

Cabinet Sub-Committee
(Kyndi Ltd Shareholder Board)

26 September 2024

Review of the Company's Risk Register

Portfolio Holder: Councillor Teresa Murray, Deputy Leader of the Council

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

Summary

This report covers the quarterly update of the strategic risk register for Kyndi Ltd. The risk register itself is attached as an 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 regularly updated regarding the risks affecting the company and its activity and the action being undertaken to manage those risks.

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. The risk register attached at Appendix 1 has been prepared by the company, albeit in a slightly different format to that adopted by the Council. Where the Council model refers to 'likelihood' and 'impact', the Kyndi register talks in terms of

'likelihood' and 'consequence' and adopts a different scoring methodology, however it is one that still allows risks to be ranked and prioritised.

5.2. The risk register is comprehensive, including those where mitigating action has been completed and the risk is being managed under 'business as usual', in addition to those which require further management action.

5.3. Significant work has been undertaken to mitigate those risks categorised as 'high' in quarter 1 (R2, R11, R12 and R13) and Kyndi Ltd. no longer scores any risks as 'high' under its scoring convention:

- Risk 2, Teckal – following in-sourcing of the recruitment agency back to the Council in 2022, the company has struggled to maintain Teckal compliance. The solution to this is twofold. Firstly, the company plans to restructure the group to include both Teckal and non-Teckal subsidiaries and there is a report elsewhere on this agenda. Secondly, the business plan identifies further opportunities to grow the Council business particularly in the area of telecare.
- Risk 10, Data Management – This is the most significant risk on the register this quarter, but this too is well mitigated and is not categorised as 'high'.
- Risk 11, CCTV Partnership – Since the risk register was prepared, this risk has been realised with the decision by Gravesham Borough Council to serve notice that it no longer intends to receive services from Kyndi. Whilst this will impact in the short-term, officers from both local authorities and the company are working closely to manage the exit and colleagues are looking at the opportunities to deliver the current service to Medway Council more efficiently, including more commercial opportunities and the planned move of the control centre to Gun Wharf.
- Risk 12, Section 114 – Following in principle agreement by the Secretary of State to the Council's request for 'exceptional financial support', Medway Council's Section 151 Officer is confident that there is little risk in the short to medium term of him having to write a Section 114 report. This risk has been removed from the register.
- Risk 13, Digital Switchover – the company is currently implementing its plan to ensure that dispersed alarms are digitally compatible by the time the analogue network is turned off at the end of January 2027. The high score reflects the challenging timescales.

6. Risk management

6.1. The mitigating action is all clearly set out in the appendix.

7. Consultation

7.1. The risk register is regularly reviewed by the Board, comprising two non-executive directors who both have experience and expertise in a commercial environment.

8. Financial implications

8.1. There are no financial implications arising directly from the contents of this 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 takes risk management seriously and maintains a comprehensive strategic risk register, as well as detailed risk registers for individual schemes. The scoring reflects management action and this appears to be successful in managing the risks identified.

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Appendices

Exempt Appendix 1 – Kyndi Ltd. Strategic Risk Register

Background papers

None