

# North East Devolution Deal

Subject to ratification of the deal by all partners and the statutory requirements referred to within this document, including, public consultation, the consent of councils affected, and parliamentary approval of the secondary legislation implementing the provisions of this deal.



Department for Levelling Up,  
Housing & Communities



North Tyneside Council



Northumberland  
County Council



South Tyneside Council



## Signature page

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## Introduction

1. The government has set itself a mission that, by 2030, every part of England that wants a devolution deal will have a devolution deal, with powers at or approaching the highest level of devolution, with a simplified, long-term funding settlement. The Levelling Up White Paper makes clear the case for devolution as the engine room of improved productivity and reduced regional disparities. Devolution will be critical to delivering our twelve headline Levelling Up missions, strengthening local leadership to act more flexibly and innovatively to respond to local need, whether on transport, skills or regeneration.
2. This document sets out the terms of an agreement for a Level 3 devolution deal between the government and the local councils of County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland (“the North East”). This document describes both the offer of powers and budgets from government and the reforms and measures that the North East will need to deliver. Central to this is the election of a directly elected leader across the deal area to champion its interests, deliver on local priorities and be accountable to local people. This agreement is subject to ratification by those councils, and to the statutory requirements for making the secondary legislation implementing the provisions of the deal. These statutory requirements include public consultation, those councils consenting to the legislation and Parliament approving it. Once this legislation is approved and made, the devolution deal will be confirmed.
3. The deal outlined in this document is the product of two separate negotiations. The first negotiation was amongst the six local authorities of Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland (the “LA6”). A North East deal, negotiated on an LA6 basis, was agreed in late summer 2022. Subsequent negotiations have focused on incorporating Durham County Council into this agreement. The final agreement outlined in this document ensures a strong deal for the whole of the North East.
4. This deal emerges from serious and passionate cross-party cross-regional leadership during the pandemic. As well as providing policy leadership in the response to COVID19, the leaders and mayors of the North East worked together on substantive recovery plans. They worked with partners across business, academia, the community and voluntary sector and with the people of the North East to set out what a North East, built back better and fairer, would look like.
5. These plans were submitted to government as part of the 2020 and 2021 Comprehensive Spending Rounds and underpinned the North East Transport Plan. They informed and linked collaboration and collective action to lead the North East to a stronger future.

6. This deal is:

- **Bigger and better** – demonstrably adding value in relation to the existing North of Tyne deal and bringing new resources and powers – and significant private sector leverage – into the region. It recognises the huge value of integrating economy, skills, transport, housing and public sector reform.
- **Reduced carbon, reduced Inequality** – with the green agenda clearly woven through the deal, and shared principles of inclusive growth, addressing disparities and bringing communities together in a smart, skilled and sustainable region.
- **Bold on the rural economy** – setting out clear intentions to accelerate rural growth and looking at the opportunities of the Northumberland Line, rural housing, rural stewardship and net zero transition – including through a Rural Growth and Stewardship Board.
- **Amplifying the North East’s global assets** – through a clear focus on the region’s growth corridors, three ports, gigafactories, an international airport, and globally-facing cities and historic town centres. A world-leading ‘*Arc of Green and Blue Energy Innovation*’ from OREC to Nissan and home of the next-generation electric vehicle industry and the only science park nationally, NETPark in Sedgefield County Durham, to host two centres from different Catapults.
- **Balancing growth and prevention** – by bringing forward fiscal innovation, working on a public service reform programme, greater influence within the integrated care system.
- **Transforming connectivity** – using a full package of devolved transport investment and powers to create an integrated transport system, including the potential unlocking of visionary schemes; such as, the Northumberland Line, Leamside Line and Washington Extension, Cobalt Loop, Team Valley, Newcastle City Mobility plans and a region-wide EV charging network.
- **Attacking the opportunities of digital and 5G** – providing strong incentives for investment in digital connectivity, 5G-ready infrastructure, digital skills and unlocking the huge potential of digital-enabled manufacturing.
- **Connecting our coastal areas** – using devolved funding and powers to better link our unique coastal communities and economic assets – through skills, jobs and accelerating development on our housing and economic sites.
- **Building on strong collaborative governance** – ensuring each of the partners can see the benefits of cross-regional investment, and that decisions are made in a way that reflects our diverse geography, assets and needs.

7. With a population of 2 million and a GVA of over £32,300 per head, the North East offers enormous potential. It has 68,850 businesses providing 887,000 jobs. It is a coherent economic area and has a number of significant growth sectors including automotive and advanced manufacturing, offshore and renewable energy and life sciences, as well as four outstanding universities.
8. Sizeable parts of the North East enjoy access to exciting new opportunities for growth. Car manufacturer Nissan is building a £1 billion electric vehicle hub near to its existing plant in Sunderland, which will create 6,000 new jobs at the firm and associated supply chain. While the adjacent International Advanced Manufacturing Park will be the location for advanced manufacturing and European-scale supply chain industries - this will see an estimated 5,200 jobs created in the long term. Blyth in Northumberland is seeing potential investment of £2.6 billion into a new 95-hectare Gigaplant. But the North East also faces challenges which impact on productivity levels and the ability to grow. These include: addressing skills issues, replacing an ageing workforce and ensuring skills for existing and new sectors; developing more indigenous SMEs; attracting more foreign direct investment; increasing innovation investment and exploitation; and reducing unemployment. Greater local powers are needed to level up, to tackle the challenges facing the North East, and to harness its huge economic opportunity for the benefit of people in the North East and for the whole UK.
9. These powers will build on the existing strong track record of the North East Local Enterprise Partnership and the North of Tyne MCA, as well as new levelling up funds already allocated. These funds include £379.6 million from previous Growth Deals; £47 million from the Getting Building Fund; £61.9 million from the Future High Street Fund (for Sunderland, Bishop Auckland, Blyth, and South Shields); a £20.9 million Town Deal for Blyth and £33.2 million for Bishop Auckland; £6.15 million from the Community Renewal Fund; and £79.8 million from the Levelling Up Fund.
10. The local councils of the North East and government are minded to agree a historic mayoral devolution deal which will provide powers and funding to enable the North East to unleash its full economic potential, and in doing so level up, raise living standards for its communities and make a full contribution to the UK economy. It will build upon the area's history of collaboration to maximise this investment. The North East devolution deal shows how levelling up can be done in practice – with clear alignment to the twelve headline levelling up missions and long-term, devolved funding underpinning it.
11. The North East deal will unlock significant long-term funding and give local leaders greater freedom to decide how best to meet local needs and create new opportunities for the people who live and work there. The government recognises that devolution is a journey, not a one-off event, and this agreement is the next

step in a process of further devolution. The Government and North East will commence negotiations on trailblazer provisions which deepen and enhance the powers in this Deal in early 2023, drawing on the arrangements in Greater Manchester and West Midlands when concluded, with a view to these powers being in place as soon as possible after the first election in May 2024. The government will also continue to work with the North East on important areas of public service reform and infrastructure investment, to support inclusive economic growth in towns, cities and rural areas whilst tackling climate change, on our journey to 2030.

## **Summary of the devolution deal between the government and the local authorities of the North East comprising County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland.**

The government and the North East are minded to agree a devolution deal which will provide the area with new powers and funding to increase opportunities and living standards through inclusive growth and productivity improvements.

A devolution agreement is contingent upon the North East proceeding through the steps necessary to meet the governance criteria for a Level 3 devolution deal.

This devolution agreement includes:

- The North East electing a directly elected mayor to provide overall vision and leadership, seek the best value for taxpayer's money, be directly accountable to the city region's electorate, and to receive new powers on transport, housing and skills.
- Control of a £48 million per year investment fund over 30 years (£34 million revenue and £14 million capital), to be invested by the North East to drive growth and take forward its priorities over the longer term.
- New powers to improve and better integrate local transport, including the ability to introduce bus franchising, control of appropriate local transport functions e.g., local transport plans, and control of a key route network.
- A city region sustainable transport settlement of up to £563 million capital funding, with £5.7 million resource funding for 2022/23 and further funding to be confirmed in line with other eligible areas. The North East MCA will invest this settlement in a manner which reflects the development of the deal prior to County Durham joining, for the current funding period to 2026/27.
- New powers to better shape local skills provisions to ensure these meet the needs of the local economy. This will include devolution of adult education functions and the core adult education budget, as well as input into the new local skills improvement plans.
- The North East Mayoral Combined Authority will plan and deliver the UK Shared Prosperity Fund (UKSPF) from 2025/26.
- The integration of the North East Local Enterprise Partnership into the North East MCA will ensure there continues to be a strong and independent local business voice which informs local decision making and strategic economic planning. In absorbing the role and functions of the North East LEP, the North East will deliver a number of functions on behalf of central government departments agreed jointly between government and the North East.
- A commitment to explore a local partnership with Great British Railways Transition Team so that the mayor can help shape and improve the local rail offer.
- New powers to drive the regeneration of the area and to build more affordable, more beautiful homes, including compulsory purchase powers and the ability to establish mayoral development corporations.



- To support this, additional £17.4 million for building new homes on brownfield land, subject to sufficient eligible projects for funding being identified.
- £20m of capital funding in this SR period to drive place-based economic regeneration.
- A commitment to developing, in partnership with the Government, an arrangement which ensures close cooperation with the North East's Police and Crime Commissioners (PCCs), and a key leadership role for the mayor in local resilience and civil contingency planning, preparation and delivery.

