



# **NORTH MIDLANDS**

---

## **NOTTINGHAMSHIRE DERBYSHIRE**

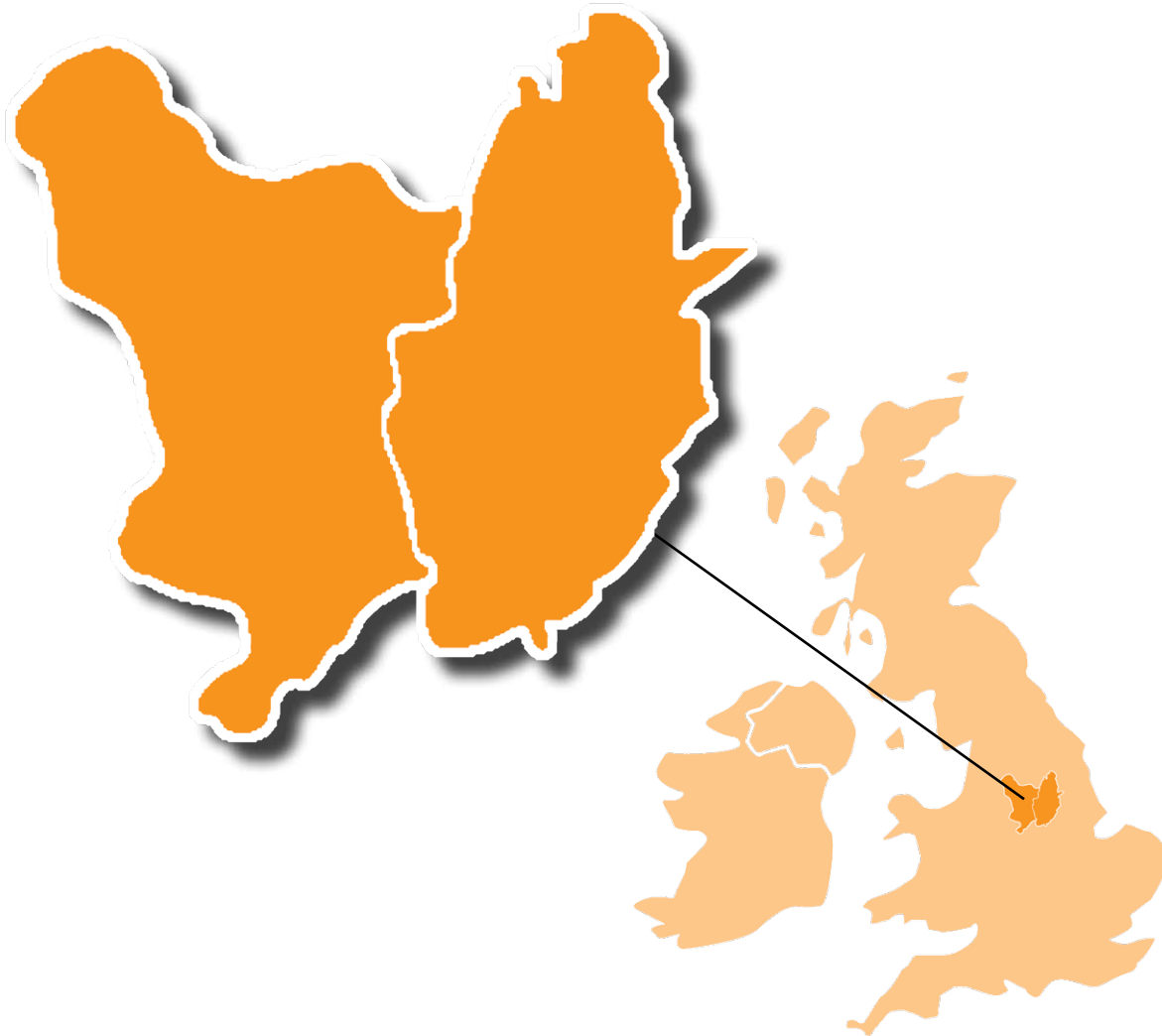
DEVOLUTION AGREEMENT

DECEMBER 2015

# NORTH MIDLANDS

---

## NOTTINGHAMSHIRE DERBYSHIRE



04	Overview
05	Devolution Benefits
06	Governance
08	Skills
10	Apprenticeships
11	Employment
13	Housing and planning
15	Transport
17	Business Support, Trade and Investment
18	SMART Infrastructure
19	Fiscal
20	Public Service Reform
20	Policing
21	Geography
22	North Midlands Combined Authority commitments
23	Summary of Devolution Deal Powers

