

# River Stour (Kent) Internal Drainage Board

## Risk Register

### **Risk Management Objectives and Policies**

The River Stour (Kent) IDB (RSIDB) recognises that effective risk management is essential to fulfill its objectives and maintain operational integrity. This document sets out the main risks identified, their potential impacts and the strategies in place to manage them.

The Board's risk management framework is jointly managed by the Clerk & Engineer and the Finance & Rating Officer and reviewed on a regular basis by the Finance, General Purposes and Works Committee in accordance with policies set and approved by the Board. Health & Safety risks to members, staff, contractors and members of the public, are mainly managed under the Board's Health & Safety Policies which are regularly reviewed and updated.

### **Risk Categories and Evaluations**

#### **Contractual Risk**

**Risk Score: Possible (3) x Major Impact (4) = 12 – High Risk**

Dependency on a single contractor to deliver the Watercourse Maintenance Contract (mainly aquatic weed cutting and de-silting). Rhino Plant Hire has delivered this contract since 2003 and the total amount of work delivered has increased over recent years, due to 37km of Main River being de-mained and transferred to the IDB and additional watercourses being adopted. Furthermore, a considerable number of Main Rivers are being maintained under the Public Sector Cooperation Agreement with the Environment Agency.

**Mitigation:** Regularly check the contractor's financial situation. Assess the risk of non-delivery, consider splitting contracts and/or establishing contingency arrangements.

#### **Cyber Security Risks**

**Risk Score: Possible (3) x Moderate Impact (3) = 9 – Medium Risk**

Cybersecurity risks include data breaches, phishing, ransomware and malware, potentially compromising the confidentiality, integrity, and availability of systems and data.

#### **Mitigation measures:**

Implementing dual passwords and dual authorisation for banking transactions, multi-factor authentication for critical systems, and six-digit passcodes for device security, ensuring privately owned devices meet compliance standards. Regular security audits and staff training are conducted to raise awareness and preparedness. Encrypted, off-site backups are maintained to safeguard against data loss. Network protection is ensured through firewalls, malware protection and regular system patching. Third-party risks are managed by ensuring contractors and vendors comply with cybersecurity standards. Policies are updated to align with evolving legal and regulatory requirements.

#### **Legislative Risk**

**Risk Score: Possible (3) x Moderate Impact (3) = 9 – Medium Risk**

Risk of changes in legislation affecting the Board's operations. The Flood and Water Management Act 2010, the Public Bodies Act 2011, the Local Audit and Accountability Act 2014 and the General Data Protection Regulations 2018 are all relevant to the Board's functions and operations.

**Mitigation:** Regular policy reviews, staff training and proactive engagement with regulatory updates.

#### **Funding Risk**

**Risk Score: Possible (3) x Major Impact (4) = 12 – High Risk**

This risk is directly associated with Legislative Risk as the Board receives the majority (90%) of its funding from Special Levies, though the IDB's levies are relatively small compared to Local Authorities' budgets. The Local Audit and Accountability Act 2014 brings IDB Special Levies, and many other things, within the scope of the Local Government Referendum System and substantial increases could be challenged by a LA.

The impending local government restructuring process proposes to merge a two-tier system into unitary authorities and will pose new funding challenges.

**Mitigation:** Engage with Council Officers, Councillors and others to promote the IDB's role and work and ensure good value for money is always achieved.



### **Kent County Council Pension Fund Net Liability Risk**

**Risk Score: Unlikely (2) x Major Impact (4) = 8 – Medium Risk**

Risk of being unable to meet financial obligations under the Local Government Pension Scheme (LGPS). KCC administer the LGPS (defined benefit statutory scheme) where contributions paid (by employer and employees) are calculated at a level estimated to balance the pension's liabilities with investment assets. The fund's triennial actuarial valuation took place at the end of March 2022 with employer's contribution rates for the Board remaining the same (21%). Annual pension expense calculations in respect of pension benefits provided by LGPS to the River Stour (Kent) IDB (required by IAS19) were undertaken by Barnett Waddingham and the report for the River Stour (Kent) IDB Kent County Council Pension Fund stated that the Board's Net Defined Benefit as at 31 March 2024 was £204,000.

**Mitigation:** Regular actuarial reviews and compliance with funding requirements.

### **Failure of the Old Thrustbore Culvert under Deal/Sandwich Railway Line**

**Risk Score: Unlikely (2) x Major Impact (4) = 8 – Medium Risk**

The Board is responsible for the maintenance and repair of the Old Thrustbore culvert (December 1965 Agreement between the British Railways Board (Network Rail) and the River Stour (Kent) Internal Drainage Board). The Contingency Fund for costs associated with the culvert's future repair/replacement stood at £110,000 on 31 March 2024, with a further £10,000 included in the budgets for 2024-25. The Board is currently investigating the possible repair/re-lining of the culvert due to some persistent small leaks.

