Assurance Panel Summary

Scheme Details

Project Name	D0015 Rotherham to Kilnhurst Flood Alleviation Scheme (RFKAS)	**Type of funding**	Capital Grant
Grant Recipient	RMBC	**Total Scheme Cost**	£4.3m (funding gap)
MCA Executive Board	Housing and Infrastructure	**MCA Funding**	£2.0m
Programme name	Gainshare	**% MCA Allocation**	27%

Part A - Appraisal Summary

Project Description
The project is seeking £2m from Gainshare funding towards total project costs of £4.3m. The MCA is asked to contribute £2m towards RMBC's strategic response to reduce the risk of flooding along the River Don corridor. The Gainshare monies will be used for new flood defences around Rotherham United FC stadium, plus flood defences and a new canal barrier around Forge Island. This is part of wider works along 5km of river through the town centre, Parkgate and Kilnhurst areas

Strategic Case	
Scheme Rationale	The scheme rationale is clear that flood alleviation would not be forthcoming from the private sector, therefore public sector is required to finance this. This rationale had already been accepted by SCR when it agreed an earlier grant, prior to this additional finance request.
Strategic policy fit	See Annex 1
Options assessment	There a clear rationale for the selection of short-listed options. The Preferred Way Forward is to expedite the development as much as possible with parallel works.
Statutory requirements and adverse consequences	Not applicable

Value for Money		
Core monetised Benefits	- Avoiding £20m of flood damage costs to people property and infrastructures - Avoiding £76m loss of Gross Value Added to the local economy	Non-monetised and wider economic benefits
The full RKFAS extent needs to be completed to deliver these benefits.		

Value for Money Statement
Whilst at an early stage of development, it is anticipated that the scheme will be able to demonstrate value for money at approval stage.

Risk
Top 5 risks as presented in the business case are::

1. Full costs of construction works not affordable to RMBC, resulting in only part of Phases 2A and 2C being constructed (Likelihood: High / Impact: High)
2. Delays to programme due to external approvals being needed on 3rd Party land and assets within and adjacent to the Phase 2A and 2C working area (Likelihood: High / Impact: Med)
3. Limited resource availability due to demand in flood risk management supply chain to deliver Phase 2A and 2C (Likelihood: High / Impact: Med)
4. Construction costs increase from the initial £7.54m estimate (Likelihood: High / Impact: Med)
5. Impacts associated with the communities, businesses and infrastructure operators not seeing flood risk being reduced (Likelihood: Med / Impact: Med)

Risks and mitigation measures should be explored more fully at OBC stage. Four of the top 5 risks have a 'Likelihood' rating of 'High', including construction cost increases and delays to the programme. More robust mitigation measures should be implemented to reduce the likelihood of these occurring. Also, the top risk item, is not a risk, but an issue and should be removed

Delivery
Timescales appear tight given the complexity of the project. There are no opportunities for acceleration due to the sequential nature of the project build.

Legal
No legal opinion on Subsidy Control has been obtained. However, EU State Aid rules were tested as part of the ERDF/RMBC funded Phase 2A project. The independent legal opinion obtained in 2018 for Phase 2A concluded that the project would not be in contravention of EU State Aid rules.

Annex 1 – Strategic Policy Fit

To what extent does the project meet the MCA's strategic objectives as set out in the of the MCA Corporate Plan 2021-22?

Outcome	Strategic Objective	R/A/G Rating	Comments
Stronger Achieve sustained good growth, underpinned by productivity gains that	**Leading an economic transformation by**: 1. creating not just a bigger economy but a better one: higher-tech, higher skill, and higher-value - backing wealth and job creators	A	Increased economic activity won't specifically translate into high value work.
	2. enabling businesses to survive, adapt and thrive and be more innovative and resilient as we come out of the pandemic and resulting economic downturn	G	Land values will be increased and will increase business certainty

exceed the UK average	3. stimulating local economies by investing in the infrastructure, transport and digital capabilities to create jobs and transform places	**G**	Land values will be increased and will increase business certainty
Greener Drive forward environmental sustainability to achieve our net-zero carbon target by 2040	**Leading a green transformation by**: 4. decarbonising our economy, regenerating the natural environment and accelerating Net Zero Carbon transition	**A**	Depending on the scheme design this could contribute hugely to natural environment value
	5. capitalising on technological and scientific capabilities to improve the resilience and quantum of clean energy supply, storage, distribution and usage	**R**	This isn't being directly targeted
	6. revolutionising transport, getting South Yorkshire moving by foot, bike, bus, tram and train	**A**	Depending on the scheme design this could contribute to green transport 'corridor'
Fairer Unlock prosperity by eliminating the wage gap and health inequalities between South Yorkshire and the national average	**Leading a wellbeing and inclusion transformation by:** 7. raising quality of life, reducing inequality, and widening opportunity for South Yorkshire people	**G**	Scheme likely to contribute to 'placemaking' for communities around the Sheaf catchment
	8. equipping people to contribute to and benefit from economic prosperity	**A**	Value will be created through better flood protection – but this alone will not target people not currently benefitting from economic prosperity
	9. supporting people to improve their skills, get back to work, remain in or progress in work, or set up in business and thereby accelerate social mobility	**A**	Value will be created through better flood protection – but this alone will not target people not currently benefitting from economic prosperity

Part B - Recommendation and Conditions

Recommendation	Proceed to OBC
Payment Basis	
Conditions of Award (including clawback clauses)	
None	