# NORTH MIDLANDS

## NOTTINGHAMSHIRE DERBYSHIRE

1



2



3



4



5



6



7



8



9



10



11



12



13



14



15



16



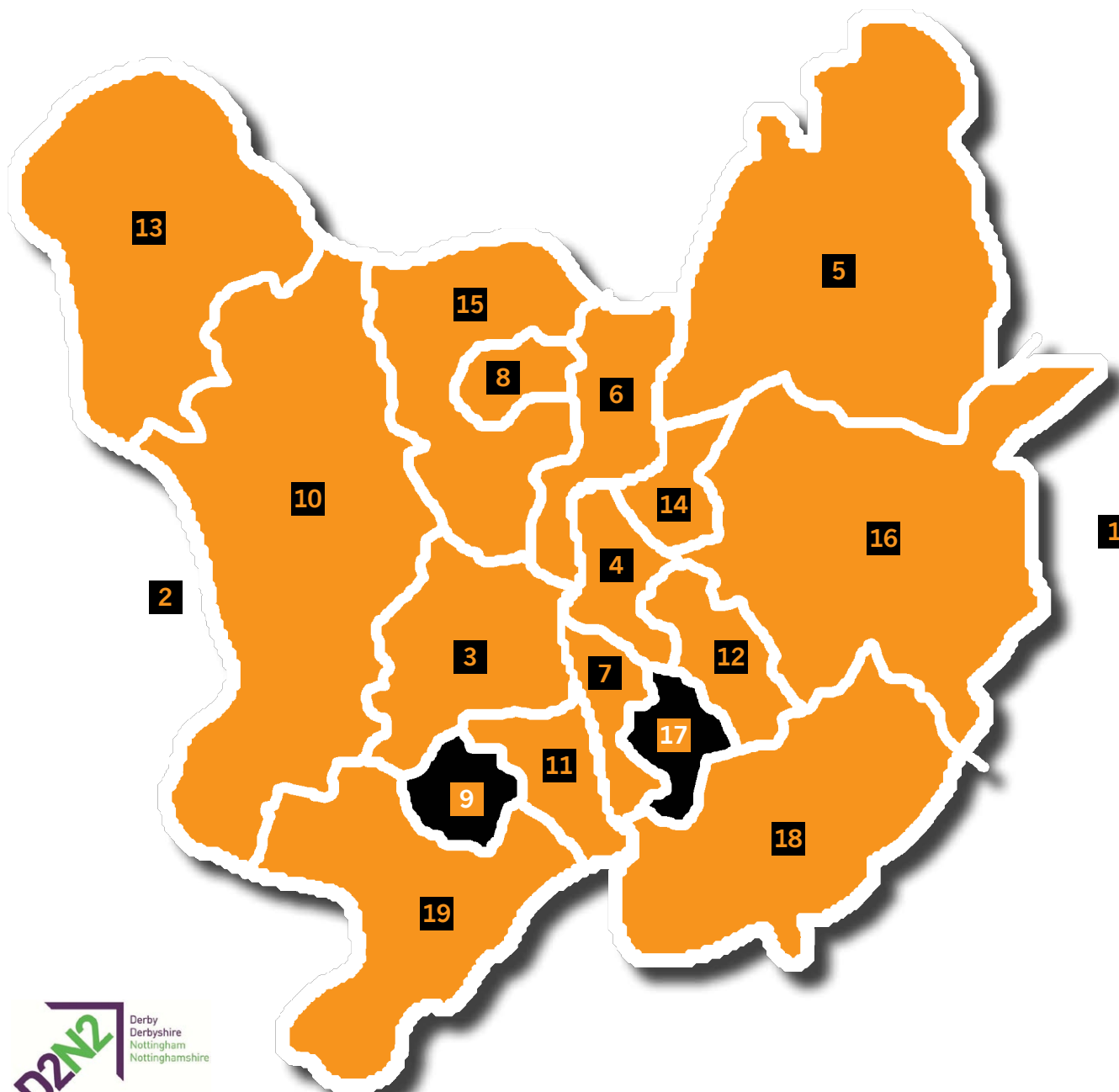
17



18



19



## 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 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 new Mayor, subject to the enactment of the necessary legislation.

