



HM Treasury

NORTH MIDLANDS
DEVOLUTION
AGREEMENT
Version 26

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Red text shows those areas which are subject to final negotiation



HM Treasury

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Overview: North Midlands' Devolution Deal

This document sets out the terms of an agreement between the government and the leaders of the city, county, district and borough councils of Nottinghamshire and Derbyshire and the Local Enterprise Partnership (LEP) - D2N2. The deal sees the devolution of a range of powers and responsibilities to a new North Midlands Combined Authority (the Combined Authority) which would be led by a new, directly elected Mayor (the Mayor).

Building on the Nottingham City Deal agreed in 2012 and the Growth Deals (agreed in July 2014 and January 2015) this devolution agreement marks the next step in the transfer of resources and powers from the government to the North Midlands paving the way for further devolution over time.

The 19 councils of Nottinghamshire and Derbyshire have made significant progress in a short space of time, collaborating around an ambitious devolution deal and driving forward proposals for a single North Midlands' Combined Authority over a large and complex geography.

The Mayor will be established as part of the overall governance arrangements, working as chair of the new Combined Authority (subject to parliamentary approval) and as Vice Chair of D2N2LEP. The Mayor and the Combined Authority will be subject to local democratic scrutiny and mayoral elections will take place in 2017. **The roles of the Nottinghamshire and Derbyshire Police and Crime Commissioner will be merged with that of the new Mayor, subject to the enactment of the necessary legislation. All local stakeholders will develop a shared business plan to implement these changes.**

The deal that has been negotiated provides for the transfer of significant powers for employment and skills, transport, housing, planning, business support and investment from government to the Mayor and the Combined Authority. It will enable the Mayor, working with the Combined Authority, to create an investment fund of up to £x million to support economic development.

Where other or subsequent devolution deals agree powers, functions or funding that were originally proposed for inclusion but that are not included in this deal, then government commits to providing such powers, functions and funding to this area. Further powers may be agreed over time and included in future legislation.

Devolution will deliver new opportunities for the people of the Nottinghamshire and Derbyshire. It will help the Combined Authority to meet the LEP's Strategic Economic Plan to create 55,000 new jobs and 77,000 new homes. The Combined Authority will create a radical new approach to enhancing employment and skills, with devolved responsibility for adult skills funding and design of the National Work and Health Programme for harder-to-help claimants. The Mayor and North Midlands' Combined Authority will drive economic growth across the whole region, framed around the four

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targeted geographies of city/metro areas, rural communities, former coalfield and industrial areas and market towns.

Table 1: Powers held by the Mayor and The Combined Authority

<p>The Mayor will be the Chair of the Combined Authority. Alongside the Combined Authority, the Mayor will provide overall leadership and will be directly accountable to the Nottinghamshire and Derbyshire electorate. They exercise new powers as set out in this deal:</p>	<ul style="list-style-type: none"> • control over a new housing investment fund; • a devolved transport budget • franchising of bus services • responsibility for a new key route network of strategic roads • the powers and responsibilities of the existing Police and Crime Commissioners • Chair of the new Joint Assets Board; • control over the £xm a year investment fund.
<p>The Combined Authority will be responsible for any existing functions of local government which are exercised concurrently with constituent councils. The Combined Authority will receive additional powers over:</p>	<ul style="list-style-type: none"> • control of grants to deliver more apprenticeships • an area based review of 16+ skills provision • 19+ adult skills funding from 2018/19 • responsibility for a devolved approach to business support, including further responsibility for UKTI UK exports advice service • design of the National Work and Health Programme • additional powers for certain parts of public service reform.