More detail on these commitments is given in the main body of the document below.

Further powers may be agreed over time and included in future legislation.

## **Governance**

12. The agreement flows from collaboration on transport management and work done during the COVID19 Pandemic. It reflects discussions and correspondence with Ministers on delegated transport funding, reflections on the Prime Minister's July 2021 Levelling Up speech and the White Paper.
13. This agreement builds on or updates existing regional governance: specifically, North East Combined Authority, North of Tyne Mayoral Combined Authority, the North East Joint Transport Committee and the North East Local Enterprise Partnership.

### Mayoral Combined Authority

14. A key advantage of the mayoral combined authority model is its joint governance arrangements for key growth levers such as transport, skills, economic development and regeneration, which allow for strategic prioritisation across its area and integrated policy development. In addition, a directly elected mayor provides greater local accountability and decision-making power, working in partnership with the combined authority and constituent councils.
15. As part of this agreement, the North East will, through the current process set out in the Local Democracy, Economic Development and Construction Act 2009 adopt the model of a directly elected mayor over a new combined authority area in the North East, with the first mayoral election in May 2024. The mayor will provide overall leadership and be directly accountable to the city region's electorate. The new mayor will be elected by the local government electors for the areas of the constituent councils of the new combined authority - County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland. Mayoral terms will last four years.
16. The North East Mayoral Combined Authority will comprise the following members:

#### Voting members:

- The elected mayor.
- Seven elected members, one appointed by each of the seven constituent councils.
- The constituent councils may nominate one substitute member for their combined authority member who will act as a member of the combined authority in the absence of the appointed member.

#### In addition, there will be:

- The Chair of the Business Board.
- A representative of the Community and Voluntary Sector.

These members will be non-voting unless the combined authority resolves to give them a vote on any issues.

17. The North East Mayoral Combined Authority will continue to explore opportunities for further collaboration with its other neighbouring councils such as those in the Tees Valley MCA.
18. The mayor and the other combined authority members will be required to work together. Specifically:
  - The mayor will provide overall leadership and chair combined authority meetings.
  - The mayor will appoint a deputy mayor from among the members of the combined authority who will act as mayor if the mayor is unable to act or the position is vacant.
  - The mayor may choose to delegate function(s) to members of the combined authority. Where this is the case the member to which a specific mayoral function has been delegated will exercise that function on behalf of the mayor, and that member may include the deputy mayor.
  - Members of the combined authority may also act to support and advise the mayor in the exercise of mayoral functions.
  - The mayor may appoint one person as the mayor's political adviser.
  - The combined authority may establish an independent remuneration panel to recommend allowances payable to the mayor or utilise one of the independent remuneration panels of its constituent councils to discharge this function.
19. Functions contained in this deal document will be devolved to the mayoral combined authority by the government subject to parliamentary approval. Some of these functions will be exercisable by the mayor personally and some by the combined authority collectively. Where these functions are local authority functions, they will be held concurrently with the local authorities in the area to ensure joined up decision making. Arrangements for the concurrent exercise of the functions will be a matter for agreement between the combined authority and the constituent councils.
20. The functions that are currently exercised by the North of Tyne Mayoral Combined Authority and the North East Combined Authority will be conferred onto the new combined authority. These include powers in relation to:
  - Housing and regeneration.
  - Education, skills and training.
  - The adult education budget.
21. The combined authority will also have new powers arising from this devolution deal in relation to transport including powers currently undertaken by the Joint Transport Committee and its subcommittees.

22. The directly elected mayor for the North East Combined Authority will autonomously exercise their new functions with personal accountability to the electorate, devolved from central Government and set out in legislation. These functions will be:
- The functional power of competence.
  - Housing and planning
    - Power to designate mayoral development areas and establish mayoral development corporations.
    - Housing and land acquisition powers to support housing regeneration, infrastructure and community development and wellbeing.
  - Finance
    - Power for the mayor to set a precept on council tax to fund mayoral functions.
    - Power to charge business rate supplement (subject to ballot).
  - Transport
    - Power to draw up a local transport plan and strategies.
    - Bus franchising powers.
    - Ability to pay grants to bus service operators.
23. No constituent council functions are currently being removed from those councils. Where existing functions or resources currently held by the constituent councils are to be shared with the mayor and the combined authority, this must be agreed through the constituent councils. Additionally, the government intends to legislate so that mayors will have a power of direction allowing them to direct highway authorities on exercising their highway powers with regard to the Key Route Network (KRN). The combined authority may exercise functions in relation to its area and may exercise functions outside its area, subject to and in accordance with, statutory provisions.
24. 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 of the combined authority. Any questions that are to be decided by the combined authority are to be decided by a simple majority of the members present and voting, unless otherwise provided for in legislation.
25. For those functions that are currently exercised by North of Tyne Mayoral Combined Authority or North East Combined Authority as listed in paragraph 20, the mayor does not need be in the majority in favour but instead can ask the combined authority to review decisions that they have voted against. For new functions with new funding transferring over to the new combined authority, as listed in paragraph 21, the majority in favour must include the mayor.
26. The North East Mayoral Combined Authority will establish constitutional and practical decision-making arrangements that seek to ensure the functions and

activities of the combined authority are undertaken in a collaborative and consensual way. This will include member-led statutory and advisory boards with appropriate portfolio holder and collective combined authority oversight.

27. In addition, for the following decisions the majority members must include the consent of the mayor and all the constituent councils:
  - Approving the combined authority's budget (excluding decisions which relate to the mayor's budget).
  - Setting a levy.
28. The mayor will be required to consult the combined authority on their strategies, and this will be subject to the following specific conditions:
  - Decisions on the adoption of any mayoral spatial development strategy will be by majority vote (5/8) including the mayor, following a unanimous vote of the constituent councils to confer a duty on the mayor to produce an SDS.
  - The combined authority will be able to amend the mayor's budget if 5 of the 7 constituent members agree to do so.
  - The combined authority will be able to amend the mayor's transport strategy if a simple majority of members agree to do so.
29. The following decisions by the mayor will require the consent of the combined authority member(s), or substitute members, appointed by the constituent council in whose area the decision will apply:
  - The designation of any area of land as a mayoral development area leading to the establishment, by order, of a corporation (the consent of the National Park Authority, if relevant, is also required if the land falls within the designated National Park area, recognising that National Parks are protected land and not land for wider development areas as a whole).
  - The compulsory purchase of land or buildings by the mayor.
  - Any decisions that could lead to a financial liability falling directly upon that constituent council.
  - Such other matters as may be contained in the combined authority's constitution and agreed with the mayor.
30. The mayor and the combined authority will be scrutinised and held to account by the combined authority's Overview and Scrutiny Committee(s). The mayor and the combined authority may also seek to enhance scrutiny and develop wider conference with all elected members in the combined authority area to engage on key issues.
31. "Nexus" is the Tyne and Wear Passenger Transport Executive for Tyne and Wear and its role as the executive body and officer of both the North East Combined Authority and the North of Tyne Mayoral Combined Authority will be

transferred to the new mayoral combined authority in relation to transport functions in Tyne and Wear. Following review by the new mayoral combined authority, Nexus' role may also be extended to cover transport functions in Northumberland and County Durham.

32. Ownership of, and responsibility for, the Tyne Tunnels (both road tunnels and the pedestrian/cycling tunnel) will be transferred from the North East Combined Authority and the North of Tyne Mayoral Combined Authority to the new mayoral combined authority. The existing provisions, through which any income, revenue or financial liabilities arising from the Tyne Tunnels are ring-fenced to the Tyne and Wear authorities, will be maintained. Following review by the new mayoral combined authority future income, revenue or financial liabilities arising from the Tyne Tunnels may be expanded to additionally include Northumberland.
33. The Levelling Up White Paper committed the government to producing a reformed accountability framework for all local areas with devolution deals in England. The government, the North East and other areas with devolution deals will work together to determine how this can best work in practice, so that we can improve the consistency of data and reporting, streamline our approach to focus on clear and transparent outcomes and ensure the right mechanisms are in place to promote good practice, as well as address serious concerns. This is to ensure that local people have confidence that devolution is leading to improvements in their area. This framework will apply to the North East as well as all existing areas that have agreed devolution deals and all future areas. The framework will be published later in 2022.
34. The provisions in this devolution deal are subject to ratification by each local council through their normal executive decision-making processes. This will include a governance review, the development and consultation of a scheme, and the submission the outcomes of the consultation to the government. The implementation of the deal will require public consultation including with local communities and business on the proposals. Implementation is also subject to the Secretary of State for the Department for Levelling Up, Housing and Communities being satisfied that the required statutory requirements have been met, the required relevant statutory consents from authorities locally and parliamentary approval of the required secondary legislation.

#### LEP Integration

35. The Levelling Up White Paper announced the government's intention to support the integration of local enterprise partnership functions and roles into local democratic institutions to ensure a strong business voice at the heart of local decision making. Further guidance on how integration should happen was published on 31 March 2022. This deal confirms the integration of LEP functions in the North East, subject to government approval of an integration plan and agreement from the North East LEP.