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 to support economic development.

The Combined Authority will not be disadvantaged by agreeing a devolution deal separately before other areas. 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 its Strategic Economic Plan to create 55,000 new jobs and 70,000 new homes. The Combined Authority will create a radical new approach to enhancing employment and skills, with devolved responsibility for adult skills and co-design of employment support for harder-to-help claimants. The Mayor and Combined Authority will drive economic growth across the whole region, framed around the four targeted geographies of city/metro areas, rural communities, former coalfield and industrial areas and market towns.

**Devolution will deliver new opportunities for the people of the Nottinghamshire and Derbyshire**

## DEVOLUTION BENEFITS



- 55,000 new private sector jobs
- 77,000 extra homes
- At least £900m in an Investment Fund over 30 years
- Control over £150m annual adult skills budgets
- £137m a year in consolidated transport funding
- £200m Housing Investment Fund
- Control of the regulation of bus services
- Single “Oyster” style card ticketing
- Responsibility for business support
- Control of grants so we can deliver more apprenticeships
- Control over DWP employment programmes
- Midland Mainline Electrification – Nottingham and Derby in 90 minutes to London
- HS2 station and surrounding economic district



## GOVERNANCE

**1** The proposal for a Mayoral Combined Authority (as defined in The Cities and Local Government Devolution Bill) is subject to necessary consultation, the final formal consent of the constituent councils, the Combined Authority and the agreement of ministers. It is also subject to the enactment of the necessary primary legislation (The Cities and Local Government Devolution Bill) and to 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 (High Peak, Derbyshire Dales, South Derbyshire, Erewash, Amber Valley, North East Derbyshire, Chesterfield and Bolsover).

**3** The Combined Authority will comprise one member from each of the constituent authorities and the Mayor. All of the constituent authority leaders will have a role and will act as a supporting and advisory function to the Mayor.

**4** The 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.

**5** 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 will; have new powers as set out in this deal over: 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; the role of Chair of the new Joint Assets Board; and control over the £xm a year investment fund.

**The Mayor for a Combined Authority will be elected by the local government electors for the areas of the constituent councils**

**6** The Mayor will receive these devolved powers. 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 Combined Authority.

**7** The Combined Authority, subject to its Constitution and associated procedures, 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 control of grants to deliver more apprenticeships; an area based review of 16+ skills provision; 19+ adult skills funding from 2018/19; the ability to decide the future of Further Education provision; responsibility for a devolved approach to business support, including further responsibility for UKTI UK exports advice service; and the co-design of the Department for Work and Pensions (DWP) employment programmes. In addition the Combined Authority will receive additional powers for certain parts of public service reform.

**8** Proposals for decision by the Combined Authority may be put forward by the Mayor or any Combined Authority Member. Any matters to be considered by the Combined Authority are to be decided, by way of an overall majority of all members present and voting; or where 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. Other voting systems may be agreed, such as for the Spatial Vision, which will require unanimous agreement.

**9** The Mayor will also be a member, and vice Chair, of the D2N2LEP, alongside the other representative members of the Combined Authority. Equally, the D2N2LEP will be a non-voting member on the Combined Authority recognising the importance of the private sector in delivering North Midlands' growth strategies. The Combined Authority will have the capacity to co-opt non-voting members. In the transition period, the Government and the constituent councils will work together to transfer to the constituent authorities and to the Combined Authority when it is formed (subject to changes in legislation).



## SKILLS

**10** 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.

**11** 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 develop a series of Outcome 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.





**12** 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 Review process leading to a sustainable provider base.
- c** After the Area 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.