Need a new para here to fully articulate benefits

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Summary of the proposed Devolution Deal agreed by the government and the North Midlands Combined Authority with the support of the Local Enterprise Partnership

To be added when the deal content is agreed

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Governance

1. The proposal for a Mayoral Combined Authority (as defined in The Cities and Local Government Devolution Act 2016) is subject to necessary consultation, the final formal consent of the constituent councils and the agreement of ministers. It is also subject to the enactment of the necessary primary legislation and parliamentary approval of the secondary legislation implementing the provisions of this agreement.
2. As part of this agreement, the local authorities of Nottinghamshire and Derbyshire will establish a single Combined Authority across the two county geographies with a Mayor. The area of the Mayoral Combined Authority will be that of the constituent councils of Nottingham and Derby City Councils, Nottinghamshire and Derbyshire County Councils, the seven district and borough councils in Nottinghamshire (Ashfield, Bassetlaw, Broxtowe, Gedling, Mansfield, Newark and Sherwood and Rushcliffe) and the eight district and borough councils in Derbyshire (Amber Valley, Bolsover, Chesterfield, Derbyshire Dales, Erewash, High Peak, North East Derbyshire and South Derbyshire).
3. A Mayor will be elected by the local government electors for the areas of the constituent councils of the (to be established) Combined Authority. Subject to the passage of the necessary legislation through parliament, the first election will be held in May 2017.
4. The Combined Authority will comprise one member from each of the constituent authorities and the Mayor. All of the constituent authority leaders will fulfil a leadership role for the Combined Authority.
5. In addition, a representative of the D2N2LEP will be a non-constituent member on the Combined Authority recognising the importance of the private sector in delivering North Midlands' growth strategies. Similarly, the Peak District National Park will also be a non-constituent member of the Combined Authority.
6. The Mayor will be the Chair of the Combined Authority and will exercise the devolved powers as set out in Table 1. However, the Mayor and the Combined Authority will be required to be scrutinised and held to account by the Overview and Scrutiny Committee. The Mayor will also be required to consult the Combined Authority on his/her strategies. The Combined Authority may reject proposed strategies if two-thirds of the members agree to do so. The Combined Authority will also examine the Mayor's spending plans and will be able to amend his/her plans if two-thirds of the members agree to do so. The Combined Authority will act as a supporting and advisory function to the Mayor in delivering these responsibilities and the Mayor will, at his/her discretion, be able to delegate these functions to members of the

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Combined

Authority.

7. Proposals for decision by the Combined Authority may be put forward by the Mayor or any Combined Authority Member. The mayor will have one vote as will other voting members. Any matters that are to be decided by the Combined Authority are to be decided, by straight forward majority of all members present and voting; unless otherwise specifically delegated through the Combined Authority's Constitution or where it is agreed that specific matters will be reserved for unanimous or constituent member majority voting only. For Example, regarding Spatial Vision, this will require unanimous agreement.
8. The Combined Authority will act as a supporting and advisory function to the Mayor and the Mayor will, at his/her discretion, be able to delegate these functions to members of the Combined Authority.
9. To aid more efficient decision making, executive boards will be established with delegate decision making powers from the Combined Authority in respect of non-mayoral functions. Powers may be invested in nominated members sitting on these boards at the Mayors discretion.
10. Other key stakeholders will be invited to attend relevant meetings of the Combined Authority and its executive boards to enable the provision of expert advice.
11. Any transfer to the Combined Authority or Mayor of existing powers or resources currently held by the constituent authorities must be by agreement of all constituent members.
12. The Mayor will also be a member and vice Chair of the D2N2LEP, alongside the other representative members of the Combined Authority.
13. In the transition period, the Government and the constituent councils will work together to transfer appropriate functions and powers necessary to enable delivery in advance of the North Midlands' Combined Authority being established.

Skills

14. The government will allow local commissioning of the 19+ Adult Skills budget, starting in academic year 2016/17 and will fully devolve budgets to the Combined Authority from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships.

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15. Devolution will proceed in three stages, across the next three academic years:

- a. Starting now, the Combined Authority will begin to prepare for local commissioning. It will support development of a series of Delivery Agreements with providers about what should be delivered in return for allocations in the 2016/17 academic year. This will replace the current system of funding by qualifications as providers will receive their total 19+ skills funding as a single block allocation. This new arrangement will allow the Combined Authority to agree with providers the mix and balance of provision that will be delivered in return for the block funding and to define how success will be assessed.
- b. For the 2017/18 academic year, and following the Area Based Review, the government will work with the Combined Authority to vary the 19+ block grant allocations made to providers, within an agreed framework.
- c. From 2018/19, there will be full devolution of 19+ funding. The Combined Authority will be responsible for allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. Government will not seek to second-guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices. A funding formula for calculating the size of the grant to local combined authorities will need to take into account a range of demographic, educational and labour market factors.

