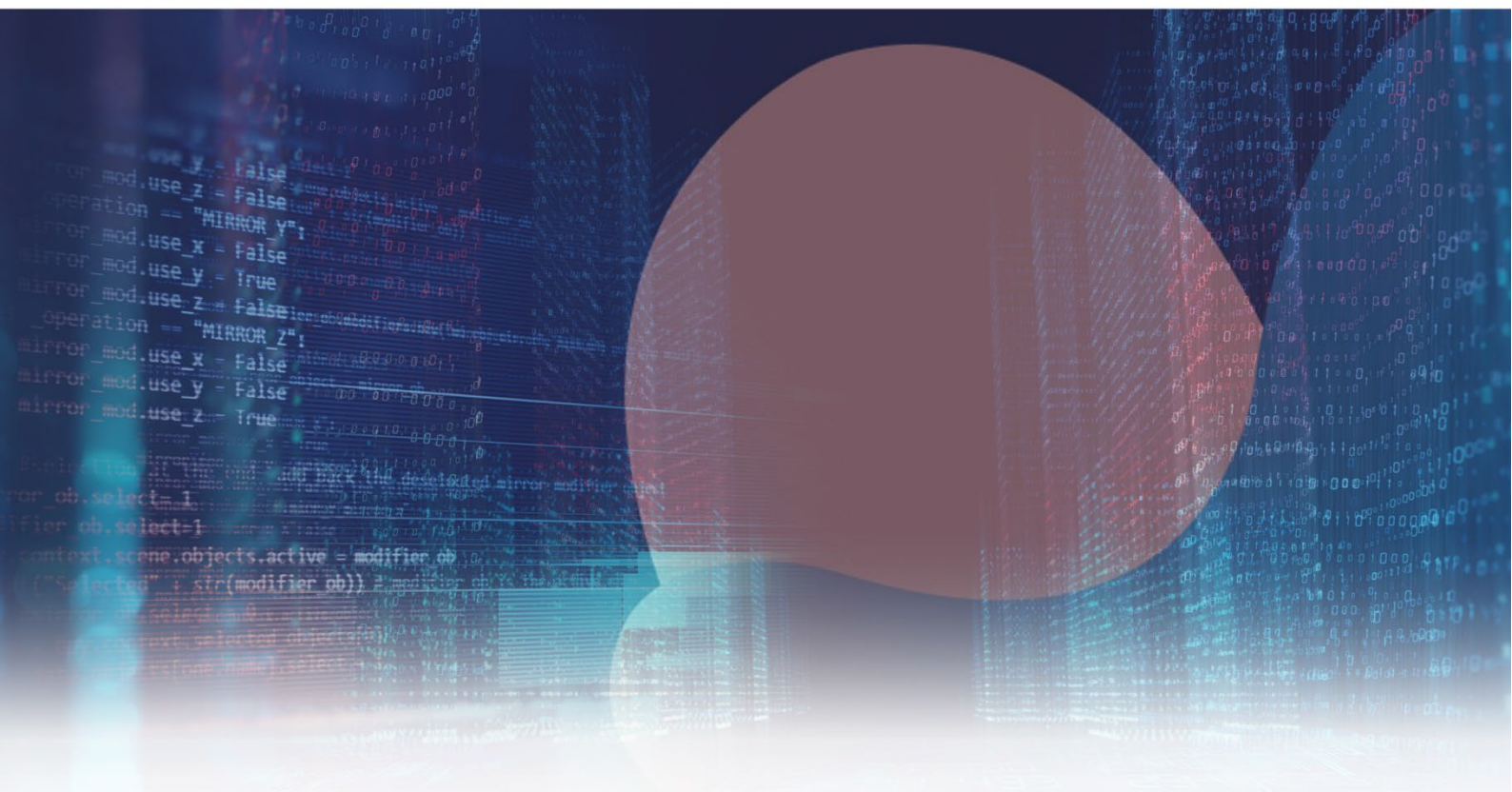


Kyndi enables independent, worry free living at home, for longer.