**13** Government will work with the Combined Authority to ensure that local priorities are fed into the provision of careers advice to ensure that it is employer-led, integrated and meets local needs, 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, the Combined Authority will ensure that local priorities are fed into provision through direct involvement and collaboration with the government 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.

**14** 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.

**15** 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 reviews for school sixth form provision. The Combined Authority will have powers to implement the recommendations and outcomes of the Area Based Review. This includes the power to agree the type of merger if college mergers are required.

**16** To ensure continued local collaboration following the Area Based Review the Combined Authority will work in partnership with local colleges, providers and employers to review and update the existing local skills strategy. 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.

**17** Government will facilitate joint Outcome Agreements in areas covered by more than one Area Based Review and will prioritise an Outcome Agreement for the overlap between the North Midlands area and the Sheffield City Region. This outcome agreement will be completed to align with the publication of recommendations from the Sheffield City Region Area Based Review.

## APPRENTICESHIPS

**18** Government will devolve responsibility for the Apprenticeship Grant for Employers (AGE) to the Combined Authority which will enable it to vary the level of financial support available to different types of learner, sizes of business and subject areas. The Departments for Business, Innovation and Skills (BIS) and Education (DfE) will work with the Combined Authority to identify an appropriate share. This funding will be under the full control of the Combined Authority.

**19** The Combined Authority and the government will collaborate to maximise the opportunities presented by the introduction of apprenticeship reforms (including the levy). Government will work with the Combined Authority to establish an early pilot of the Digital Apprenticeship Service.

**20** The Combined Authority will work with government to support the completion of pending apprenticeship standards and will commission and subsequently co-design new apprenticeship standards with employers, ensuring a clear focus on meeting local economic need and securing skills growth in key sectors.



**110,000**  
**NEW APPRENTICESHIPS**

## EMPLOYMENT

**21** Government will commit to working with the Combined Authority to achieve appropriate devolution, co-location and local integration of employment services within an agreed timescale.

**22** The Combined Authority will work with DWP to co-design the future employment support, from April 2017, for the hardest-to-help claimants. This will include claimants facing geographical barriers to employment, many of whom are currently referred to the Work Programme and Work Choice.

**23** The respective roles of DWP and the Combined Authority in the co-design will include:

### Joint DWP and Combined Authority

- a** DWP and the Combined Authority undertaking a joint strategic needs assessment for the area, sharing data and intelligence to drive the development of clear objectives.
- b** DWP setting the funding envelope, the Combined Authority can top up if they wish to, but are not required to.
- c** Before delivery 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 each party can raise and resolve any concerns that arise.

### Combined Authority

- d** The Combined Authority will set out how they will join up local public services in order to improve outcomes for this group, particularly how they will work with the Clinical Commissioning Groups / third sector to enable timely health-based support.
- e** The Combined Authority will have some flexibility to determine specific local outcomes that reflect local labour market priorities. These outcomes should be complementary to the ultimate employment outcome (for example in-work wage progression). In determining the local outcome(s) the Combined Authority should work with DWP to take account of the labour market evidence base and articulate how the additional outcome(s) will fit within the wider strategic and economic context and deliver value for money.
- f** The Combined Authority will work with the district manager to identify further areas for collaboration, share timely data and identify further opportunities to integrate local services and co-commission employment programmes.
- g** The Combined Authority will work with the district manager to determine and align the flexible support fund to local priorities.



## DWP

**h** DWP will set the high-level performance framework and will ensure the support appropriately reflects labour market issues. The primary outcomes will be to reduce unemployment and move people into sustained employment.

**i** Government will align Jobcentre Plus services and resources with the Combined Authority boundaries. DWP will delegate powers, decision making responsibilities and funding to the relevant district manager.

**24** In addition, in the event employment support for this group is delivered through a contracted-out programme, the Combined Authority will co-commission the programme with DWP. The respective roles of DWP and the Combined Authority will include:

## DWP

**j** Setting the contracting arrangements, including contract package areas, but will consider any proposals from the Combined Authority on contract package area geography.