36. The new North East Mayoral Combined Authority will be supported to take on all of the functions and roles set out in section 10 of the guidance on LEP integration. The geography of this deal will allow for the full integration of the North East Local Enterprise Partnership's role and functions into the North East Mayoral Combined Authority, including all relevant LEP assets and receipts, and the ongoing management of current and legacy local growth funding streams for the benefit of the whole region. The region shall benefit from strategic economic planning across a clear, consistent economic geography that builds on the established evidence based developed by the North East Local Enterprise Partnership.
37. Any long-term future funding for the integration of LEP functions and roles will be subject to future funding decisions and business planning. Government reserves the right to modify the functions and roles set out in section 10 of the guidance on LEP integration.

## Finance and Investment

38. The North East will create a fully devolved funding programme covering all budgets for devolved functions (“North East Investment Fund”) to the North East Mayoral Combined Authority.
39. The North East will use the North East Investment Fund to deliver a programme of transformational long-term investment. Government agrees to allocate £48 million per annum for 30 years (£34 million revenue and £14 million capital) which will form part of the North East Investment Fund. This will be subject to five-yearly gateway assessments to confirm that the investment has contributed to economic growth and levelling up. Once the Order is made establishing a new mayoral institution and the North East Mayoral Combined Authority has its Assurance Framework signed off, the North East Mayoral Combined Authority may have access to the Investment Fund prior to mayoral elections, subject to the agreement with Government of suitable caps.
40. The North East Mayoral Combined Authority will have the flexibility to secure private and public sector leverage. As per local government guidance, The North East Mayoral Combined Authority will also be able to use capital receipts from asset sales as revenue funding for public service transformational initiatives.
41. Based on existing permissions to the North of Tyne Mayoral Combined Authority, the North East Mayoral Combined Authority will be given powers to borrow for its new functions, which will allow it to invest in economically productive infrastructure, subject to an agreed cap with HM Treasury. The combined authority will agree overall debt limits with HM Treasury. These limits are subject to review as set out in the debt cap agreements. The combined authority will update HM Treasury about any deviation from its underlying borrowing plans in order to support HM Treasury in its duty to monitor and forecast changes in the fiscal aggregates. The North East Mayoral Combined Authority will also provide information, explanation and assistance to support the Office for Budget Responsibility in its duty to produce economic and fiscal forecasts for the UK economy.
42. The costs of the North East Mayoral Combined Authority will be met from the overall resources of the authority, including any new resources secured by the combined authority following the agreement of this deal. To support the combined authority in its early stages, the government will provide £1 million in capacity funding in 2023/24 and 2024/25, once the establishing legislation is made and the Assurance Framework confirmed with government. Any future capacity funding will be subject to spending reviews, in line with arrangements for other devolution deals. When taking on additional activities or funding allocations from government, the need for additional resources to support the new activity will be considered as for other authorities.



43. The mayor will have the power to issue a precept on local council tax bills to help pay for the mayor's work. This precept can only be raised for mayoral functions.
44. The mayor will have the power to introduce a supplement on business rates for expenditure on a project or projects that will promote economic development in the area, subject to a ballot of affected businesses.
45. The North East Mayoral Combined Authority will be the lead local authority for the planning and delivery of the UK Shared Prosperity Fund from 2025/26, subject to a future spending review and reconfirmation of overall UK Shared Prosperity policy and delivery arrangements. It will have responsibility for developing investment proposals and their delivery. It is anticipated that the combined authority will have overall accountability for the funding and how the fund operates in the area, with wide flexibility to invest and deliver according to local needs. In carrying out this role, it will need to engage constituent authorities and other local partners to ensure that the needs of residents can be effectively addressed.
46. The government agrees that the significant additional investment to the North East set out in this devolution deal, including the expanded element of the investment fund, represents new money with no cross-subsidisation from existing funding streams to the North of Tyne Combined Authority.
47. The North East region is highly ambitious. At the heart of this devolution deal is the role for the new mayor and combined authority in providing the visible leadership and coordination to seize opportunities and overcome barriers to growth. The combined authority will continue to develop proposals for a Regional Wealth Fund and specific financial innovations that could support inclusive economic growth within key sites in the region – such as Newcastle's Accelerated Development Zone, the International Advanced Manufacturing Park, and port-and-river-side sites in North Tyneside, South Tyneside and Gateshead. The proposed Regional Wealth Fund and specific financial innovations could also support the ambition of driving inclusive economic growth at Aykley Heads in Durham City.
48. The government recognises the combined authority's and future mayor's leadership driving growth in the North East, and the significant opportunities available in the area. An effective partnership between the government and the combined authority and future mayor will capitalise on local leaders' in-depth knowledge of the local policy, political, social and economic landscape. The government is committed to maintaining a close dialogue with the combined authority and mayor on shared priorities, and to consider innovative policy proposals from the area as appropriate.

## Skills and Education

### Adult Education

49. Government will fully devolve the Adult Education Budget (AEB) to the North East from academic year 2024/25 subject to readiness conditions and successful passage through Parliament. These arrangements do not cover apprenticeships.
50. Prior to full devolution taking place the government will work with the North East to support their preparations for taking on the relevant functions.
51. Upon devolution the North East Mayoral Combined Authority will be responsible for making allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. The 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.
52. The government will consult with the North East Mayoral Combined Authority on any proposed changes to a funding formula for calculating the size of the grant to be paid to the North East Mayoral Combined Authority for the purpose of exercising the devolved functions recognising the geographical coverage of the new area.
53. In order to proceed with devolution, the government needs to be assured of the following readiness conditions, recognising that the North East Mayoral Combined Authority will be building on the structures and processes already in place for the North of Tyne Combined Authority:
  - a. The Secretary of State for Education and appropriate accounting officer are assured that the North East Mayoral Combined Authority is operationally ready to administer the adult education budget and is satisfied the required statutory tests have been met.
  - b. Parliament has legislated to enable transfer to the North East Mayoral Combined Authority 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.
  - c. Agreement to a memorandum of understanding between the Department for Education and the North East Mayoral Combined Authority that provides appropriate assurance that the named parties will work together to ensure the future financial stability of the provider base, including for sharing financial risk and managing provider failure.
  - d. Learner protection arrangements are agreed between parties.
54. In addition, the government will commit to working with the North East Mayoral Combined Authority, and other areas which have devolved powers for adult education, to further the skills agenda, and to adopt a consistent approach towards the apportionment of funding between the areas. With regard to Skills Bootcamps, the Government cannot guarantee funding for any MCA beyond the

2022/23 financial year; however, it is the government's intention to continue to grant fund MCAs and some local authorities to deliver local programmes over this spending review period. The Department for Education will negotiate with the North East Mayoral Combined Authority for future years of Bootcamps funding based on their view of demand across the new combined authority.

### Skills and Education

55. Local leadership and coordination of the skills system is essential to support the people of the North East and its economy. Building on the track record of our constituent councils, North of Tyne Combined Authority, LEP, Chamber of Commerce and businesses, the North East Mayoral Combined Authority will take this further and make a material difference for individuals and for the economy.
56. Local Skills Improvement Plans (LSIPs) will set out the current and future skills needs of an area and how local provision needs to change to help people develop the skills they need to get good jobs and increase their prospects. They will build a stronger and more dynamic partnership between employers and providers and allow provision to be more responsive to the skills needs of employers in local labour markets. Working with the designated Employer Representative Body and utilising and sharing the local labour market intelligence and analysis developed<sup>1</sup>, the North East Mayoral Combined Authority will support and provide input into the LSIP for the area. DfE will look to align the LSIP specified area to the new MCA area, within the first year of the MCA receiving AEB funding.
57. The pandemic has had a significant impact on the education of young people across the North East – with large numbers of students and staff absent. This exacerbates long-term disparities in outcomes for pupils in the North East. The North East Combined Authority is committed to enabling education recovery to address COVID learning loss, addressing disparities and improving life chances for our children throughout their time in education, starting in the Early Years Foundation Stage. This work will build on a successful NTCA pilot and addresses the government's Levelling Up Mission 5. The government commits to collaboration between the North East Combined Authority and DfE, advising on how North East Combined Authority work can best complement DfE funded activity.<sup>2</sup>
58. To support emerging system changes as outlined in the Opportunity For All white paper, the North East Mayoral Combined Authority will support and enable

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<sup>1</sup> This includes analysis produced previously by the North East LEP and its Skills Advisory Panel (funded by a Department for Education grant up until March 2023) and the existing Combined Authorities in the area.

<sup>2</sup> [https://mcusercontent.com/12a4bd639231413c724e87521/files/2a940c33-924a-a5b0-3d86-4711cf5a784c/Press\\_release\\_Covid\\_related\\_absences\\_in\\_schools\\_December\\_2021.pdf](https://mcusercontent.com/12a4bd639231413c724e87521/files/2a940c33-924a-a5b0-3d86-4711cf5a784c/Press_release_Covid_related_absences_in_schools_December_2021.pdf)

collaboration between all parts of our local education system. DfE commits to supporting this collaboration, with the intention of seeing the system working together to the benefit of our children.