**Mitigation:** Regular CCTV surveys, contingency fund and insurance (Public Liability Insurance covers for damages with relation to the culvert).

### **Public Sector Cooperation Agreements (PSCAs)**

**Risk Score: Possible (3) x Minor Impact (2) = 6 – Medium Risk**

Risk that income from PSCAs reduces or ceases, which could potentially impact other risks (credit and liquidity in particular). This poses financial risks both in the short and long term. In the short term because if factored into the estimates it will reduce the funds raised from other sources thereby decreasing the total amount received within the financial year; and in the long term, a significant decrease or cessation of this income would lead to a steeper increase in the rates and levies to cover expenditure.

**Mitigation:** Engage with PSCA partners and secure long-term agreements, factor potential loss of PSCA income into the annual budget planning process and enhance financial position so that immediate decrease/loss can be absorbed.

### **Bank Failure**

**Risk Score: Unlikely (2) x Moderate Impact (3) = 6 – Medium Risk**

Risk of the loss of funds due to banking insolvency. The Board currently has: a Current account, a 1yr investment account and an Instant Access Variable Interest Investment account with Lloyds; a Current account, Treasury Reserve Investments and a Business Reserve account with the National Westminster Bank; a Current account and a 1year Fixed Term Investment with Metrobank; two Fixed Term Investments with Nationwide Building Society and two 1year Fixed Term Investments with Hampshire Trust Bank.

**Mitigation:** Funds on deposit across various banks to manage potential loss through Financial Services Compensation Scheme (FSCS) coverage.

### **Credit Risk**

**Risk Score: Remote (1) x Moderate Impact (3) = 3 – Low Risk**

Risk of financial loss from agricultural landowners or/and local authorities failure to meet their obligations to the Board.

**Mitigation:** Regular monitoring, policy and procedure in place for the collection of overdue amounts with the issue of final notices and the option of instigating recovery proceedings through the Courts for outstanding amounts.

### **Reduction in Value of the Board's Principal Material Asset**

**Risk Score: Possible (3) x Negligible Impact (1) = 3 – Low Risk**

Risk of reduction in value of 34 & 34a Gordon Road, Canterbury. The Board's premises were last valued in December 2023 by Dawson & Associates: Market Valuation - £515,000 and Rebuilding & on costs - £779,000. The next valuation is to take place on or around December 2028.

**Mitigation:** Valuations every 5 years and regular maintenance.



**Loss of Rental Income****Risk Score: Possible (3) x Negligible Impact (1) = 3 – Low Risk**

Risk of rental income loss from office flat vacancies. The flat above the office (34A Gordon Road) is let under a Shorthold Tenancy Agreement with an estimated rental income of £9,900 for this financial year.

**Mitigation:** Landlord's Insurance is in place for extra security.

**Liquidity Risk****Risk Score: Remote (1) x Minor Impact (2) = 2 – Low Risk**

Risk of being unable to meet financial obligations due to cash flow constraints. The Board's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 30 days from the date of resolution.

**Mitigation:** Maintain adequate reserves, monitor cash flows and ensure timely payments.

**Insurance Schedule** (Zurich Municipal (XAO1220008253))

| Risk Description  | Insurance Cover   | Coverage Amount              |
|---|---|------------------------------|
| Accidental Injury to any person other than employees (inc Legionnaires' disease and Food & Drink Poisoning) | Public Liability  | £10,000,000<br>any one event |
| Accidental Injury to Employees  | Employer's Liability  | £10,000,000<br>any one event |
| Risks of Claims for actual or alleged wrongful actions  | Financial & Administration Liability (includes Directors & Officers, Corporate Liability) | £1,000,000                   |
| Fire, Vandalism, Flood & Theft  | Business Interruption (Additional Expenditure)  | £50,000                      |
| Reputational Risk   | Libel & Slander   | £250,000                     |
| Computer Fraud by 3 <sup>rd</sup> parties, Forgery, Funds Transfer Fraud                                    | Crime   | £250,000                     |
| Injury to Employees and Directors whilst engaged in business  | Personal Accident (Employees and Directors)   | £500 to<br>£125,000          |
| Disgruntled Employees, Legal Expenses & Others  | Legal Expenses  | £250,000                     |
| Theft   | Loss of Non-negotiable Money & Other Money  | £500 – £5,000                |
| Subsidence, Theft, Accidental Damage, Fire, etc   | Buildings (re Building Costs)   | £779,000                     |
| Theft, Accidental Damage & Fire   | Furniture, Fixtures & Fittings & Tenant's Improvements                                    | £12,000                      |
| Theft, Accidental Damage & Fire   | Other Contents & Consumable Stock   | £5,000                       |
| Theft, Accidental Damage & Fire   | Computer Equipment  | £5,304                       |
| Theft, Accidental Damage & Fire   | Computer Equipment (out of the office)  | £1,591                       |
| Theft, Accidental Damage & Fire   | Gardening Equipment   | £450                         |
| Theft, Accidental Damage & Fire   | Portable Tools  | £4,350                       |
| Theft, Accidental Damage & Fire   | Photocopier   | £3,500                       |
| Theft, Accidental Damage & Fire   | Mobile Phones   | £4,000                       |

