



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.

TELECARE OVERVIEW

Kyndi provide a range of Telecare and Telehealth products (Assistive Technology) and services including a 24/7 monitoring centre to support personal safety, wellbeing and independent living. Operating primarily within Medway, Kyndi had a subscription client base of 2,462 at the commencement of 2022 - 2023 this has increased to 2,879 for this reporting cycle to Cabinet.

Kyndi's client base is comprised of individual clients within their own homes either privately or public funded, Housing Associations, Supported Accommodation Providers and charitable enterprises such as Alms-Houses.

TRADING PERFORMANCE

Kyndi's revenue target for Telecare was securing revenue of £969K by the end of 2022 - 2023 with Quarters 2-4 revenue target set at £721K. Table 2 below details the breakdown on actual performance.

Table 2

Breakdown	Q 2-4 Actual £	Q 2-4 Target £	Variance £	Full Year Actual £	Full Year Target £	Full Year Variance £
Revenue	£710K	£721K	(£11K)	£927K	£969K	(£42K)
Operating Profit	£373K	£345K	£28K	£479K	£438K	£41K

The lower than budgeted performance in Revenue has not impacted proportionately on Net Profit performance due to cost control and accelerated growth in the Almshouse market.

OPERATIONAL PERFORMANCE

Kyndi's operational performance is driven at a high level through the following metrics:

1. Installation Performance
2. Client Base Growth
3. Hospital Discharge

1. INSTALLATION

The product installation target of 115 units per month (1380 per annum) of its most common stock item (lifeline & pendant) drives the revenue target above however, this target doesn't reflect any upselling of additional sensors which provide more revenue than the lifeline and pendant alone.

Table 3 details the numbers of lifeline installations for the period.

Table 3

Breakdown	Q 2-4 Actual	Q 2-4 Target	Variance	Full Year Actual	Full Year Target	Variance
Installations	812	1035	(223)	1075	1380	(305)

2. CLIENT BASE INCREASE

The revenue target is predicated by an increase in client subscription base of 540 for financial year 2022-2023.

A client is defined as service user with a Lifeline unit connected to the Kyndi Control Centre for monitoring purposes. Over the Full Year Kyndi did not meet the Client Base Growth due to lower than forecast impact of referrals from other Acute Hospital Trusts but did exceed its operating profit targets due to upselling of additional products and increases in commercial client acquisitions in the Almshouse market.

Table 4 details the subscription base growth of lifeline users for the period.

Table 4

Breakdown	Q 2-4 Actual	Q 2-4 Target	Variance	Full Year Actual	Full Year Target	Variance
Client Base Growth	293	405	(112)	417	540	(123)

3. ACUTE HOSPITAL DISCHARGE

Kyndi's operational performance is also measured on the support it provides to the Integrated Discharge Team at the Medway Maritime Hospital which it carries out via a Full-Time Telecare Account Manager based at the Trust.

The effects of the Full-Time Telecare Account Manager based permanently at Medway Maritime Foundation Trust and in the Community, settings continued to be successful during the year with the resulting increase in Hospital Discharge Telecare installations increasing and an improvement in facilitating the speed of discharges requiring Assistive Technology interventions.

There are 4 pathways that a patient follows when being discharged from hospital;

- Pathway 0 - discharge home, or no new or additional support is required to get the person home
- Pathway 1 - requires intervention in terms of care package at home or assistive technology
- Pathway 2 - requires a form of step down or rehabilitation bed
- Pathway 3 - requires bed-based 24 hour care (residential or nursing care)

On average Medway Hospital and our ASC colleagues discharge 250 patients per month home requiring care or some form of assistance a normal cohort of pathway 1. The table below details the support that we gave to these patients over Quarters 2-4 and a total for the Full Year. This represents nearly 80% of clients that required some form of Telecare to facilitate a safe discharge and may include installation of additional sensors being fitted to an existing client's lifeline hence, the higher figure than installations above.

Table 5 below demonstrates the levels of support provided to the most vulnerable residents returning home from Medway Hospital in the final 3 Quarters.