**k** Providers will be solely accountable to DWP.

## Combined Authority

**l** Suggest proposals on contract package area geography.

**m** Be involved in tender evaluation.

**n** Escalate to DWP any concerns about provider performance/breaching local agreements and require DWP to take formal contract action where appropriate and securing skills growth in key sectors.



**55,000**  
**NEW JOBS BY 2023**

## HOUSING AND PLANNING

**25** 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.

**26** 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 grant the Combined Authority a right of first refusal, for 28 days, on all central government land and assets due for disposal.

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

**28** 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.

**29** Government will work with the Combined Authority to agree what powers the Mayor will 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.



**77,000**  
**NEW HOMES**





**30** 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** Piloting measures to streamline plan-making, following the work of the Local Plans expert panel.
- b** How best to tackle the non-take-up of planning permissions, including fiscal and regulatory measures.
- c** 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 Combined Authority's involvement in the Permission in Principle pilot if government resolves to implement.
- e** Establishing a pilot to investigate revised planning application fees

**31** The Combined Authority and the 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.

**32** 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.

**33** 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

**34** 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.

**35** 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.

**36** 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 area will work to progress much stronger 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 shortly laid before parliament 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 in the coming months. To ensure that enhanced partnerships work effectively the administration of bus services operators grant for commercial local services will be devolved to the Mayor.

**37** The Mayor will also receive franchising powers for the Combined Authority area, subject to necessary legislation and local consultation. This will be enabled through a specific Buses Bill, to be introduced during the first parliamentary session, which will provide for the necessary functions to be devolved.

**38** 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. Government is committed to building the Midlands Engine for Growth and supports the emerging proposals for Midlands Connect to work with Transport for the North to deliver joint efficiencies.

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.



**CONNECTING PEOPLE  
AND PLACES**

**39** On strategic transport issues and investment, the government, Network Rail and Highways England will work with the Combined Authority through the Midlands Connect Strategic Board.

**40** 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. Government and Midlands Connect will share an ambition to reduce the journey time from Nottingham and Derby to London to 90 minutes or less.

**41** Government remains committed to the development of the HS2 Phase 2 network. Government will invest £1.25 million in an HS2 Growth Strategy for Toton, alongside the maintenance depot at Staveley. Governance 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.

**42** Connectivity of both cities and communities in the north 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 on accessibility options for their proposed stations.

**43** In consultation with the Combined Authority, government will continue to explore options to give the Combined Authority 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.

**44** In order to tackle air quality issues, particularly in the region's urban areas, the Combined Authority will bring forward proposals for potential inclusion in the Mayoral Parliamentary Order that would enable the Mayor and Combined Authority to introduce solutions such as Clean Air Zones. This will help achieve Air Quality Plans objectives at the national and local level.

**45** 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. This will be supported by a single asset management plan, working towards shared procurement frameworks for road maintenance across the local authority route network in the Combined Authority area.

**46** 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

**47** The Government commits £1.5m of its budget for growth hubs per annum in 2016/17 and 2017/18 to the Combined Authority to support the development of its growth hub. This will join-up delivery and co-ordinate public, private, national and local support to ensure businesses get the help they need to boost their productivity and grow.

**48** Government will work with the Combined Authority to ensure that businesses in the area, particularly start-up and early stage, have the access to finance they need to grow.

**49** Government will commit the British Business Bank (BBB) to agreeing a memorandum of understanding setting out how we will work together to support Small and Medium-sized Enterprises in the area. This will focus on work with the BBB to design and allocate funds to support North Midlands businesses (in line with Midlands Engine commitments). They will also increase Small and Medium-sized Enterprises' (SME) awareness of the finance options that the BBB can offer and encouraging take-up of BBB schemes by intermediaries.

**50** Government will commit UKTI to co-deliver with the Combined Authority inward investment into the region. UKTI will work in partnership with locally delivered partnership to achieve a set of joint objectives with a quarterly board to track progress. Government will review the Inward Investment resource location of regional (IST) staff (including co-location) and the interface between national and international teams and the programmes they deliver.

**51** 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.

**52** Government will ring-fence trade services resource within the Combined Authority. This will support an export plan.

**53** 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 reliefs 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.