16. The readiness conditions for full devolution are:

- a. Parliament has legislated to enable transfer to local authorities of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances.
- b. Completion of the Area Based Review process leading to a sustainable provider base.
- c. After Area Based Reviews are complete, agreed arrangements are in place between central government and the Combined Authority to ensure that devolved funding decisions take account of the need to maintain a sustainable and financially viable 16+ provider base.
- d. Clear principles and arrangements have been agreed between central government and the Combined Authority for sharing financial risk and managing failure of 16+ providers, reflecting the balance of devolved and national interest and protecting the taxpayer from unnecessary expenditure and liabilities.
- e. Learner protection and minimum standards arrangements are agreed.
- f. Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs and maximises consistency and transparency.

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17. Government encourages strong dialogue between the Combined Authority and local employers to ensure that local employment priorities are integral to the provision of careers advice and enable local needs to be met, building on the D2N2 Employability Framework. The Combined Authority will lead a review of careers advice provision available across the area to identify local priorities and gaps in provision. In particular, government will encourage the involvement and collaboration of the Combined Authority in the design of local careers and enterprise provision for all ages, including collaboration on the work of the Careers and Enterprise Company and the National Careers Service.
18. The government commits to an Area Based Review of 16+ education and training across the Combined Authority area. The outcomes of the Area Based Review will be taken forward in line with the principles of the devolved arrangements. The review will be chaired by the Combined Authority and will include all 16+ education and training provision in the initial analysis phase.
19. Recommendations will be focused on general Further Education and sixth form colleges. However, the Regional Schools Commissioner and the relevant local authorities will consider any specific issues arising from the analysis for school sixth form provision.
20. The Combined Authority will work in partnership with employers, colleges and providers to review and update the existing local skills strategy so that it underpins the outcome of the area based review. This will help ensure that 16+ providers are delivering the skills that local employers require. The Combined Authority will then collaborate with colleges and providers, with appropriate support from the Education Funding Agency, to deliver that strategy.
21. Government will facilitate joint Delivery Agreements with providers in areas covered by more than one Area Based Review.

Apprenticeships

22. The Combined Authority will assume responsibility for the Apprenticeship Grant for Employers (AGE). Funding is confirmed until the end of the 2016/17 academic year. The AGE funding must be used alongside mainstream apprenticeship participation funding to incentivise employers to offer apprenticeships, but the Combined Authority is free to vary the criteria associated with the grant (e.g. the size and sector of business) to meet local needs. The Skills Funding Agency will work with the local area to identify an appropriate share.

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23. The Combined Authority will collaborate with employers and the government to maximise the opportunity presented by wider apprenticeship reforms.
24. The Combined Authority will work with employers to identify the new apprenticeship standards needed to meet local economic need and to secure skills growth in key sectors.

Employment

25. Government will consult the Combined Authority in the development and design of the new National Work and Health Programme designed to focus on the harder-to-help claimants.
26. The DWP will provide the Combined Authority with an opportunity to share experience from previous schemes supporting harder-to-help claimants and offer their views on the design of the National Work and Health Programme. There will be a particular focus on ensuring the integration of the new programme with local services, in order to ensure that national and local provision works well together, and opportunities for greater integration are identified and levered.
27. The respective roles of DWP and the Combined Authority in co-delivery and management will include:

Joint DWP and Combined Authority

- a. DWP to facilitate protocols for data sharing and transparency by tackling some of the obstacles and developing solutions to enable the Combined Authority to develop a strategic needs assessment for the area.
- b. Before delivery of the National Work and Health Programme commences, DWP and the Combined Authority will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support. This agreement will include a mechanism by which the Combined Authority can raise and resolve any concerns that arise.

Combined Authority

- c. The Combined Authority will set out how it will join up local public services in order to improve outcomes for this group, particularly how it will work with the clinical commissioning groups and the third sector to enable timely health-based support.

DWP

- d. DWP will set the high-level performance framework and will ensure the support appropriately reflects labour market issues. The primary

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outcomes will be to reduce unemployment and move people into sustained employment.

