

Cabinet Sub-Committee
(Kyndi Ltd Shareholder Board)

18 February 2025

Financial Monitoring Q3 2024/25

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

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

Summary

This covering report introduces the third quarter's financial monitoring for Kyndi Ltd. under new governance arrangements. A summary of the financial forecasts provided by the company is attached as an Exempt Appendix.

1. Recommendation

1.1. The Sub-Committee is asked to note the contents of the report and its Exempt 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 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 as MCG Ltd. in December 2015 and completes its ninth full year of trading in March 2025, however the company's name was changed to Kyndi Ltd. in March 2021.

5. Key points to note

5.1. The Strategic Plan for the company was approved at the Shareholder Sub-Committee meeting held on 11 June 2024. This included financial projections for

the three years 2024/25, 2025/26 and 2026/27, against which financial performance is monitored.

5.2. The attached Exempt Appendix represents an overview of the forecast position provided by the company and presents financial performance in terms of the variance between the third quarter's actuals against the quarterly budget, splitting the company's income and expenditure between telecare, CCTV and head office functions.

5.3. Overall sales are back in line with budget and year to date profit (before tax) is almost £59,000 in excess of budgeted levels, in spite of continued delays in the handover of the maintenance contract from the current contractor.

5.4. The retained profit and loss reserve is now in surplus and the outstanding working capital loan is less than £1 million. In the meantime, cash balances are being maintained at a healthy level.

6. Risk management

6.1. The company's strategic risk register appears elsewhere on this agenda.

7. Consultation

7.1. The company's financial performance is reported monthly to the Board, comprising four non-executive directors who all have experience and expertise in a business and commercial environment.

8. Financial implications

8.1. These are laid out in the Exempt 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. Despite the loss of Gravesham BC from the CCTV partnership, action to mitigate this and strong growth in terms of Telecare through roll out of the of Lilli pilot, means that Kyndi remains on budget and in line with its Strategic Plan projections.

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Appendices

Exempt Appendix 1 – Kyndi Ltd. Financial Performance Report

Background papers

None