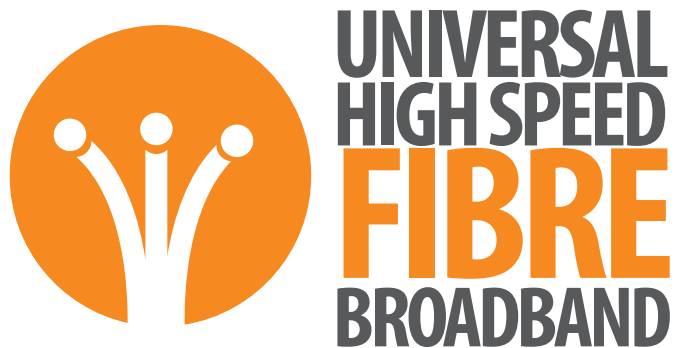
**54** Government will offer to the Combined Authority a science and innovation audit. This audit will lead to securing further resources for research and innovation excellence in the area.

**55** The government will provide the D2N2 LEP with additional flexibilities on the use of Enhanced Capital Allowances within its Enterprise Zones.

## SMART INFRASTRUCTURE

**56** 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.

**57** In addition, the Government will continue to work with local partners to extend fast broadband, to achieve 100% coverage of the North Midlands area following the conclusion of existing Broadband Delivery UK (BDUK) investment programmes.



## FISCAL

**58** The Combined Authority will have 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.

**59** The Combined Authority will create a fully devolved funding programme covering all budgets for devolved functions through 'The North Midlands and Investment Fund' accountable to the Combined Authority.

**60** As an initial allocation to the Investment Fund, government will make an allocation of at least £30 million a year for 30 years (2016-46) in revenue funding to be controlled by the Mayor. This will, allow the Combined Authority to create an investment fund, subject to 5-yearly gateway assessments to confirm the investment has contributed to national growth.

**61** 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 Mayor commits to prioritising £200k per-year for 5 years from the gainshare pot 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.

**62** 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 local enterprise partnership, up to a cap.

**63** Nothing agreed during this Deal will disadvantage the Combined Authority when bidding for future allocations of national funding, in particular the Local Growth Fund.

**64** The Cities and Local Government Devolution Bill currently in parliament will establish the principles which will govern further prudential borrowing for combined authorities. Following Royal Assent, government will consider how these powers could apply whilst ensuring no fiscal impact.



## PUBLIC SERVICE REFORM

**65** 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.

**66** 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.

**67** 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).

## POLICING

**68** 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 business plan to implement these changes.





## UNDER THIS GEOGRAPHY

**69** 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.

**70** 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.

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

**72** 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 Bill, subject to parliamentary approval, can enable combined authorities such as the Combined Authority to take on a broader set of functions than economic development, regeneration and transport, dependent on secondary legislation.

**73** Under the Mayor model, it is not expected that the role of the LEP or private sector be lessened.

**74** 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

**75** 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.

**76** 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.

**77** 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.

**78** 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.

**79** 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.

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

**81** 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.

**82** 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.

**83** The Combined Authority will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.

## SUMMARY OF DEVOLUTION DEAL POWERS

### THE MAYOR POWERS

- Provide overall leadership
- Be directly accountable to the Nottinghamshire and Derbyshire electorate
- Have new powers as set out in this deal 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; the role of Chair of the new Joint Assets Board;
  - the investment fund.

### COMBINED AUTHORITY POWERS

- Any existing functions of local government which are exercised concurrently with constituent councils.
- A two-thirds veto of the Mayor's strategies and Spending Plans.
- The Combined Authority will receive additional powers over:
  - control of grants to deliver more apprenticeships;
  - an area based review of 16+ skills provision;
  - 19+ adult skills funding from 2018/19;
  - the ability to decide the future of Further Education provision;
  - responsibility for devolved approach to business support,
  - joint responsibility for UKTI UK exports advice service;
  - co-design of DWP employment programmes;
  - European Funds via Intermediate Body Status.
- In addition the Combined Authority will receive additional powers for certain parts of public service reform.



**NORTH MIDLANDS**  
**NOTTINGHAMSHIRE DERBYSHIRE**