59. 38% of North East children live in relative poverty, with over half of those in working households<sup>3</sup>. Recognising the significant human and economic cost, the North East Mayoral Combined Authority commit to the continuation and expansion of the NTCA's Child Poverty Prevention pilot, based on interventions to support poverty prevention in school, workplace and family settings. It will undertake this work with a wider coalition of partners and consider how best to capitalise on national activity and government programmes.
60. In order to learn from – and potentially scale up – the pilot phase of this programme, the government commits to explore collaboration with North East Mayoral Combined Authority to address priorities for better health. DfE also commits to working with the North East Mayoral Combined Authority to advise how best to address priorities identified in the Special Educational Needs and Disabilities and Alternative Provision green paper.
61. The government recognises the vital role that local Further Education institutions play in providing skills for people from across the region. Government recognises that further investment is needed in these institutions to ensure that the facilities are up to a standard that will allow providers to deliver on the ambition to create a world-leading technical education offer in this country. The government is committed to providing the investment that is needed into Further Education colleges, subject to affordability and will seek to target this investment into the areas where it is most required to deliver quality further education.
62. While applying to all Further Education partners in the area, this specifically includes support – through decisions already made by government on the Further Education Capital Transformation Programme – to Tyne Coast College Group, as it develops its globally significant maritime capability and works with the constituent authorities on both sides of the Tyne to move into appropriate accommodation and drive town centre regeneration, particularly in South Shields. It also includes work with Education Partnership North East and the Housing Innovation and Construction Skills Academy with investment in a facility dedicated to support the North East's Advanced Manufacturing and Electric Vehicle specific training requirements.
63. The government recognises the crucial role that the North East Mayoral Combined Authority will have in improving skills in the region. The government will work with the North East Mayoral Combined Authority across a range of policies to achieve the ambitious skills mission.

## Employment

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<sup>3</sup> <https://endchildpoverty.org.uk/child-poverty/>

64. The government recognises the challenges facing the North East, with diverse, urban, rural and coastal communities experiencing a complex range of issues, such as poor connectivity and access to jobs and skills. There is a need to develop and deliver targeted programmes to address the unique and very different challenges across such a large and diverse region. The North East will work in partnership to develop proactive support for priority groups through ongoing engagement with local DWP Jobcentre Plus. The government and the region will also work together to better target employment support by understanding and utilising publicly available local labour market intelligence and analysis.<sup>4</sup>
65. To provide a strategic framework for collaboration, DWP and the North East Mayoral Combined Authority commit to the expansion of the current joint North of Tyne Combined Authority and Department for Work and Pensions 'Delivery Statement'. A new Framework Agreement will have Ministerial and Mayoral endorsement. DWP will also consider what role the North East Mayoral Combined Authority could have in the design and delivery of future contracted employment programmes.
66. Through this devolution deal, DWP and DHSC commit to working with the North East Mayoral Combined Authority on stronger regional engagement to provide support to those with mental ill health into and to be able to sustain employment.
67. To promote local employment and sustainable supply chains, DLUHC will stress to departments their existing general duty around social value and how it may be used in supply chains in the region, where appropriate, and will engage the North East Mayoral Combined Authority in this activity.
68. Strategic leadership will be provided to this work by DWP and local partnership working through an expanded Inclusive Economy Board, to incorporate the new MCA geography, building on the success of the North of Tyne Combined Authority in this area. DWP continues its commitment to departmental involvement in the Board.
69. DWP and the North East Mayoral Combined Authority will work together on its strategic priorities for employment through enhanced engagement by way of:
- a. Membership of the joint DWP and DfE Mayoral Combined Authority Advisory Group.
  - b. Regular engagement with the regional Employer and Partnership team in Jobcentre Plus, and strategic labour market partnership teams.

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<sup>4</sup> this includes analysis produced previously by the North East LEP and its Skills Advisory Panel (funded by a Department for Education grant up until March 2023).

## **Levelling up Innovation and Clean Energy**

### Private Sector Growth

70. Through the deeper devolution trailblazer deals announced in the Levelling Up White Paper, government will bring together a holistic package of powers, roles, functions and strategic relationships to grow the private sector at a local level. The trailblazers are designed as a blueprint for other mayoral combined authorities, and the government will draw lessons from this approach to make a similarly broad and holistic offer to the North East Mayoral Combined Authority in due course. This offer will aim to build the resilience of businesses and households in the North East to cost of living pressures, strengthen the North East's global competitiveness and empower local entrepreneurs. This offer will explore the following, and potentially other, options to:
- a. Empower the North East to be able to secure greater private investment in local priorities.
  - b. Strengthen the North East's local innovation capacity to help realise the potential of local innovation assets and the innovation potential of small and medium-sized enterprises.
  - c. Help to realise the global export potential of local businesses in the North East and maximise the local benefits of international trade.
  - d. See the North East play a greater role in supporting local businesses to improve their productivity.
  - e. Engage the North East in the delivery of digital infrastructure and potential economic and public service applications of data and data science.
71. Recognising the work undertaken to-date by the North of Tyne Combined Authority to realise local economic strengths and drive entrepreneurship, the government will work with the North East Mayoral Combined Authority to take early action to grow the private sector through this devolution deal.

### Levelling up Innovation

72. Innovation will be vital to levelling up the North East; it makes firms more productive, boosting wages and economic growth. In the Levelling Up White Paper, government set out how it will maximise the contribution of innovation to levelling up by building on existing and emerging strengths across the country. These reforms will deliver benefits to the North East alongside other areas of the UK.
73. Domestic public investment in R&D outside the Greater South East will increase by at least 40% by 2030, and over the spending review period by at least one third, with that additional government funding seeking to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth. Supporting delivery of this mission, BEIS will make levelling up one of the objectives of its R&D investment strategy and will aim for the regions outside the Greater South East to receive at least 55% of its R&D budget by 2024/25. This will be in lockstep with the approach set out in the Innovation Strategy to unleash private investment across the UK.

74. The government's commitments build on the brilliant work already underway between business and universities in the North East, for example between Proctor and Gamble and the University of Newcastle upon Tyne and the region's strengths in the offshore wind and maritime industries. The government is backing the North East's ambition to realise the green industries of the future, with, for example, Innovate UK supporting businesses in the North East's offshore energy and maritime clusters to support transition from oil and gas to renewable energy and offshore wind.
75. The North East is home to four universities; Durham, Newcastle, Northumbria, Sunderland. The North East Mayoral Combined Authority will work with its universities, businesses and stakeholders to develop a bespoke 'Inclusive Innovation Deal' programme – focusing on translating the region's world class research expertise into jobs, skills and inclusive growth outcomes. As set out above, government and the North East Mayoral Combined Authority will take further steps, building on this devolution deal, to strengthen the North East's local innovation capacity, to help realise the potential of local innovation assets and the innovation potential of small and medium enterprises, including by considering how the lessons learned from the Innovation Accelerator pilots could be rolled out more widely.
76. The UK Infrastructure Bank ("the Bank") will increase infrastructure investment across the UK by partnering with the private sector and local government to help tackle climate change and support regional and local economic growth. The Bank's advisory service, when launched, could offer advice and support to local actors, including the North East Mayoral Combined Authority, to help deliver on their objectives, including driving investment into net zero infrastructure and innovative local projects. It can also act as a convenor, bringing together local actors for collaborative projects, and where appropriate identifying where projects can be aggregated to achieve greater impacts.

#### Offshore, engineering and green manufacturing

77. Building the world-class strength of the region's offshore, engineering and green manufacturing industries in the North East, the government and the North East Mayoral Combined Authority will work together to create a connected package of investment, flexibilities and investment incentives across the region.
78. The assets and growth opportunities that this will bring together are critical to the region's economy - complimenting key existing industrial activities and enabling the region to further develop its export capability - and to UKPLC. This includes the export of Nissan vehicles across the globe, green energy from the North Sea Link, the base for offshore subsea engineering, the servicing of the world's largest offshore wind farm at Dogger Bank and the Seagreen wind farm, and the potential of the region's international airport to drive supply chain growth and talent into these industries. The North East Mayoral Combined Authority will work in close collaboration with government to develop a model which connects the

Ports of Blyth, Tyne and Wear, Newcastle International Airport, IAMP and the region's industries, building on the work of Energy Central and the Tyne Taskforce.

79. The North East Mayoral Combined Authority intend to bring this work together under the banner of a collaborative Green Superport.
80. To advance this agenda, the government will work with the North East Mayoral Combined Authority, Port of Blyth, Port of Sunderland, Port of Tyne, IAMP LLP, Tyne Taskforce and Newcastle International Airport to explore a range of financial and policy measures, including:
  - a. Measures to enable greater operational synergies and collaboration between the region's maritime ports and leverage greater private sector investment into the region.
  - b. Working with the Department for International Trade to explore areas for deeper collaboration on trade and investment at a local level.
  - c. Development of an integrated skills pipeline and curricula to support accelerated growth in related industries – through existing devolved skills funding, Bootcamps and close collaboration between DfE, BEIS and the North East Mayoral Combined Authority.
  - d. Agreement from these stakeholders to take the following actions to address specific physical and operating constraints across our cluster that would – if removed – accelerate growth, trade and job creation. These are outlined below.
81. The government and the North East Mayoral Combined Authority will work together to address specific infrastructure and environmental issues:
  - a. The government recognises the importance of the Ports in stimulating low carbon growth. For example, recent major investments by JDR Cables at Blyth, and by Equinor on the Tyne.
  - b. The North East Mayoral Combined Authority will work with DEFRA and associated ALBs to create a sustainable, long-term environmental management and dredging regime that delivers healthy and resilient rivers, underpinned by appropriate Action Levels and channels that support enterprise.
  - c. On the Tyne, the North of Tyne Combined Authority is working closely with National Grid Electricity Transmission and Port of Tyne to understand the issues relating to the cables over the river; government welcomes the progress of parties working together to progress a cost benefit analysis which will be put to Ofgem, the independent regulator, to consider; and it will continue to engage with Port of Tyne, Tyne Taskforce and National Grid as this progresses.
  - d. The government recognises the need to increase the North East's electricity network capacity to meet future electricity demand, including from industry. As set out in the Electricity Networks Strategic Framework, government is committed to ensuring that areas with a devolution deal, including the North East Mayoral Combined Authority, have a meaningful



role in planning our future energy system for net zero, alongside other local areas as appropriate.

