

Appendix 4 – Progress against devolution agreement

Devolution Theme	Proposal	Progress
Governance	<p>Establishing a Mayor who will exercise certain powers with personal accountability to the electorate, devolved from central Government and set out in legislation:</p> <ul style="list-style-type: none"> • Responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at the Spending Review • Responsibility for franchised bus services and, through Rail North, franchised rail services, contributing to the delivery of smart and integrated ticketing across the North East. • Powers over strategic planning, including the responsibility to create a North East Planning Development Framework and to chair a new North East Land Commission to release land for development. • Powers 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. 	<p>Conferring the specific CA and Mayoral powers will be subject to Orders, all of which will require the consent of all of the constituent authorities and the NECA Leadership Board.</p> <p>Government in support of our proposals for an embedded elected mayor and the decision making model.</p>
Finance and Funding	<p>To create a North East Combined Authority Investment Fund, bringing together funding for devolved powers and used to deliver a 15 year programme of transformational investment in the region.</p> <p>As an initial allocation to the Investment Fund, an allocation of £30 million a year for 30 years (2016-46) in revenue funding for capital financing and other costs will be made, allowing the North East Combined Authority to create an investment fund up to £1.5 billion, subject to 5-yearly gateway assessments to confirm the investment has contributed to national growth.</p>	<p>The range of potential investment reflects a level of uncertainty over the details of the 5 yearly gateway arrangements in future years and the level of recyclable investment than can actually be achieved. NECA is working with the Government to ensure that the gateway test is reasonable to enable the maximum grant to be released over the period and to give the funding certainty needed to support prudential borrowing for capital investment purposes.</p>
	<p>The North East will bring forward a proposal for consideration by Government for a single allocation of the Local Growth Fund to support a programme of investment, including an element of flexible revenue funding, committed over a 5 year period, and devolved to the Combined Authority.</p>	<p>The level of national flexible funding available has only recently been announced in the March budget as £1.8bn, which will include funding for local sustainable transport schemes. A further £475m will be available for major transport schemes. This is significantly less than the £4.3bn of flexible grant previous envisaged, due</p>

		<p>to £2bn being earmarked for Housing 'loan' finance, as opposed to flexible grant funding, with bids for loans to be made by Developers to the HCA.</p> <p>Our LGF bid will be subject to a competitive process with the result not known until the autumn. It had been hoped that a fair allocation of funding could have been agreed to be included in our single pot of funding at this point. This will not now be possible and we are continuing to negotiate about securing a fair share of all three elements of the new LGF Funding, including the local sustainable transport funding, which we had asked to be included in our single transport pot.</p>
	<p>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. In the North East this could provide up to an additional £30 million a year in revenue funding to double the size of the Fund.</p>	<p>The nature of any proposal would be a matter for the Mayor to decide, in consultation with the NECA Cabinet and the business community. The potential level of infrastructure investment that this could generate is potentially substantial, with the maximum business rate able to raise between £25m to £30m and year across the whole region. Which if use to fund capital infrastructure over 25 years could support initial capital investment of over £500m. The exact amount that could be raised will depend on the nature of any proposal and the result of the latest reductions in business rates and future business rate revaluations.</p>
	<p>The Combined Authority and Government will pilot a scheme which will enable the Combined Authority to retain all business rate growth that would otherwise have been paid as central share to government, above an agreed baseline, for an initial period of five years. Government and the Combined Authority will also discuss wider localisation of business rates.</p>	<p>NECA will also receive 100% of business growth over the next four years, in advance of a national scheme being introduced.</p>
	<p>The Government agrees to delegate to the North East Combined Authority project selection powers for the European Regional Development Fund and the European Social Fund. The Combined Authority will be granted Intermediate</p>	<p>The draft Memorandum of Understanding (MoU) between DCLG and NECA (as the Intermediate Body) has been received and is being reviewed</p>