28. In relation to the National Work and Health Programme, the respective roles for DWP and the Combined Authority will include:

For DWP

- a. Setting the contracting arrangements, including contract package areas, but will consider any proposals from the Combined Authority on contract package area geography.
- b. Providers will be solely accountable to DWP.

For the Combined Authority

- c. Suggesting proposals on contract package area geography.
- d. Mechanisms by which the Combined Authority can escalate to DWP any concerns about provider performance/ breaching local agreements

29. Government will commit to working with the Combined Authority to achieve further co-location and local integration of employment services, where appropriate, and within an agreed timescale. DWP will delegate powers, decision making responsibilities and funding to the relevant district managers within the Combined Authority boundary.

Housing and planning

30. Government will work with the Combined Authority to establish and support the operation of a Joint Assets Board. The Board will review all land and property held across the public sector. This will include, but will not be limited to, all relevant government departments and constituent councils and agencies. This will enable identification of surplus land and all suitable brownfield land in suitable locations for housing, regeneration or economic development use.

31. The Mayor will chair the Board and government will work to support the operation of the Board to achieve better co-ordination on asset sales. The Joint Assets Board will include senior government officials and will be used to develop, as far as possible and consistent with government's overall public sector land target, a joint programme of asset retention, development and disposal. The government will also explore with the Combined Authority whether a right of first refusal, for 28 days, on all central government land and assets due for disposal can be developed that accelerates the pace of disposal.

32. Through the Homes and Communities Agency and the One Public Estate Programme, government will work with the Combined Authority to ensure a

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focus on the delivery of housing and growth sites within the area, including, where appropriate, direct delivery through the Combined Authority's own Development Company.

33. Government will give the Combined Authority the power to create democratically controlled Mayoral Development Corporations as envisaged by the Cities and Local Government Devolution Bill. Any new corporation will seek to prioritise economic development and housing on under-developed land within the Combined Authority area.
34. Government will work with the Combined Authority to agree what powers the Mayor may need to co-ordinate the creation of a Spatial Vision which will represent constituent authorities' Local Plan ambitions. This will set out the overarching vision for strategic growth in the North Midlands, provide the context for infrastructure investment decisions and the use of devolved powers. It will facilitate delivery of local plans, the National Planning Policy Framework according to the specific needs of communities and strategic elements of the duty to co-operate. This provision is not intended to alter the primacy of Local Plan or Housing Market Area agreements where they are in place. Government will also work with the Combined Authority to agree what powers the Mayor will need to publish supplementary documents. The Spatial Vision and any supplementary planning documents will need to be approved by a unanimous vote of the members appointed by the constituent councils to the Combined Authority.
35. Government will work with the Combined Authority and the constituent councils to consider what additional planning powers and responsibilities would support their development ambitions. This will include:
 - a. Exploring opportunities to pilot measures to streamline plan-making, following the work of the Local Plans expert panel.
 - b. Examining ideas around how best to tackle the non-take-up of planning permissions.
 - c. Examining ideas around strengthening and streamlining Compulsory Purchase Order provisions to make it easier for local authorities and partnerships to acquire land for housing growth and economic development.
 - d. The potential to be involved in the Permission in Principle pilot if government resolves to implement.
- 36 The Combined Authority and government will agree to explore what role the Mayor has as a statutory consultee in plan-making and decision making for strategically significant planning applications.

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- 37 In order to deliver increased productivity in housing and thus help Government to achieve its housing targets, the North Midlands will receive a Housing Investment Fund, to be controlled by the Mayor. The Fund will be set up as a financial transaction and funded from within the budgets of existing financial transaction programmes. The total value would be £200 million over 10 years, to be provided by a public sector body to the private sector in the form of recoverable loans and longer-term equity. The funding may be recycled within the private sector before returning it to Her Majesty's Treasury (HMT), with the Mayor guaranteeing an 80% recovery rate on principal, plus interest earned. The profile of these repayments will be agreed between the Combined Authority and HMT. The Combined Authority will agree an Assurance Statement with the Department for Communities and Local Government (DCLG) and HMT that sets out how they will manage the investments and repayments, including ensuring that investments made will meet the agreed recovery rate. To support this approach and further accelerate housing delivery, the Combined Authority will investigate asset options to provide match funding of up to £200m to invest in the fund alongside central government funding.
- 38 Building on the Government's 10-point plan for rural productivity, government will support the approved LEADER programmes and will work with the Combined Authority to test whether it will be possible to devolve rural growth programmes. The Combined Authority will work towards driving rural growth in the North Midlands, with a particular focus on growing micro businesses. It will share its proposals with Government. The Government will explore with the Combined Authority and Peak District National Park, the options to give the Peak District National Park greater commercial freedom.