- e. The government commits to continuing to support the North East Mayoral Combined Authority to produce a Blyth to IAMP Clean Energy Innovation Deal.
- f. The government notes the work underway at the International Advanced Manufacturing Park to ensure sufficient network capacity is in place to meet the requirements of the region's planned gigafactories. Planning applications to the Nationally Significant Infrastructure Project regime for network upgrades will be considered by the Secretary of State for Business, Energy and Industrial Strategy following the usual quasi-judicial process.
- g. The North East Mayoral Combined Authority will work with DLUHC and Homes England, where relevant, on a shared plan – and identify joint resources – to accelerate sites for green industry, leisure and housing in ways that can unlock accelerated growth and wider social and economic benefits.
- h. To expand capacity and capitalise on the region's capability delivering innovative methods of construction to reduce the impacts of climate change, such as the globally acclaimed Low Carbon Materials company who were Earthshot Prize short listed 2022 and located at JADE County Durham.

82. This will seek to seek to leverage the unique capabilities on the Blyth, the Tyne and the Wear which could help deliver specific strategically important infrastructure projects.

83. In return, the North East Mayoral Combined Authority and constituent councils will continue their collaborative work to leverage private sector funding and expertise to deliver the right infrastructure to support the UK's place in the offshore, clean energy and advanced manufacturing sectors, and in green heat and energy innovation. For example, building on the leading work done by the Offshore Renewable Energy Catapult and Energy Central around the Blyth Estuary, the 2050 Innovation Hub at the Port of Tyne, the Tyne Task Force and numerous partnerships with NISSAN, and pilots in hydrogen and minewater heating in Gateshead and South Tyneside, and the ambition to create a National Centre for Geothermal Energy at Seaham Garden Village.

## Housing and Land

84. The North East Mayoral Combined Authority will have broad powers to acquire and dispose of land to build houses, commercial space and infrastructure, for growth and regeneration. They will be able to invest to deliver housing for the area.
85. The North East Mayoral Combined Authority will have land assembly and compulsory purchase powers, subject to the agreement of the North East Mayoral Combined Authority, the local authority constituent member where the relevant land is located, and to the consent of the Secretary of State for Levelling Up, Housing and Communities.
86. The mayor will have the power to designate mayoral development areas and to create mayoral development corporations, which will support delivery on strategic sites in the North East. This power may be exercised only with the consent of the combined authority member(s) who represent the area in which the development corporation is to be established, and the consent of the National Park Authority, if relevant, is also required.
87. This is intended to support bold and creative use of development corporations for key places and corridors. It is also intended to support the government's commitment to levelling up, urban recovery and 'Building Back Better High Streets.'
88. The North East Mayoral Combined Authority seeks to work with government to build on the North of Tyne High Streets and Town Centre investment and the government's High Street Fund and Town Deals. This deal seeks to set the basis for levelling up our towns, market towns, high streets and coastal communities in areas like Ashington, Gateshead, Houghton le Spring, Hebburn, Jarrow, North Shields and Wallsend in line with the constituent authorities' priorities. Housing delivery will also be the catalyst for the levelling up and regeneration of a number of former mining villages in East Durham including Horden and Easington Colliery
89. The North East Mayoral Combined Authority and Homes England will build upon the existing, successful North of Tyne Combined Authority Housing and Land Board to work together to identify and develop key opportunities for housing delivery, building a pipeline of housing and regeneration sites across the region. This will be overseen through the establishment of a formalised Strategic Place Partnership with Homes England at a combined authority level. The government will consider potential investment into housing propositions that emerge from development of this partnership; which could include the Brownfield Infrastructure and Land (BIL) Fund; options to unlock the Forth Yards site (Newcastle); an accelerated delivery of Sunderland's Partnerships for People and Place pilot and flagship schemes in each constituent authority area. For example, sites along the Northumberland Line, North Shields and Wallsend,

Horden in County Durham, or work in South Shields riverside and town centre, across Sunderland and related to Gateshead Quays.

90. The North East Mayoral Combined Authority will be eligible for Brownfield Housing Fund investment. This funding will support the combined authority in bringing in more land into development for delivery of housing on brownfield sites. Current NTCA funding is valued at £32m. To account for the opportunity that comes with the additional constituent authorities, the North East MCA will receive an additional £17.4 million of devolved capital funding across 2023/24 and 2024/25 to support the building of new homes on brownfield land, subject to sufficient eligible projects for funding being identified. In addition, Government commits to working with the North East MCA through the strategic place partnership with its housing delivery agency Homes England referenced in this deal to identify early opportunities to invest in the acceleration of green and affordable housing as part of the wider package of place-based regeneration enabled by this deal.
91. To support the North East Mayoral Combined Authority to identify and bring forward a pipeline of housing projects, the Government will also provide the North East Mayoral Combined Authority with £475,000 in capacity funding across 2023/2024 and 2024/2025.
92. In recognition of the economic opportunities presented by County Durham joining the North East Mayoral Combined Authority, Government will make a further investment in the North East area to drive place-based economic regeneration through a £20 million capital funding pot to be allocated over the current spending review period. Priority schemes for County Durham include the Netpark and Aykley Heads developments.
93. The pipeline will support the North East's ambition for a low carbon economy enabling a new market in offsite construction, with a new construction workforce being trained in specialist centres such as Housing and Innovation Construction Skills Academy and employed in offsite manufacturing hubs servicing the region.
94. Government has confirmed its intention to establish heat network zoning in England. Under the zoning proposals Zoning Coordinators within local government will be able to designate areas as heat network zones where heat networks are going to be the most cost-effective way to decarbonise heating and hot water within the zone. Local councils will have powers to require certain buildings to connect to heat networks within the zones. This will enable the North East Mayoral Combined Authority and its constituent councils to play a key role in the delivery of heat decarbonisation infrastructure. Government is committed to have heat network zoning in place by 2025.
95. Recognising the North East Mayoral Combined Authority's ambitions to accelerate progress towards net zero, the government commits to explore the

potential benefits of and design options for a place-based approach to delivering retrofit measures, as part of HMG's commitment in the Net Zero Strategy to explore how we could simplify and consolidate funds which target net zero initiatives at the local level where this provides the best approach to tackling climate change. This work will involve inviting the North East Mayoral Combined Authority to work with government through the relevant representative organisations to consider if such an approach could accelerate the meeting of net zero goals and provide better value for money.

96. The North East Mayoral Combined Authority will work together with government, Homes England and social housing providers to create a strategic plan and funding alignment to co-commission affordable housing delivery in the region. This will include specific work to explore the potential for a combined authority-level partnership to enable the building of more social and council housing, utilising existing development vehicles where possible.
97. The expectation is that, over the lifetime of this Devolution Deal, this Strategic Place Partnership will oversee a programme based on a long-term pipeline of strategic sites across the region. This will include Brownfield and Affordable Housing funding, investment in tackling homelessness and Housing First, and exemplar sites to demonstrate Modern Methods of Construction. In addition, based on current stock and condition, the North East Mayoral Combined Authority and its constituent authorities will seek to work with Homes England to ensure that the pipeline tackles weaknesses in the private rented market, to improve the quality of stock and housing management as well as bringing empty homes back into use. Work is expected with global investors to explore suitable partnerships for institutional quality private rented sector investment supporting the transition to low carbon living.

### Planning

98. The North East Mayoral Combined Authority commits to a collaborative approach to spatial planning, underpinned by local consent. It will therefore support the development of key economic and job creation sites aligned to opportunities such as the Metro Extension and IAMP, the Northumberland Line, and Gateshead Quays.
99. This work will clearly denote rural and biodiversity infrastructure amplifying existing commitments but also aligning this planning work to the rural economy of the area.
100. To that end, the North East Mayoral Combined Authority will develop a Strategic Infrastructure Plan. In doing so, this will include significant innovation in including consideration of rural infrastructure to support food security and the work underway on becoming a Rural Exemplar. As well as considering transport infrastructure this means consideration of major surface water

drainage, coastal protection and management and the physical assets that underpin food production in the area.

## **Transport**

101. A new, directly elected North East Mayor and the North East Mayoral Combined Authority will exercise the following powers and functions devolved from central government in order to deliver the ambitions set out in the North East Transport Plan and associated policy and strategy documents.

### Local Transport Plan

102. Responsibility for an area-wide local transport plan will be conferred onto the mayor and North East Mayoral Combined Authority.
103. In line with best practice as set out in new local transport plan guidance planned for early 2023, the constituent authorities will review and refresh the existing North East Transport Plan by March 2024, to be finalised by the mayor and combined authority once it is established. It is expected that the Local Transport Plan will implement quantifiable carbon reductions to the higher standard recommended in related guidance.
104. DfT will support the North East Mayoral Combined Authority in the delivery of its local transport plan, through collaboration between DfT ministers, officials and the North East Mayoral Combined Authority, and where necessary assisting the North East Mayoral Combined Authority in securing the support and collaboration of agencies such as National Highways, Network Rail, and Great British Railways Transition Team to play their part in delivery.
105. The local transport plan and business cases for investment will reflect the characteristics of the North East Mayoral Combined Authority area including the significant rural footprint of the area.