Kyndi

Cabinet Report: June 2023

Appendix 1

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EXECUTIVE SUMMARY

Cabinet hold the Executive Function for reviewing Kyndi's Performance. Kyndi operates as a Local Authority Trading Company (LATCo) delivering Telecare and Monitoring (CCTV) Services and is one of two LATCo's that Medway Council own as Single Shareholder.

This report to Cabinet covering the period from July 2022 (Quarter 2) to March 2023 (Quarter 4) for financial year 2022 - 2023 and the report is structured into five sections of:

1. Company Overview & Company Governance
2. Forward Plan Priorities
3. Monitoring Trading Performance
4. Telecare Trading Performance
5. Financial Summary

For this reporting cycle Kyndi are forecasting year-end net profit of £170K being £10K above the Budgeted Target of £160K. This represents Kyndi third profitable trading year and Kyndi remains on target to continue to be a profitable business in the current financial year. During Quarter 1 of financial year 2022-2023 Kyndi migrated to a Business as Usual Model and there were no significant absences through COVID-19 that impacted on operational effectiveness for the Business.

Key highlights to bring to Cabinet's attention for this reporting period are:

- Permanent Chief Executive Officer appointment made in Period 12 (March 2022) with a start date of Period 4 (July 2023) in 2023-2024
- Telecare retained Telecare Services Association (TSA) Accreditation Standard in Period 9 (December 2022). TSA is an Annual Accreditation requirement for Kyndi that the Company has held since it was established in 2016 as a LATCo
- Successful delivery of the Assistive Technology (AT) Pilot with savings of £432K (direct & avoidance) by the end of Quarter 4
- Secured two lots of Winter Surge funding of £37K and £25K to target a reduction in hospital re-admittance rates through an extension of the funded enablement programme from 6 weeks to 16 weeks
- Secured Contract Growth for Alms-houses (two) resulting in the Business now having a 100% market share within Medway and 54% within Kent
- Delivered £90K of inward investment into the Bunker to upgrade the Video Tracking Administration System (VTAS) as the original software platform had reached end of design life
- Aligned to the transfer of Agency Recruitment back to Medway Council Kyndi have moved to a smaller Head Office Model at Innovation Centre to deliver operational efficiencies

COMPANY OVERVIEW

Kyndi operates as a Local Authority Trading Company (LATCo) delivering Telecare and Monitoring (CCTV) Services and is one of two LATCo's that Medway Council own as Single

Shareholder. The Company was established in 2016 originally as Medway Commercial Group) then rebranded in 2020 to Kyndi as a part of a Strategic Review of the Company. Kyndi operates across three sites at the Innovation Centre (Head Office & Telecare Service Desk), Bunker (Monitoring) and co-location space at Medway Hospital (Telecare Referrals). Opportunities to relocate the Bunker are in the process of being explored in partnership with the Shareholder to support its wider Regeneration Ambitions for the former Civic Centre Site.

The establishment level for the Company is small being 32 FTE's with the majority of the headcount placed within the Monitoring Business to meet its 24/7 365 days a year resourcing model.

For this reporting period (Quarter 2 - Quarter 4) the Chief Executive Officer role for the Company has been covered through a long-term secondment from Medway Council. Following a recruitment exercise, permanent Chief Executive Officer appointment was made in Period 12 (March 2022) with a start date of Period 4 (July 2023) in 2023 - 2024.

COMPANY GOVERNANCE

Appointment of the Kyndi Board is a reserved matter for Medway Council in its capacity as Single Shareholder for the Company. Kyndi Board hold the Chief Executive Officer and Senior Management Team to account and is composed of 4 Directors with two being Councillor appointments and two external appointments.

Councillor appointments are annual (municipal year) with one of the Councillor appointments also being appointed as the Chair of Kyndi to ensure Shareholder Interests are safeguarded. For this reporting cycle, the Kyndi Board had three Directors in post, Cllr Tejan (Chair of Kyndi) and two external appointments.