Transport

- 39 The Mayor of the Combined Authority will have responsibility for a devolved and consolidated local transport budget and single local transport plan for the Combined Authority area. The Mayor's single local transport budget will be a multi-year settlement which includes all relevant local highways funding. Appropriate transport functions will be devolved to the Combined Authority, to be exercised by the Mayor.
- 40 In establishing the Combined Authority, a new, single policy and delivery body will be created covering the same area in order to determine, manage and deliver the Mayor's transport plans and the delivery of integrated public transport networks for the region.
- 41 Bus regulation and enabling powers will form an important part of the Mayor's portfolio in order to deliver bus services that reflect economic demands and also that address the key issue of access to employment sites and opportunities across the area. The region will work to progress much stronger,

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effective local partnerships with bus operators where this is more appropriate than franchising. Government is currently developing a number of wider policies that will form part of the Buses Bill to be laid before parliament shortly and this will set out a range of new mechanisms and opportunities for local areas to influence bus services, including enhancing the partnership options available. Government will discuss these mechanisms with the Combined Authority as they are finalised. [To ensure that enhanced partnerships work effectively, the administration of bus services operators' grant for commercial local services will be devolved to the Mayor.]

- 42 The Mayor will also receive franchising powers for the Combined Authority area, subject to necessary legislation and local consultation. This will be enabled through the Buses Bill which will provide for the necessary functions to be devolved.
- 43 These powers will support the implementation of proposals for integrated smart ticketing across bus and light rail transport across the whole Combined Authority area. These proposals build on the strong track record in designing and delivering integrated mass public transit networks within the area. These proposals will align with, and support, those being developed at a regional level through Midlands Connect, including proposals for integrating smart ticketing on local transport with local and regional rail services.
- 44 Government is committed to building the Midlands' Engine for Growth and, as part of this, is working with Midlands Connect to develop a long term transport strategy for the region. In developing this strategy Midlands Connect will ensure that its proposals take account of those being developed by Transport for the North. The balance of interests across the Midlands area is critical to success and government supports the full engagement of North Midland partners in the creation of a Midlands Connect Strategic Board and supporting officer structures to provide leadership and accountability. Government commits to ensuring the direct involvement of the Department for Transport, HS2 Ltd, Highways England and Network Rail in the arrangements and considers them critical to the successful delivery of a long-term transport strategy for the Midlands.
- 45 Government will work with Midlands Connect to explore opportunities for greater influence over the region's rail franchises with the aim of delivering high quality services for the Midlands. The Government and the North Midlands Combined Authority share an ambition to reduce journey times from Nottingham and Derby to London (subject to a short consultation with relevant stakeholders) as part of the existing plans for rail improvements which include:

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- a. a simplification of the track and signalling at Derby station to improve speeds;
- b. additional track between Bedford and Kettering; and
- c. electrification of the route north of Bedford, including:
 - i. Bedford to Corby for December 2019
 - ii. Kettering to Derby/Nottingham for December 20

46 Alongside these planned improvements Government, Midlands Connect and the Combined Authority will explore opportunities for further investment in:

- a. New electric rolling stock for the Midland Mainline for 2023
- b. A new timetable for the next East Midlands Franchise that captures the journey time savings that will occur as a result of line speed improvements and new rolling stock as well as streamlined stopping patterns for fast services to Nottingham and Derby throughout the day.

47 Government remains committed to the development of the HS2 Phase 2 network. Government is investing £1.25 million in a HS2 Growth Strategy for an East Midlands Hub; The D2N2 LEP is contributing further funds to this and a parallel strategy for the proposed maintenance depot at Staveley. Government will work with the D2N2 LEP, Combined Authority and the region's HS2 Strategic Board as the region develops its comprehensive development plans for the station site and its surrounding area. The Government will make a decision on the remainder of Phase Two route, including the section between Birmingham and Leeds, in autumn 2016. In the meantime the Government continues to support Toton as the best location for the East Midlands Hub.

