

James Walton
 Director of Finance, Governance and Assurance (Section 151 Officer)
 Finance, Governance and Assurance
 Shropshire Council
 Shirehall
 Abbey Foregate
 Shrewsbury
 SY2 6ND

19 July 2019

Dear James,

New Model in Technology and Engineering (NMiTE)

I am aware of the ongoing discussions which have taken place in order to agree the Funding Agreement between Shropshire Council and the NMiTE project. Given that Herefordshire County Council has not yet reached a decision on underwriting the financial aspects of the project relating to the building works, I understand you feel you are unable to sign off this level of risk for the Council and the LEP Board in case Shropshire Council are held liable under clawback for the underperformance of this project.

From our discussions with NMiTE, we understand that they are already in a position to report some of the key metrics against their intended contractual outputs:

	2019/20	2020/21	2021/22	2022/23	2023/24	Total	Current Position
Undergraduates	50	100	100	0	0	250	0
New Learners (Student Enrolled)	50	100	120	0	0	270	0
Jobs Created	32	5	0	0	0	37	28.3
Area of new/improved training floorspace (m2)	3,205	0	0	0		3,205	0
GVA Added Annually (£)		1,620,000	1,620,000	1,620,000	1,620,000	6,480,000	0
Companies Supported	10	25	25	15	0	75	0
Private Sector Capital Match (£)	3,133,750	0	0	0	0	3,133,750	2,300,000

Although these have not been independently verified, we would deem this project to be well on its way to delivering its intended contractual obligations. If verified, we would consider this project has mitigated a large proportion of the risk associated with the project outputs and allows the applicants time to deliver on the remaining outputs.

I appreciate your position in managing the risk of the overall Marches Local Growth Fund allocations, however, I am concerned that a very risk averse approach leads to


this project not proceeding. As I have said before, we are not judging the LEPs on the performance of individual projects and would not look to clawback funding because individual projects may not have performed exactly as planned. Judgement will be drawn on the basis of the impact of the whole programme and a reasonable and proportionate approach to managing risk. We accept that projects can fail, it is about the reasonable approach to managing risk whilst not stifling innovative projects that we will judge.


There is a hard deadline whereby NMITE needs to gain its verification in the Autumn in time for an intake of new learners in early 2020. This would be a significant step in delivering the vision for a new university in Hereford which has full Government support including DfE financial support and where the Growth Deal funding from the LEP is a vital investment in bringing this to reality.

So, subject to the verification of the above outputs, I would like to offer my clear assurances that the Cities and Local Growth Unit will not instigate a process of financial clawback against the Marches LEP in the event of NMITE under achieving the remaining contractual outputs so long as it is clear that all partners have worked in good faith to maximise the delivery of outputs and adopt a proportionate approach to the risks.

I hope this letter provides you with sufficient assurances which will allow for this project to proceed rapidly to the next stage of approval.

Yours sincerely,




Tony Bray
Area Director, South West and West Midlands
Cities and Local Growth Unit