Table 5

Breakdown	Pathway 1 Discharge needing Telecare	Kyndi Support	Percentage Support
Quarter 2	209	156	74%
Quarter 3	226	167	74%
Quarter 4	240	191	80%
Full Year Total	675	514	76%

TELECARE BUSINESS GROWTH AND ACCREDITATION

NEW PRODUCTS - ASSISTIVE TECHNOLOGY

The Assistive Technology (AT) project operated by Kyndi aims to help reduce the budget pressures for Adult Social Care by supporting individuals to continue to live independently and safely at home.

Phase 1 of the AT Project started on the 1st April 2022 with phased installations of 10 units per quarter in order to allow time to source the client cohort correctly. Over the course of Phase 1 the key deliverable benefits have been

- The provision of usable evidence with which to support care reviews to provide the correct number of domiciliary care calls
- The provision of usable evidence to support client's wishes to stay at home safely rather than move to care facilities
- To provide evidence that this technology provides a robust and scalable solution

The AT Project has delivered Adult Social Care savings of £432,000 including one case saving £22K per annum. These cost savings have been independently ratified by the Adult Social Care review teams and are made up of a mix of cost savings and cost avoidance savings.

Table 6 below shows the split between the cost avoidance and actual cost savings.

Table 6

Assistive Technology Savings	Phase 1 Full Year
Delayed entry into care facilities cost avoidance	£229,374
Reduced care calls cost savings	£203,408
Total Savings	£432,782

CONTRACT GROWTH - ALMSHOUSES

An Almshouse is a type of residential accommodation (usually a house or flat) which belongs to a charity and is provided exclusively to meet the charity's purposes (for example, the relief of financial need or infirmity) and is occupied usually by someone from a specific area or occupation. Kyndi have secured a further three Almshouses contracts providing call

monitoring and other services. This has led us to monitoring every Almshouse in Medway and now a further two in Kent.

Table 7 below demonstrates the baseline and opportunity within this sector.

Table 7

Almshouses	Baseline	Kyndi Clients 2021 - 2022	Kyndi Clients 2022 - 2023	Percentage Supported 2022 - 2023
Medway	5	4	5	100%
North & East Kent	8	0	2	25%
Total	13	4	7	54%

SAFE & WELL CALLS

Kyndi now offer a “Safe & Well” call service for its Client Subscription Base and currently provide “Safe & Well” call service to 50 users. Kyndi’s Service Desk schedule calls with individuals to check in with them and reassure them if necessary. Calls are made at agreed times of the day either to a mobile or the client’s landline and on set days of the week.

These calls provide welfare checks to ensure the client is safe and well, signposting if anything is flagged as wrong and are used to combat social isolation by providing a friendly voice and a means of conversation.

WINTER SURGE

Adult Social Care Discharge Funding is a ring-fenced pot of funding allocated from Central Government to the Integrated Care Boards and Adult Social Care to help with discharge to ease capacity pressures.

Kyndi have secured a total of £62K Adult Social Care Discharge Funding through two funding awards in Quarter 4 of financial year 2022-2023. Working in collaboration with the Hospital Discharge Teams Kyndi have supported a cohort of 100 patients being discharged through providing Telecare Products via an extended reablement period from 6 weeks to 16 weeks along with “Safe & Well” calls to support Independent Living

For this reporting period only 5% of the cohort have needed to be readmitted to hospital.

TELECARE SERVICES ASSOCIATION (TSA) AUDIT

The TSA accreditation is the industry accrediting body who independently assess our practices and procedures each year to ensure that the service we are providing is at a level that guarantees that our service users are safe. It is the industry standard for all Telecare service providers.

The annual audit covers all facets of the Telecare service provision including;

- Assessment & Installation of Technology
- Telecare Call handling including listening to calls in accordance with British standards
- Review of Governance documentation
- Review of adherence to Health Safety legislation

Kyndi successfully retained our accreditation in Quarter 3 and won praise from the auditor as to how prepared for the audit the team were. The TSA monthly working groups established last year continue to run in preparation of the upcoming audit in December 2023.

MONITORING SERVICES

OVERVIEW

The monitoring centre based on the former Civic Centre in Strood provides 24/7 X 365 days per annum monitoring for a number of services including CCTV camera monitoring, Out-Of-Hours Call handling and Lone Working Solutions. The Control Centre is fully resourced 24 hours a day, using a 12-hour (7am – 7pm and 7pm -7am) shift pattern staffed by 4 teams working on rotation 7 days a week, 365 days a year. The Operators all hold Security Industry Accredited (SIA) licenses and complete a rigorous in-house training programme to ensure business compliance.