Board Meetings are held on a quarterly cycle to ensure good governance protocols are embedded specifically for Risk Management, People Management and Health & Safety along with ensuring opportunities for business growth are approved to safeguard commercial risk. Outside of Board the Company operates a Scheme of Delegation (Annual Review Cycle) along with call-off Consultancy Support for People Management & Health & Safety to ensure effective operational decision making.

In addition, the Shareholder has appointed the Chief Operating Officer as Corporate Client for Kyndi. The Corporate Client attends Board Meeting with the responsibility to support the Chair of Kyndi in safeguarding the single shareholder interests of Medway Council and act as a strategic conduit between both parties to champion Business Growth Opportunities.

FORWARD PLAN

The Key Priorities for Kyndi for the next six-monthly reporting cycle to Cabinet in November 2023 are set out in Table 1 below:

Table 1

No.	Priority
1.	<u>Business Plan</u> Produce the next cycle of Kyndi Business Plan to ensure a strategic roadmap for Sales Growth, Brand Value and Shareholder Confidence.
2.	<u>Board Appointments</u> Co-ordinate with Shareholder Board Councillor Appointments and produce Kyndi Board Forward Plan for 2023 - 2024 to ensure Effective Governance Model for Kyndi that delivers Business Growth and safeguards Shareholder Interests
3.	<u>Company Accreditation</u> Secure ISO ¹ 9001 (Quality) & ISO 27001 (Information Security Management) Accreditation to drive business Improvement and meet Public Sector Tender Pre-Qualification Requirements.
4.	<u>Telecare Accreditation</u> Deliver the 2023 - 2024 Action Plan to ensure Business Compliance to meet the Telecare Services Association (TSA) Accreditation Standard. TSA is an Annual Accreditation requirement for Kyndi that the Company has held since it was established in 2016
5.	<u>Pricing Strategy</u> Review of the Pricing Strategy to ensure Kyndi Price Points for products and services are at a market competitor rate to support Sales Growth and Account Retention Rates.
6.	<u>Marketing Strategy</u> Commission a Marketing Strategy to drive Brand Value and Sales Growth so that Kyndi becomes the Supplier of Choice.
7.	<u>Policy Review</u> Biennial Audit of Company Policies to ensure Company Policies remain fit for purpose and safeguard employer and employee interests.
8.	<u>Performance Management</u> Improved Performance Management Metrics to be adopted for Governance Reporting Cycles.
9.	<u>Winter Surge</u> Successfully deliver 2 nd tranche of Winter Surge Funding in Quarter 1 to support a measured reduction in re-admittance rates to Medway Hospital.

Note - The Cabinet Reporting cycle for the Business for this year has been put back to the November Cabinet Meeting. This is to allow the new Chief Executive Officer (starts July 2023) to shape the Business Plan direction aligned to any new Administration Priorities for Kyndi.

¹ ISO stands for International Organisation Standardization.

- Cost efficiencies through downsizing at the Innovation Centre (Head Office & Service Desk) following the transfer back of Agency Recruitment to Medway Council from the 1st April 2022.

In Quarter 2 Kyndi Board approved a further overpayment of the working capital loan of £200K to leave a residual loan balance at year end for financial year 2022 - 2023 of £1.3 million. The value of the original working capital loan when it was entered into with the Shareholder in April 2021 was £2.5 million. A decision on future overpayments of the working capital loan will be made by Kyndi Board post new Councillor Board Appointments by the New Administration.

Table 12 below provides a summary breakdown on Kyndi's Financial Performance.

Table 12

No.	Budget Breakdown	Year End Forecast £
1.	Sales	2,536,943
2.	Cost of Sales	(772,898)
3.	Gross Margin	1,764,045
4.	Staffing Costs	(1,074,127)
5.	Expenses	(437,780)
6.	Operating Profit	252,138
7.	Non-Operating Expenses	(82,325)
8.	Net Profit	169,813
9.	Net Profit %	6.7%