48 Connectivity of both cities and communities in the north, north west and east of the Combined Authority area to the HS2 Hub will be a key early priority, as will connectivity to key stations on the Western route. Alongside this, the Combined Authority will work through Midlands Connect to develop proposals to maximise the benefits of HS2 to the Midlands as a whole and will work with the Sheffield City Region and Greater Manchester CA on accessibility options for their proposed stations.

49 In consultation with the Combined Authority, government will continue to explore options to give it more control over the planning and delivery of local transport schemes, particularly in relation to HS2. This could include changes to the way that Transport and Works Act Orders are granted if practical proposals for speeding up the process are identified.

50 The North Midlands' Combined Authority will bring forward proposals for potential inclusion in the North Midlands Parliamentary Order that would enable the Mayor and the Combined Authority to implement Clean Air Zones

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in the Combined Authority area. This will help achieve Air Quality Plan objectives at both the national and local level.

- 51 Alongside this, the Mayor will take responsibility for a new Key Route Network of local authority roads which will be managed and maintained by the Combined Authority on behalf of the Mayor. To support this all relevant local roads maintenance funding will be placed under the control of the Combined Authority, subject to its establishment, until the Mayor takes office, as part of the Mayor's single local transport settlement. This will support the delivery of a single asset management plan, working towards shared procurement frameworks for road maintenance across the Key Route Network and local authority network in the Combined Authority area.
- 52 The Combined Authority will bring forward proposals for potential inclusion in the Mayoral Parliamentary Order that would enable the Mayor and Combined authority to effectively manage the Key Route Network, maximise the benefits arising from the existing infrastructure and to promote and support sustainable travel choices.

Business Support, Innovation, Trade and Investment

- 53 Government will work with the North Midlands' Combined Authority to support development of its growth hub so that it joins-up and co-ordinates public, private, national and local support to ensure businesses get the help they need to boost their productivity and grow. This will build on D2N2 LEP's success as a trailblazer for the integration of local and national business support. In practice, this will include agreeing how Government and the Combined Authority works in partnership to help the growth hub to:
- become more sustainable,
 - connect small businesses with national services that support exports, innovation, access to finance and skills;
 - collaborate on innovative business support evaluation projects which develop robust evidence about what works;
 - share best practice widely to deliver better outcomes for the country as a whole.
- 54 Government will work with the Combined Authority to help businesses in the area have access to the finance they need to grow.

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- 55 The Combined Authority and the British Business Bank will agree a Memorandum of Understanding setting out how they will work together to support small and medium-sized enterprises in the area. This will help SMEs, particularly start-up and early stage, in the Combined Authority area to access the support and finance they need to grow their businesses. This Memorandum of Understanding will focus in particular on increasing SMEs' awareness of the finance options that the British Business Bank can offer and encouraging take-up of BBB schemes by intermediaries.
- 56 UKTI to continue to work with D2N2 LEP and the Combined Authority delivering Foreign Direct Investment (FDI) into the region. UKTI will work in partnership to achieve a set of joint objectives and will use a quarterly board to track progress. Government will review the location of UKTI's regional FDI resourcing specifically considering co-location of Partnership Managers, Business Development Managers and Key Account Managers with the Combined Authority or LEP. UKTI will also review the interface between national and international teams and the programmes they deliver, linking this, where possible, with the Midlands Engine initiative.
- 57 Government will work to promote, overseas, the Combined Authority area and its businesses through: ensuring North Midlands strengths are promoted in the GREAT Britain campaign; ensuring that the North Midlands' tourism and educational strengths are also integrated into any overseas campaign; developing a portfolio of investable urban regeneration projects which government will help promote to appropriate international investors through the Regeneration Investment Organisation. Where possible activity will lever the wider Midlands Engine initiative.
- 58 Government will ring-fence trade services resource within the Combined Authority area. This will support an export plan jointly agreed between UKTI and the Combined Authority. Ring-fenced resource remains subject to departmental budget changes.
- 59 Government will work with the Combined Authority to develop a business case for the creation of a 'Free Trade Zone' or 'Accelerated Trade Zone' linked to East Midlands Airport. The Combined Authority will present this business case to government in early 2016 for consideration by Ministers. HMRC, as the UK customs authority, is committed to supporting economic growth through the provision of efficient, simple and transparent customs facilitations and procedures to existing and new customers. HMRC commits to extending its existing policy of custom warehousing and other relief's to any goods that are imported and then manufactured and/or assembled in the Free Trade Zone or the Accelerated Trade Zone before export, subject to the applicants meeting the necessary conditions outlined in the various customs notices.