	Body status to deliver these delegated powers.	together with details of the IB designation process and the various commitments (e.g. management and control systems, avoiding conflict of interests, etc.) that are required from NECA. The IB designation process is being managed jointly between DCLG and DWP.
	Where functions are agreed to be devolved or to be jointly accountable, the Spending Review will identify a fair level of revenue funding for those functions over the Spending Review period, in the form of a place-based funding settlement for the North East Combined Authority	Discussions ongoing as each set of functions are devolved.
	Future funding outcomes under this agreement should take account of: a. The scale of opportunities presented in the overall devolution portfolio. b. Ensuring the North East is not disadvantaged in relation to the fiscal freedoms granted to the Scottish Government. c. Ensuring the North East does not suffer disproportionately from future reductions in funding through a fair funding settlement. d. The ability for the Combined Authority to bid into any additional resources that become available over the 15 year period, on a fair and equitable basis.	Discussions are ongoing with Government to in relation to b and c to achieve appropriate clarification and commitment.
Transport	Government will devolve a consolidated local transport budget with a multi-year settlement to be agreed at the Spending Review, including all relevant local highways and sustainable travel funding.	An initial single transport budget amounting to £54.7m a year and £273m in total has been proposed over the next five years. This includes – <ul style="list-style-type: none"> • the Integrated Transport Block £13.9m a year – its current level • the Highways Maintenance Block of £40.7m a year, including the highest level of the incentive funding that would have been based on performance. Over the five years the highest performance band is £19.9m greater than the lowest performance band.
	Government will consider establishing and devolving a long-term funding	The capital element of Metro Asset Renewal

	<p>programme to support investment in the Metro. This will include, :</p> <p>a. Considering, through the spending review, setting a multi-year funding allocation for Metro reinvigoration phase 2, committed up to 2020-21,</p> <p>b. The Combined Authority producing a business case, for consideration by Government, for investment in the Metro network to 2030, including the upgrade of the Metro fleet , potential expansion, and future integration of the Metro with the rail network.</p>	<p>Programme grant is confirmed over the period at £120m, with Metro Rail Grant over the next 3 years confirmed at £25m a year. There is no confirmation about the level of the grant from 2019/20 onwards when the results of any new Metro franchise arrangement is expected to commence. There are advantages in terms of flexibility and cash flow of including the Metro funding within the single pot and discussion will continue to have this included in the single pot for future years.</p> <p>Positive discussion have taken place about securing substantial additional capital investment for the replacement of Metro cars and extension of the Metro System. Discussion will continue to secure the necessary additional investment and clarity about the level of the local contribution to the cost of the schemes by 2017, so that this can be reflected in any new franchising agreement and in the planning of the use of our local Investment Fund</p>
	<p>Combined Authority and Government, as part of Rail North will consider a business case for the re-establishment of passenger services on the Ashington, Blyth and Tyne line.</p>	<p>Discussions ongoing with Government</p>
	<p>To support better integration between local and national networks, the Government and the North East Combined Authority will enter into joint working with Highways England and Network Rail on operations, maintenance and local investment through a new joint agreement on the delivery of investment and operations, which will be established by 2016.</p>	<p>Discussions ongoing with Government</p>
Human Capital	<p>Joint responsibility for an Employment and Skills Board, that will undertake a comprehensive review and redesign of the post-16 education, skills and employment support system in the North East, delivered through the area-based review of post-16 provision, devolution of adult skills funding by 2018/19 and co-design by Government and NECA of employment support for harder-to-help claimants</p>	<p>Employment and Skills Board in the process of being established. Confirmation is being sought that the Area Based Reviews will be encompassed in the work of the Board as originally set out in the agreement.</p>