### Devolved transport funding

106. The North East Mayoral Combined Authority will be responsible for significant local transport funding from Government. Over the next five years this will be worth up to £732.3 million and will include:
- A City Region Sustainable Transport Settlement of up to £563 million capital funding, with £5.68 million resource funding for 2022/23 and further funding to be confirmed in line with other eligible areas;
  - Indicative allocation of £73.8 million of capital funding and £89.8 million resource funding to deliver the combined Bus Service Improvement Plan for the North East Mayoral Combined Authority;
  - In addition, there may be further funds relating to transport for which the North East Mayoral Combined Authority is eligible.

### City Region Sustainable Transport Settlement

107. The government will commit to making available a five-year City Region Sustainable Transport Settlement (CRSTS) of up to £563 million of capital funds to the North East Mayoral Combined Authority until 2026/27. The

funding available consolidates existing funds including Regional Highways Maintenance, Pothole Funding, Integrated Transport Block (ITB), 2022/23 Transforming Cities Fund, with additional funding for local transport enhancements. Maintenance funding has been consolidated on the basis of current annual funding and CRSTS proposals should include the effective management and maintenance of existing assets and meet existing obligations which the ITB and other funds currently individually address.

Funding that has already been committed to from this pot includes:

Highways Maintenance 2022/2023	£66.4m
Transforming Cities Fund 2022/2023	£86.2m

108. The CRSTS will be determined in line with plans put forward by the mayor on behalf of the combined authority and agreed with HMG. The process for other eligible areas will apply to the North East Mayoral Combined Authority. As part of the process of agreeing this settlement, the government also commits to working with the North East Mayoral Combined Authority to reach agreement on interim options to even the profile of capital funding over the period before a mayor is elected. In the event that this includes changes to their TCF programme, these will be considered through the established TCF Change Control governance and processes.
109. Resource funding for the North East Mayoral Combined Authority to support and prepare for CRSTS will be provided from funding already set aside by government. The government commits to providing £5.68 million of resource funding in 2022/23, payable when the devolution deal is signed. This will allow for CRSTS scheme preparation, prioritisation and delivery planning to take place. As per the 2021 spending review settlement, revenue grant funding in both 2023/24 and 2024/25 is half the levels of 22/23, and the North East Mayoral Combined Authority should plan on the basis that this falls proportionately. Further resource grant funding beyond 2024/25 will be subject to future Spending Reviews.
110. Prior to County Durham joining the North East Devolution Deal, the LA6 had negotiated a CRSTS settlement of £475 million capital funding until 2026/27, alongside the resource funding outlined above. Decisions pertaining to the allocation and investment of the City Region Sustainable Transport Settlement (CRSTS) will be taken by the new Mayor and MCA in line with its agreed governance arrangements, ensuring that each member will receive appropriate highways maintenance funding, Integrated Transport Block funding and potholes funding. Beyond this, the region intends to invest the settlement in a manner which reflects the development of the deal prior to County Durham joining, for the current funding period to 2026/27. The Government acknowledges this intention.

111. The government intends, subject to future spending reviews and the success of the CRSTS programme, that this could be the first of a series of 5-year transport settlements for the city regions. Decisions taken in future Spending Reviews will consider the membership and geography of the new mayoral combined authority at that time.
112. All constituent authorities, or the North East Mayoral Combined Authority on their behalf, may continue to approach the Department for Transport directly to consider funding for local transport enhancement schemes. Any funding requests will be considered in line with wider departmental priorities and would be subject to ministerial decision and the broader fiscal context.

#### Tyne and Wear Metro funding

113. The government acknowledges the significant economic and social benefits provided by the Tyne and Wear Metro to the North East, and that as well as being essential to local connectivity the Metro features some of the complex legal, operating, safety and infrastructure characteristics and liabilities of the national rail system. The government also recognises the significant safety responsibilities that Nexus has in relation to the Tyne and Wear Metro, including the various regulatory obligations arising from sharing track with freight (including dangerous goods) and other train operators.
114. The government agrees to provide Nexus with the following funding to support the safe operation, maintenance and renewal of the Tyne and Wear Metro:
  - £57 million of capital funding in 2023/24 and 2024/25, which includes £23.8 million of capital funding already confirmed by government for operationally essential and safety critical maintenance work. The government acknowledges that Nexus is seeking a higher allocation of capital funding than has been provided in 2023/24 and 2024/25.
  - Resource funding will be provided to support operations in 2023/24 and 2024/25 using the 2022/23 allocation of £27.8 million as the base figure for each year. The government will continue to work with Nexus to assess revenue funding asks in light of inflationary pressures.
  - Funding for Metro's Essential Renewals programme and operational support will be paid direct to Nexus as Metropolitan Rail Grant, outwith the CRSTS mechanism. However, £57 million of capital funding has been deducted from the North East's nominal CRSTS allocation to take account of the additional Metropolitan Rail Grant capital payments in 2023/24 and 2024/25.
  - Funding for Metro Essential Renewals and operational support for 2025/26 and 2026/27 will be considered as part of the next Comprehensive Spending Review following the production of a business case and discussion between the government, the North East Mayoral Combined Authority, and Nexus.



115. The government is currently providing £337 million of funding to Nexus to support the £362 million introduction of a new Metro train fleet and maintenance depot, expected to be fully implemented by the end of 2024. The government is also providing £94.7 million through the Transforming Cities Fund to deliver the Metro Flow project which will significantly enhance the frequency and capacity of the existing Metro system. The government has also provided £50 million in revenue funding to Nexus during the pandemic and recovery period and has allocated a further £7.3 million until October 2022.
116. The North East Mayoral Combined Authority may continue to approach the Department for Transport directly to consider funding for future enhancement work on the Metro. Funding for enhancements would be considered in line with wider departmental priorities, and would be subject to ministerial decision and the broader fiscal context

### Roads

117. The North East Mayoral Combined Authority will agree a Key Route Network (KRN) of local authority roads. The strategy for the KRN will be developed, agreed and coordinated by the mayor and North East Mayoral Combined Authority. To support this, all local roads maintenance funding will be placed under the control of the combined authority as part of the CRSTS settlement to enable the development and delivery of a single asset management plan for the North East road network in its entirety.
118. The mayor and combined authority will take any necessary highways powers to undertake this, to be exercised concurrently with the highway authorities, as agreed locally and set out in the required scheme and consultation.
119. The government intends to legislate to give the mayor, with their agreement, a power of direction allowing them to direct highway authorities on exercising their highways powers on the KRN, for example to construct, maintain and operate bus priority measures and cycling infrastructure. Use of this power should follow consultation with highway authorities and take account of highway authorities' statutory duties.
120. The North East Mayoral Combined Authority will also be able to enter into agreements with government, other local authorities and National Highways, including to determine shared priorities for its strategic and key road networks.
121. The North East has ambitious plans to introduce a region-wide electric vehicle charging network and has recently introduced a Zero Emission Vehicle policy, an outline of the region's aim to lead the country in boosting the up-take of electric vehicles by developing and expanding charging facilities. The government recognises the aspirations of the North East Mayoral Combined Authority to improve public electric vehicle charging infrastructure across the

region, which would increase the uptake of electric vehicles in the region and reduce carbon emissions by supporting all motorists in making the switch. Government is introducing a new £450 million local electric vehicle infrastructure (LEVI) scheme for local authorities to support local EV infrastructure delivery and will work with the North East Mayoral Combined Authority to ensure the area is well placed to respond once funding arrangements are announced.

122. The government recognises the importance of good links to the Strategic Road Network to the economy of the North East, and the modernisation of key routes to facilitate economic growth, job creation and net zero transition (providing the enabling infrastructure for electric buses and an expanding EV network). National Highways will work with the North East Mayoral Combined Authority and local highways authorities on the delivery of Road Investment Strategy 2 (RIS2) and the development of Road Investment Strategy 3 (RIS3).
123. The North East Mayoral Combined Authority will make the case for the upgrading of A19 junctions North of Newcastle (particularly Moor Farm roundabout and associated work at Seaton Burn and White Mare Pool); and will feed into any business case development work for A1 dualling related to the multi-modal study recommended in the Union Connectivity Review and will press for further work to improve the safety, capacity and speed of the A69. The Government will fully consider these schemes in the round as part of decisions on Roads Investment Strategy 3, taking into account economic benefits balanced against wider factors. The North East Mayoral Combined Authority will also explore whether an agreement with National Highways on assisting local authorities to achieve timely planning application decisions is possible, as the region continues to grow and sees investment in housing and employment sites, and over the use of “designated funds” to mitigate local impacts of major highways developments.

### Buses

124. The government is committed to delivering improved bus services across the country and has published a National Bus Strategy committing to £3 billion of expenditure nationally over the course of this parliament. The North East has ambitious plans for the improvement of bus services as set out in its Bus Service Improvement Plan (BSIP).
125. The government has given an indicative funding allocation of up to £163.5 million of funding (£89.8 million resource funding and £73.8 million of capital funding) to support the introduction of measures outlined in the North East Bus Service Improvement Plan.
126. The North East mayor will have access to bus franchising powers under the Transport Act 2000. This will provide the opportunity to further develop high-quality bus services as part of an integrated local transport system and help to

facilitate the delivery of smart, simple integrated ticketing across all local modes of transport in the city region.