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- 60 Government will offer to the Combined Authority expert advice and support through prioritising it for Smart Specialisation Advisory Hub workshops, to ensure it is able to effectively engage in the Science and Innovation audit process with local partners. If selected the audit would enable an evidence based approach to deepen the understanding of the North Midlands Combined Authority Science and Innovation strengths, how they relate to the wider ecosystem and provide a new and powerful way to understand and maximise the economic impact from the UK's research and innovation nationally. Audits will, for example, provide government with part of the evidence investment base on which to make decisions on any further catapults.
- 61 The government provided the D2N2 LEP with additional flexibilities on the use of Enhanced Capital Allowances for the Infinity Park Enterprise Zone at the Spending Review. The Government is open to discussions on flexibilities for further EZs providing the proposals are compliant with State Aid rules and are fiscally neutral.

Smart Infrastructure

- 62 The Combined Authority will build on its digital and energy infrastructure and its UK-leading low-carbon sector to put SMART infrastructure at the heart of its devolution deal. The Combined Authority will establish a SMART Commission for the Combined Authority area chaired by the Mayor. Government will engage with the SMART Commission to explore innovative solutions to the challenges of connectivity throughout the Combined Authority area, and ways to improve the energy and digital infrastructure of the North Midlands.
- 63 The Combined Authority will prioritise further investment in digital infrastructure to ensure delivery of the government's ambition of every premise having access to broadband speeds in excess of 10Mbps by 2020. In addition, following the conclusion of existing Broadband Delivery UK (BDUK) investment programmes, the Government will continue to work with local partners to extend superfast broadband, to as much of the North Midlands area as possible.

Fiscal

- 64 The government is committed to working together with the Combined Authority to achieve Intermediate Body status for ERDF and ESF funding which will complement other aspects of the devolution deal. The government will work with the Combined Authority to test whether it will be possible to implement and if so, the government and Combined Authority will work together to agree a timetable to put this in place.

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- 65 The Combined Authority will create a fully devolved funding programme covering all budgets for devolved functions through the North Midlands' Investment Fund accountable to the Combined Authority.
- 66 As an initial allocation to the Investment Fund, government will make an allocation of at least **£XX million a year for nn years** (2016-46) in revenue funding to be controlled by the Mayor. This will, allow the Combined Authority to create an investment fund of at least **£xm**, subject to 5-yearly gateway assessments to confirm the investment has contributed to national growth.
- 67 In addition, the Mayor will be given the power to place a supplement on business rates to fund infrastructure, with the agreement of the local business community through the D2N2 LEP, up to a cap.
- 68 The Cities and Local Government Devolution Act establishes the principles which governs further prudential borrowing for combined authorities. Further to Royal Assent, government will consider how these powers could apply whilst ensuring no fiscal impact.

Public Service Reform

- 69 Local agencies and authorities will collaborate on new, innovative and integrated ways of delivering government and council services across the Combined Authority. Reform of public services will be necessary to meet increasing challenges, particularly where demand is increasing and in services which support people with complex needs towards employment and independence. The approach will seek to be at least fiscally neutral, if not positive.
- 70 In order to achieve these priorities the Combined Authority will develop a plan for public service reform, under the auspices of a Public Service Reform Board. This will build on work already underway and operate on the principle of co-production between the Combined Authority, local partner agencies, D2N2LEP, relevant regional/national bodies and government. Where the Board's recommendations, as agreed by the Combined Authority, would involve any further devolution from national bodies or exercise of national flexibilities, submissions will be made by the Board to government and these will receive a Ministerial response.
- 71 The Public Service Reform Board will have a defined scope set out in a Terms of Reference document, which could include, subject to local agreement, (but is not restricted to): health and social care integration, opportunities around collaboration of emergency services, offender management, Child and Adolescent Mental Health Services and Troubled Families, Policing, Street Scene and Community Safety Services (including Licensing and Regulation).