		The adult skills budget is proposed to be devolved to NECA in 2018/19. Discussions on the detail of this will continue over 2016 and 2017. While the level of funding to be devolved will not be confirmed until 2017/18, our indicative estimate for the devolved amount is around £80m
Business and Innovation	Government and North East Combined Authority will work to devolve further responsibility for UK Trade and Investment (UKTI) Export Advice services. This will include ring-fencing and a dual key approach to activities, and enhanced reporting on outputs and outcomes by UKTI.	Ongoing discussions with Government
	Government and the Combined Authority will take joint responsibility for the delivery of inward investment into the region. There will be a strengthened partnership between locally delivered services and UKTI, with a quarterly board to follow-up on progress.	Ongoing discussions with UKTI
	Government and the Combined Authority will agree a joint programme to create the right environment to drive the commercial rollout of ultrafast broadband following successful testing and to ensure 4G services are available to at least 95% of the North East's population. Government will also support the Combined Authority to reinvest funds into creative solutions to supply superfast broadband to remaining premises.	Project is established and delivering. Ongoing phases subject to further discussions with Government.
	The Combined Authority will commission a feasibility study into the establishment of a National Smart Data Institute in the North East.	£15M for a national institute for smart data innovation in Newcastle was announced in the 2016 Budget, subject to approved business case.
More and Better Homes	Establish a North East Land Board to review all land and property held by the public sector, and all suitable brownfield land, to identify surplus land in suitable locations for housing or economic development use.	Employment and Housing schemes pipeline drafted, currently being reviewed. Membership of the Land Board currently being reviewed.
	Devolve statutory planning powers, including Compulsory Purchase Order powers and those powers available to the Homes and Communities Agency.	This will be included in the draft scheme and addressed by the Order laid in Parliament later this year.
Health & Social Care Integration	The North East Combined Authority and the NHS will jointly establish a Commission for Health and Social Care Integration, chaired by a senior national	Commission established, public call for evidence to be published imminently, stakeholder listening

	figure, to establish the scope and basis for integration, deeper collaboration and devolution across the Combined Authority's area, in order to improve outcomes and reduce health inequalities.	events scheduled. Commission due report back end September 2016.
Rural Growth and Stewardship	Government will support the existing North East Rural Growth Network and approved LEADER programmes, and will work towards the devolution of rural growth programmes to the North East, including closer coordination of future stewardship and environmental programmes, to a timetable to be agreed by 2016.	Discussion scheduled with Government Departments to agree timetable.
	The Government will explore with the Combined Authority and Northumberland National Park Authority the options to give the Park Authority greater commercial freedom.	Part of the above discussions
Regulatory Powers	Government and the Combined Authority will review which regulatory and planning powers that are currently held by ministers and public authorities should be transferred to the Combined Authority, to be exercised with the agreement of, or following a proposal from, the constituent authority or authorities in which those powers are applied.	This will be included in the draft scheme and addressed by the Order laid in Parliament later this year
Events/culture	The Combined Authority will work with the Government to identify ways for the North East to play a major role in the UK's programme of business, cultural and sporting events.	Discussion ongoing Budget 2016 announced that government would support plans to bid to host the Rugby League World Cup in the North. This presents a clear opportunity for the North East,
Further devolution	Combined Authority and Government will consider further opportunities for devolution, including but not limited to: a. Business cases for the relocation of significant government functions from London to the North East; b. Devolution of funding and assets held by central government which could be devolved to support faster housing and regeneration; c. Devolution of climate change initiatives, support for investment in energy efficiency and technological development; d. Measures to implement the Prime Minister's commitment to protect Newcastle	Discussions are ongoing on further opportunities for devolution as appropriate. Devolution in areas not covered by the deal is an option for the future and implementation subject to consultation and consent of all Constituent Authorities and NECA. Air Passenger Duty has become increasingly urgent since the Scottish Government's recent publication of a document setting out its detailed plans for implementation of a 50% cut to APD at

	<p>Airport from the impact of devolution of Air Passenger Duty to Scotland;</p> <p>e. Opportunities for joint initiatives between the North East and Scotland, in areas such as tourism, culture, transport and industrial collaboration.</p> <p>f. Proposals for an appropriate relationship between the functions of a Mayor and future role of the Police and Crime Commissioners, including in relation to fire services, to be developed, subject to local consent and a business case developed jointly by PCCs and council leaders, and in consultation with the Fire and Rescue Authorities.</p>	<p>Scottish Airports. The region calls upon government to clarify how it intends to fulfil the Prime Ministerial commitment as soon as possible.</p>
--	--	--