127. The government is reforming the Bus Service Operators Grant (BSOG), as per the National Bus Strategy. Following BSOG reform, if North East Mayoral Combined Authority request BSOG be devolved to them the Department for Transport will work with the combined authority to devolve it in line with the consultation outcome.

#### Smart and Integrated ticketing: “Pop”

128. The North East has widespread smart and integrated ticketing on offer through the “Pop” brand and the established back-office systems managed by Nexus to support its use on bus and Metro, alongside single-operator products, as either a smart card or phone-based payment option. It also has a long-standing commercial multi-modal, multi-operator ticketing scheme (Network One Ticketing Ltd).
129. The North East Mayoral Combined Authority and Nexus plan to develop the “Pop” brand so that it can deliver smart, capped, simple integrated ticketing across all local modes of transport in the city region as set out in the North East Transport Plan, Bus Service Improvement Plan and Local Rail and Metro Strategy. The government recognises this is a priority project for the North East Mayoral Combined Authority which they will prioritise in their CRSTS plans. As technical solutions to facilitate multi-operator bus ticketing are developed, the government will seek to work with North East Mayoral Combined Authority and any other parties to facilitate their swift deployment in the North East region.
130. The North East Mayoral Combined Authority and Nexus will work with the Department for Transport, Great British Railways Transition Team and Northern Rail to develop proposals to introduce integrated ticketing using the “Pop” brand and functionality onto the Northumberland Line when it opens for passenger service (target December 2023). This will allow seamless integrated journeys to take place on the Northumberland Line and the Tyne and Wear Metro, with fares subject to a daily cap and discounted fares for young people. The North East Mayoral Combined Authority will develop a business case for its wider deployment on other local rail services in the North East. The government will support the North East Mayoral Combined Authority in discussions with Great British Railways Transition Team and Northern Rail to achieve this.

#### Smart and Integrated ticketing: contactless bank card / mobile phone bank payment

131. The government recognises that the North East Mayoral Combined Authority and Nexus wish to build upon the “Pop” brand by introducing capped contactless bank card and mobile phone bank payment options on the Tyne and Wear Metro.

132. The government is currently engaging with Great British Railways Transition Team, bus operators and Combined Authorities to develop proposals for contactless capped bank-card transactions across the services of different operators and travel modes. The government commits to working with Great British Railways Transition Team, the North East Mayoral Combined Authority, and Nexus with a view to the North East being actively involved in this work.

## Rail

133. The government will support the North East Mayoral Combined Authority in seeking a new rail partnership with Great British Railways Transition Team, once established, so that their priorities can be taken into consideration in future decisions regarding their local network. The North East Mayoral Combined Authority, alongside existing Level 3 authorities, will be considered a priority for these agreements which will provide the ability to influence the local rail offer. Local priorities will need to be coordinated and compatible with surrounding areas and the needs of the national network.
134. The government recognises the North East Mayoral Combined Authority's ambitions for further devolved powers and will work with the region, Great British Railways Transition Team, and Transport for the North to develop a suitable partnership that facilitate the improvements to services, stations, and fares and ticketing that are set out in the North East Transport Plan and Metro and Local Rail Strategy.
135. The government acknowledges the major capacity constraint on the East Coast Main Line that affects the performance and future growth of rail services in the North East. As part of its Integrated Rail Plan the government commits to upgrading and improving line speeds and capacity along the route and has asked Network Rail to begin consideration of how these ambitious plans can be delivered as efficiently as possible, engaging closely with local stakeholders as these progress, ensuring integration where appropriate with local development, regeneration, and rail expansion plans.
136. The government is considering the recommendations of the Union Connectivity Review, including on the road and rail transport corridor between North East England and South East Scotland. The government will continue to work with stakeholders as required including the North East Mayoral Combined Authority on how the recommendations can be taken forward to strengthen transport connectivity for the benefit of all parts of the UK.
137. The government recognises the aspirations of the region for the reopening of the Leamside Line and will work closely with the North East Mayoral Combined Authority to develop the business case for the introduction of Metro services along the line to South Hylton via Washington; and the reintroduction

of local rail services to Ferryhill and Sedgefield, and the use of the line by freight services. The government commits to supporting the North East Mayoral Combined Authority and Nexus to generate proposals, develop business cases and identify funding routes for these enhancements, where it is shown that the proposed schemes would deliver appropriate value for money to the taxpayer and subject to funding availability.

138. The North East Mayoral Combined Authority has ambitions to expand and improve rail services as set out in the North East Rail and Metro Strategy. These include Metro services to West Newcastle and Metrocentre, Cobalt Business Park and Team Valley; heavy rail services to Newcastle Airport; upgrades to the Tyne Valley and Durham Coast lines; local passenger services and new stations on the East Coast Main Line, and major investments in Sunderland and Newcastle Central stations. The government commits to working with the North East Mayoral Combined Authority and Nexus to develop business cases for these enhancements and to assist in finding suitable funding mechanisms where it is shown that the proposed schemes would deliver appropriate value for money to the taxpayer and subject to funding availability.
139. The North East Mayoral Combined Authority's plans for zero-carbon economic growth will see an increased demand for rail freight services. In recognition of this the government supports the North East Mayoral Combined Authority in developing a freight strategy taking into account new technologies, sustainable traction, and where required new and improved rail freight terminals and distribution centres.

#### Active Travel

140. The region is developing a transport pipeline and a key part of this will be to include how the region can meet its carbon targets. A major component of this will be a focus on sustainable transport schemes. The North East Mayoral Combined Authority commits to: prioritising investment in the cycling and walking networks identified through relevant Local Cycling and Walking Infrastructure Plans (LCWIPs) and partner council's own cycling and walking strategies, and to follow the latest Department for Transport cycle infrastructure design guidance [LTN1/20] and other relevant guidance/standards for all future cycling and walking schemes to deliver a step-change in high-quality active travel provision in the city region.
141. The North East Mayoral Combined Authority seeks to work in partnership with government and Active Travel England. The North East Transport Plan emphasizes the region's aspiration to make sustainable travel the first choice for short trips, or as part of a longer journey. Devolution will allow the mayor to consider appointing a Commissioner and to publish an ambitious active travel plan. This will take the region's LCWIPs and bind them together to form a regional network of LTN 1/20 compliant routes, connecting active

neighbourhoods to local hubs. The government recognises the North East Mayoral Combined Authority's role leading innovation in highways and street design and will work with the North East Mayoral Combined Authority and Active Travel England on innovative local schemes. This will help lock in resilience to our local businesses and help us make more healthy communities. With the help of devolved funding, we will be able to sequence and deliver a smoother pipeline of active travel infrastructure.

#### Institute of Future Mobility

142. The North East Mayoral Combined Authority seeks to establish an "Institute of Future Mobility", which will bring together North East universities and colleges together with the region's transport sector to exploit physical and digital assets for innovation and research and development. The government will work with the North East Mayoral Combined Authority and key stakeholders in the future of transport sector to support innovation and research and development in transport in the region. This will help the North East to be seen as a candidate for tests, trials, and pilot schemes of future transport technologies.

## **Digital and Connectivity**

143. Significant progress has been made in developing the digital sector in the North East with the area being nationally identified as a hot spot for digital growth. There are significant private sector assets; Ubisoft, Accenture, DXC are international businesses but there are also local major success stories including Perfect Image and Sage.
144. In parallel there are major pieces of infrastructure connecting the North East to Europe and the East Coast of the USA and significant public sector digital capabilities, particularly belonging to Her Majesty's Revenue and Customs and the Department for Work and Pensions.
145. In both the public and private parts of the digital sector, building on work already done across the North East, the North East Mayoral Combined Authority and the government commit to growing the digital sector and helping to enrich the local element of the supply chain with access to the right infrastructure, skills and data analytics capability to enable our businesses to achieve greater scale, adoption and growth.
146. The government recognises that high quality digital connectivity is crucial for future economic growth and productivity in the region. While rollout of broadband and mobile infrastructure will be delivered nationally through the Department of Digital, Culture, Media and Sport, the Government will engage with the North East Mayoral Combined Authority on a regular basis on delivery plans in the region, particularly where they involve hard to reach areas such as rural parts of Northumberland and County Durham. The government is committed to achieving nationwide coverage of gigabit capable broadband by 2030 and to ensuring that rural areas in the region are not left behind including in the North East. Procurements covering the North East commenced in 2022, and regular Project Gigabit programme updates will be provided demonstrating progress in delivering for communities across the area.

## **Tackling the Digital Divide**

147. Notwithstanding the assets noted above, the region sees major digital disparities and exclusion. Residents and communities need skills and connectivity to take advantage of an increasingly digital world and the right support in place for the region to take advantage of new roles with significant digital content and in the growing digital sector.
148. The North East Mayoral Combined Authority will develop a Local Digital Skills Partnership in the region, with DCMS committing to providing strategic support and guidance to the combined authority, to assisting it in effectively navigating its initial focus for the partnership, and to bringing it together with other existing Local Digital Skills Partnerships to facilitate shared learning and to support the identification of areas of potential collaboration.