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Red text has yet to be agreed

72 Building on the government's commitment in the Local Growth Deal to the "Rebalancing the Outer Estates" project, and beginning in Nottingham North, the Combined Authority will develop a wide range of new solutions to tackle problems of worklessness, isolation and family breakdown in estates on the edge of cities. The North Midlands Combined Authority commits to further develop the pilot, with a view to exploring whether a similar approach should be taken in other cities, market towns and rural and former coalfield communities within the Combined Authority area. This will mean that successful approaches, and the lessons learned by the Combined Authority, can be translated to other places in the UK.

Policing

73 The roles of the Nottinghamshire and Derbyshire Police and Crime Commissioners will be merged with that of the new Mayor subject to the enactment of the necessary legislation. All local stakeholders will develop a shared business plan to implement these changes.

Under this geography:

74 The Mayor will be elected by the local government electors for the areas of the constituent councils of the Combined Authority. The Mayor and the Combined Authority will exercise the powers and responsibilities described in this document in relation to its area.

75 Funding that is allocated to the D2N2LEP, now and in the future, will continue to be allocated on the basis of the existing overlap formula.

76 Additional funding or budgets that are devolved as a result of this agreement will go to the Combined Authority.

77 The Combined Authority must exercise functions in relation to its geographical area. Accordingly, if any of the Combined Authority spend is on activities or projects outside of its area, those activities or projects must in some way relate to the area – for example, be for the benefit of the area. The Cities and Local Government Devolution Act 2016, enables combined authorities such as the North Midlands Combined Authority to take on a broader set of functions than economic development, regeneration and transport, dependent on secondary legislation.

78 Under the Mayoral Combined Authority model, the role of the private sector will be embedded into the governance and delivery arrangements.

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79 The Combined Authority will establish arrangements with neighbouring combined authorities and the overlap authorities to handle overlap issues, particularly in relation to the governance of functions and spending plans.

North Midlands Combined Authority commitments

80 Constituent parties to the North Midlands Combined Authority will undertake robust due diligence on all aspects of the deal. Constituent parties will undertake this work in a timely and efficient manner before formal ratification. The government commits to providing full, 'open book' access to all of the information required for due diligence purposes.

81 The government expects the Combined Authority to monitor and evaluate their deal in order to demonstrate and report on progress. The government will work with the Combined Authority to agree a monitoring and evaluation framework that meets local needs and helps to support future learning.

82 The Combined Authority will be required to evaluate the additional £[x]m per annum of funding for [Y] years, which will form part of, and capitalise, the Combined Authority single pot.

83 The government will support the Combined Authority by leveraging existing monitoring and evaluation frameworks and, where applicable, by providing assistance to ensure consistency and co-ordination of metrics and methodologies with other areas receiving a devolution deal. As part of this commitment, government will work with the Combined Authority to explore options for the co-ordinated application of high quality impact evaluation methods in relation to;

- i) local commissioning of 19+ skills; and
- ii) employment support.

84 The Combined Authority will work with government to develop a full implementation plan, covering each policy agreed in this deal, to be completed ahead of implementation. This plan will include the timing and proposed approach for monitoring and evaluation of each policy and should be approved by the Department for Communities and Local Government Accounting Officer.

85 The Combined Authority will continue to set out its proposals to the government for how local resources and funding will be pooled across the Combined Authority area.

86 The Combined Authority will agree overall borrowing limits with the government and have formal agreement to engage on forecasting. The Combined Authority will also provide information, explanation and assistance to the Office for Budget Responsibility where such information would assist in

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meeting their duty to produce economic and fiscal forecasts for the UK economy.

- 87 The Combined Authority will agree a process to manage local financial risk relevant to these proposals and will jointly develop written agreements with the government on every devolved power or fund to agree accountability between local and national bodies on the basis of the principles set out in this document.
- 88 The Combined Authority will continue to progress programmes of transformation amongst authorities to streamline back office functions and share more services and data, including on assets and property.
- 89 The Combined Authority will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.

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