CCTV

The Monitoring Centre is the appointed Contractor for the CCTV Partnership (Medway Council & Gravesham Borough Council) along with providing monitoring for Medway Council Service Areas including Highways (Medway Tunnel), Parking and a third-party commercial client base.

OUT OF HOURS

The Monitoring Centre also handles calls received by Medway and other organisations including Housing Associations and other Local Authorities when they are closed. This provides a human voice to deal with issues that have arisen after hours with the operators signposting and arranging assistance for the organisation's clients.

LONE WORKING

The Monitoring Centre also provides support and emergency call handling for those organisations whose employees have to work alone at any time of the day. This support is provided via GPS tracking with emergency call buttons dialling the operators.

INVESTMENT

For this reporting period Kyndi have made inward investment of £90K into its VTAS (Video Tracking Administration System) which provides the Control Centre with reporting tools and controls telemetry and drives the Video walls.

TRADING PERFORMANCE

Kyndi's revenue target for Monitoring was £1,216K for 2022-2023 and this is secured through contracts (monitoring and camera network maintenance) and one of Capital Projects Commissions wherein Kyndi design, provide and install new or upgraded CCTV Systems. Table 8 below details the breakdown on actual performance.

Table 8

Breakdown	Q 2-4 Actual £	Q 2-4 Target £	Variance £	Full Year Actual £	Full Year Target £	Variance £
Revenue	£979K	£916K	£63K	£1,268K	£1,216K	£52K
Operating Profit	£219K	£217K	£2K	£296K	£293K	£3K

Revenue Surplus was driven by securing growth in CCTV Capital Projects above target that supported net profit above budget forecast of £3K.

OPERATIONAL PERFORMANCE

Headline Operational performance is set out in Tables 9 & 10 with table 9 being camera numbers & functional compliance and Table 10 being the activity numbers for incidents and arrests.

Table 9

Breakdown	Baseline (End 2021-2022)	Growth – 2022-2023	Baseline (End of 2022-2023)	Hours of Monitoring	Functional Compliance (Cameras Operational)
Medway CSP Cameras	87	2	89	24/7	100%
Medway Other Cameras	346	6	352	24/7	98%
Gravesham CSP Cameras	53	2	55	24/7	100%
Other Commercial Cameras	54	2	56	24/7	100%
Total	540	12	552	24/7	99%

Table 10

Full Year	Number of Incidents	Police CCTV Requests	Arrests Resulting from CCTV
Total	1735	1209	257

BUSINESS GROWTH & ACCREDITATION

Kyndi have replaced and increased the number of cameras across Medway & Gravesham as shown in Table 11 below.

Table 11

Breakdown	Number of Cameras 2021 / 2022	Number of Cameras Installed	Number of Cameras 2022 / 2023
Medway CSP Cameras	87	2	89
Medway Other Cameras	346	6	352
Gravesham CSP Cameras	53	2	55
Other Commercial Cameras	54	2	56
Total	540	12	552

CONTRACT GROWTH

For 2022-2023 Kyndi have secured two new monitoring contracts for Gravesham Borough Council (Housing Stock) and Thames Clippers for Gravesham Pontoon.

ACCREDITATION

The Monitoring Centre is accredited via the Office of the Biometrics Surveillance Camera Commissioner on behalf of the Information Commissioners Office and to support this there has been a complete refresh of the Centre's policies & procedures carried out by an independent assessor and we have carried the annual refresh of the centre's Business Continuity Management Plan.

FINANCE

Subject to Final Accounts, Kyndi's year-end net profit forecast is £170K representing an overachievement of £10K against the budgeted target of £160K for financial year 2022 - 2023. This represents the third positive trading year for Kyndi with the key drivers being:

- Strong trading performance across Telecare & Monitoring against Income Targets.
- Securing additional funding from Shareholder to be a Delivery Agent for Winter Surge Funding at the end of Quarter 3 (October).
- Overachievement of the Capital Projects Target for Monitoring (CCTV New Commissions).
- External Contract Growth for Alms-houses – two additional awards in-year.
- Cost Control Management including absorbing the in-year pressure of energy cost increases following contract renewal cycle (£12K)

- 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%