|                                 |   |         |
|---------------------------------|---|---------|
| Theft, Accidental Damage & Fire | Drone (also covered under Public Liability)   | £2,000  |
| Theft, Accidental Damage & Fire | Trailers, Water Bowsers & Portable Generators | £54,600 |

### Risk Assessment Framework (5 x 5 Matrix)

#### LIKELIHOOD

- *Remote* – may occur only in exceptional circumstances.
- *Unlikely* – the chance of future event or events occurring is slight.
- *Possible* – the chance of occurrence is more than remote but less than likely.
- *Probable* – likely to occur.
- *Expected* – expected to occur in most circumstances during the next year.

#### IMPACT

- *Extreme* – devastating, irreversible impact on operations or public welfare.
- *High* – catastrophic effect on the operation/service delivery and may result in major financial loss.
- *Medium* – noticeable effect on the operation/service delivery and may result in significant financial loss.
- *Low* – can cause injuries or illnesses only to a mild extent
- *Minimal* – negligible consequences

Using the risk matrix produces a risk rating score that will enable risks to be prioritised using one or more of the “four T’s”. Scores are gained by multiplying likelihood level by impact level:

| Risk Level | Risk Score | Associated Monetary Value | Risk Treatment   |
|------------|------------|---------------------------|--|
| Minimal    | 1 – 2      | Under £2,500              | <b>Tolerate:</b><br>Accept the risk.   |
| Low        | 3 – 4      | £2,500 to £10,000         | <b>Tolerate:</b><br>Accept the risk.   |
| Medium     | 5 – 10     | £10,000 to £100,000       | <b>Treat:</b><br>Take cost effective in-house actions to reduce the risk.                        |
| High       | 11 – 16    | £100,000 to £200,000      | <b>Transfer:</b><br>Through insurance or passing responsibility for the risk to a contractor.    |
| Very High  | 17 – 25    | Over £200,000             | <b>Terminate:</b><br>Agree that the risk is too high & do not proceed with the project/activity. |



## Summary of Risks:

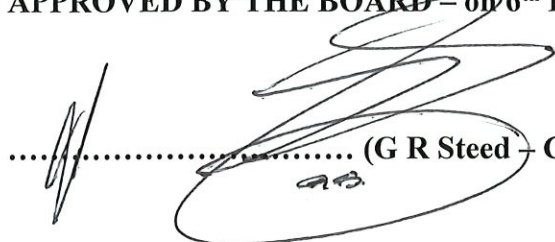
|            |                 | IMPACT                                 |                      |   |                                      |                |
|------------|-----------------|--|----------------------|---|--------------------------------------|----------------|
|            |                 | Negligible<br>(1)                      | Minor<br>(2)         | Moderate<br>(3)                         | Major<br>(4)                         | Extreme<br>(5) |
| LIKELIHOOD | Expected<br>(5) | MEDIUM                                 | MEDIUM               | HIGH                                    | VERY HIGH                            | VERY HIGH      |
|            | Probable<br>(4) | LOW                                    | MEDIUM               | HIGH                                    | HIGH                                 | VERY HIGH      |
|            | Possible<br>(3) | LOW<br>Property Value<br>Rental Income | MEDIUM<br>PSCA Work  | MEDIUM<br>Legislative<br>Cyber Security | HIGH<br>Contractual<br>Funding       | HIGH           |
|            | Unlikely<br>(2) | MINIMAL                                | LOW                  | MEDIUM<br>Bank Failure                  | MEDIUM<br>Thrustbore<br>Pension Fund | MEDIUM         |
|            | Remote<br>(1)   | MINIMAL                                | MINIMAL<br>Liquidity | LOW<br>Credit                           | LOW                                  | MEDIUM         |

Prepared By:



(A Eastwood – Finance & Rating Officer)

APPROVED BY THE BOARD – on 6<sup>th</sup> February 2025



(G R Steed – Chairman)

