

Cabinet Sub-Committee
Kyndi Ltd Shareholder Board

11 June 2024

2023/24 Year End Financial Report

Report from / author: Phil Watts, Chief Operating Officer (Section 151 Officer)

Summary

This covering report introduces the first year-end financial report for Kyndi Ltd. The report itself is attached as an Exempt Appendix.

1. Recommendations

1.1. The sub-committee is asked to note the contents of the report and its appendix.

2. Suggested reasons for decision

2.1. In order to fulfil its role as shareholder, on behalf of the Council, the sub-committee must be appraised of the financial performance and position of the company.

3. Budget and policy framework

3.1. Medway Council is the sole shareholder of Kyndi Ltd. and its subsidiaries, with the exercise of the shareholder's powers and responsibilities being an executive function of the Cabinet. Cabinet has delegated these powers and responsibilities to this Cabinet sub-committee.

4. Background

4.1. At its meeting on 24 November 2015, the Cabinet agreed the business case for the establishment of a 100% Council owned trading company to deliver the services provided by the Council's control centre, including the CCTV partnership, telecare and out-of-hours services on a commercial basis.

4.2. The company was incorporated in December 2015 and has now completed its eighth full year of trading, although the company's name was changed to Kyndi Ltd. in March 2021.

5. Key points to note

5.1. This report does not necessarily represent the position that will be reported in the final audited financial statements, as the financial year April 2023 to March 2024 has just passed and work is currently in progress to complete these. Final sign-off by the Board is currently scheduled for 5 September 2024. The last set of statutory accounts for the company can be found on the Companies House website and relate to the period April 2022 to March 2023.

- 5.2. The attached presentation provides some headlines regarding the company's performance for the financial year 2023/24, including a summary of the profit and loss account, a draft balance sheet and a cash flow summary. The presentation also includes a breakdown of sales and some other key operational performance metrics.
 - 5.3. Net profit before tax (PBT) is over £308,000, significantly higher than the budgeted level, although £93,000 represents an exceptional item from stock and fixed asset revaluation. Both turnover and gross margin exceeded budget and non-operating costs came in under budget.
 - 5.4. Growth in telecare has been strong and continuation of this growth will be important going forward, given the decision by Gravesham Borough Council to terminate the CCTV partnership.
 - 5.5. The presentation also illustrates how the net deficit on the balance sheet has improved dramatically since a new leadership team and Board of Directors were introduced and the company rebranded in 2020/21. The working capital loan that was needed to stabilise the company is being repaid much more quickly than anticipated and the outstanding balance stands at circa £1,145,000.
6. Risk management
 - 6.1. The company's strategic risk register appears elsewhere on this agenda.
7. Consultation
 - 7.1. The company's audited financial statements are expected to be signed off by the Board on 5 September. The Board comprises two non-executive directors who both have experience and expertise in a commercial environment.
8. Financial implications
 - 8.1. These are laid out in the appendix to the report.
9. Legal implications
 - 9.1. There are no legal implications arising directly from the contents of this report.
10. Conclusions
 - 10.1. The company remains profitable and the balance sheet position is being strengthened each year. The business plan elsewhere on this agenda details the company's plans to accelerate growth.

Lead officer contact

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Appendices

Exempt Appendix 1 – Kyndi Ltd. 2023/24 Year End Financial Report

Background papers

None