## Building capabilities for digitally-enabled economy

149. The North East Mayoral Combined Authority will establish a specific Digital Connectivity Fund which will support the smart adoption and scale-up of advanced digital service and technologies within our industries and public services, building on the North of Tyne digital investment of £25 million, major 5G investments and the successful public/private digital partnership in Sunderland, the region's recent successful Digital Connectivity Infrastructure Accelerator bid and ongoing full-fibre roll-out across the region.
150. This will help establish the North East as a 'digital adoption accelerator' - a national centre of excellence for 5G use-case development and adoption – accelerating the economic, social and wellbeing impact of enhanced digital connectivity through focusing on rapid adoption and scale-up across our key sectors. The government is committed to supporting the region's digital connectivity ambitions, including through the upcoming Wireless Infrastructure Strategy which will set out a strategic framework for the development, deployment and adoption of 5G and future networks. This includes working closely with places to encourage investment in advanced wireless connectivity and increase its adoption across the local economy and public services.
151. Based on a combination of academic and industry capacity and capability, the North East Mayoral Combined Authority will work with government to explore the potential for a nationally significant Centre for AI Ethics building on the industry leading work done by the National Innovation Centre for Data and growing links with national centres of excellence such as the Alan Turing Institute.
152. The North East could also play a key role supporting levelling up at a national level through bringing its regional assets to bear on the monitoring and evaluation of the levelling up missions. The North East Mayoral Combined Authority will explore with the government options to mobilise the strength of the National Innovation Centre for Data for this purpose.



## **Arts, Culture Heritage and Sport**

153. The government recognises local plans which use cultural, creative and visitor economy sectors to drive inclusive and sustainable growth, and will work with the North East Mayoral Combined Authority to support an ambitious local cultural framework that makes the most of the region's distinctive natural, cultural and heritage assets. This will help enhance pride and wellbeing, develop the local visitor economy, and develop skills and investment to increase access and opportunities for local young people to live and work in the area.
154. Government will work with the North East Mayoral Combined Authority and DCMS Arm's Length Bodies (for example Arts Council England, Historic England and Sport England) to support greater funding alignment, joint investment and strategic collaboration in the region. This will include increased alignment around programmes such as Culture and Creative Zones and the Borderlands Growth Deal, to better harness the cultural, economic, social and educational capital of the region. Investment decisions should take into account strategic priorities, such as the UNESCO World Heritage Site of Hadrian's Wall, which is receiving significant investment in its visitor offer from the Borderlands Growth Deal, and the roll-out of Historic England's High Streets Heritage Action Zone programme to settlements where there is a perceived need, as with the successful projects in Hexham, North Shields and Sunderland. This builds on existing DCMS work with the region, as exemplified through the North East Visitor Economy policy sprint in Newcastle, attended by public and private sector partners including DCMS ALBs.
155. It will also include joint work on a potential vehicle to support and promote grassroots sport and physical activity as a key opportunity to tackle post-pandemic disparities.
156. The Football Foundation, funded in partnership by the government, the FA and the Premier League, has already invested £12.1 million in 2021-2022 for grassroots football facilities, which successfully delivered three hubs in Sunderland. There are a further two currently under construction in Newcastle and the government also announced a £205m investment into grassroots facilities across the UK over the next three years at the 2021 Spending Review.
157. The government recognises the importance of the film and media sector to the region. As the lead department, DCMS will, through its Arms Length Body for film and the moving image, the British Film Institute (BFI), continue to work with the North East Mayoral Combined Authority alongside relevant partners to explore options to strengthen the sector.

158. To create a co-ordinated approach across city, coast and countryside that supports the growth of the domestic and international visitor economy, DCMS will work with North East Mayoral Combined Authority to explore the best structures and geographies and governance for future Destination Management and Marketing interventions. This will be informed by the £2.25 million pilot DMO accreditation scheme in the region, which will see a North East-wide partnership to develop and market the North East as a must-visit destination, building on the DCMS response to the De Bois review of Destination Management Organisations in England
159. The North East has a track record of delivering world class events and there is room to do more. Government will consider the role the North East and all regions can play in future national and international events, recognising these are important opportunities for levelling up across the country. Government is committed to maintaining our strong reputation of hosting major and mega sporting events, and with the forthcoming Rugby World Cup 2025 and the 2028 UEFA European Football Championship bid, and hopes and expects that independent selection processes will look to showcase towns and cities across the country.
160. The government recognises the region's ambition for the Gateshead Quays to drive place-based economic and social regeneration through cultural, exhibition, and conference public realm facilities to transform the south Tyne riverside – rapidly delivering jobs, a social value return and leverage significant income into the region.

## Public Service Reform

161. Government supports the North East Mayoral Combined Authority in its ambition for public service reform. Government commits to working with the region to explore initiatives to improve delivery of public services jointly with its constituent authorities, such as how best to support residents with multiple complex needs. Where appropriate, and as part of its Levelling Up agenda, government will also consider devolving further powers to the North East Mayoral Combined Authority to support public service reform, in relation to the statutory duties held by its constituent authorities. Building on the correlation between strong institutions and strong productivity this could include joint work in three areas:

- **Place-based Health and Care** - building on the establishment of statutory Integrated Care Boards and Integrated Care Partnerships and the government's Social Care White Paper, government sees the benefits of a region-wide approach to social care collaboration, the health and social care workforce, and market shaping – focusing on skills, career pathways, collaborative recruitment and retention and innovation in commissioning and delivery (including potential use of relevant funding streams) and appreciates the need for collaboration between the North East and North Cumbria ICS and its Combined Authorities.
- **Healthy Ageing** – continued government recognition of the importance of the Campus for Ageing and Vitality and ongoing post-pandemic innovation for example, Northumbria PPE Innovation Hub. The North East will continue to explore, with partners, potential for a new “Golden Triangle” to develop stronger partnerships between the North East, Edinburgh and Glasgow.
- **Population Health and Prevention** – commitment by the Department for Health and Social Care and NHS England to work alongside North East and North Cumbria Integrated Care Board to develop a Radical Prevention Fund reshaping existing funding away from acute services and into preventative action. Building on regional population-based prevention work this would aim to develop new models of prevention to tackle long-standing health disparities to improve quality of life and reduce health and care costs. There is potential to use the Dormant Assets Act 2022 to support community and voluntary sector organisations to make a difference in their places.

162. The North East Mayoral Combined Authority will work with government as a pathfinder area considering the potential implementation of novel recommendations arising from the McAllister review and the recent national child safeguarding practice review - with particular emphasis on measures that could be taken to strengthen workforce resilience.

163. Building on the Social Care White Papers and the NHS changes, the Government commits to working closely with local councils and leaders from the North East to ensure the region maximises the opportunities offered by new investment from social care reform and wider changes to the health and social care system. In return, the North East Mayoral Combined Authority will work with North East and North Cumbria Integrated Care Board to align priorities and make a difference to health outcomes at a population level.
  
164. Building on the digital and connectivity facets of this deal it would create the ability to commission better joined-up local services and embed neighbourhood policing alongside other place-based services including better use of data to problem solve and prevent crime. In addition, there will be a particular emphasis on transport and safety of the transport networks as well as work in local Youth Justice Partnerships and alongside the Probation Service. This is particularly important to the North East Mayoral Combined Authority, the Northumbria and Durham constabularies and their respective PCCs as they work not just to prevent violence against women and girls but as they act positively to make women and girls believe they are safe.

## **Resilience and Public Safety**

165. The North East will have a clear role in local resilience following governments full consideration of the role and responsibilities of Local Resilience Forums. This may include an opportunity for the North East MCA to participate in future testing and piloting of potential new roles and responsibilities prior to any fuller national roll out.
166. The North East Mayoral Combined Authority, in partnership with the Government, will work with the Northumbria and Durham Police and Crime Commissioners to agree an appropriate arrangement to ensure close collaboration and productive joint working on public safety.

## Rural

167. This devolution deal also acknowledges the unique and complex rural environment in the North East. Acting as a rural exemplar is already at the heart of the North of Tyne Devolution Deal and the North East would expect to work with the government on opportunities to expand this into a wider area. This could include: focusing on innovation in rural communities and the rural economy; potential support to the unique physical infrastructure which is a critical part of rural communities; consideration of the remaining Northumberland Line rail scheme funding; and proactive work with the region to stimulate housing and economic development along the Northumberland Line economic corridor and in rural parts of County Durham and Gateshead.
168. To compliment this, the North East Mayoral Combined Authority will build on work commissioned by North of Tyne, the Scotland Office and the Union Connectivity Review to understand further opportunities for collaboration, connectivity, innovation partnership and shared growth along the North East Coast Corridor.
169. The government and the North East Mayoral Combined Authority commit to the development of a clear joint plan for rural growth, stewardship and net zero, which recognises the opportunities and challenges to the rural economy and the major role the North East can play in addressing them.
170. The North East Mayoral Combined Authority will establish a Rural Growth and Stewardship Board chaired by a Northumberland County Council Cabinet member and driven by Northumberland, Gateshead and County Durham Councils, with government committing to senior level engagement and strong collaboration with DEFRA and its arms-length agencies – supporting the Government’s Places for Growth programme. This Board will oversee a long-term Rural Economic Investment Programme for the region which builds on the LEADER programme.
171. DEFRA has set out plans to replace EU LEADER funding and growth programme elements of the Rural Development Programme, including the funding allocations for the North East Mayoral Combined Authority. This will allow the North East to deliver small scale capital grants for rural community infrastructure and grants for businesses, including for farm diversification.
172. Building on the Local Nature Recovery Strategy pilots, including in Northumberland, formal appointment of responsible authorities for Local Nature Recovery Strategies (LNRS) will be made following publication of relevant regulations and guidance and confirmation of funding. LNRSs will: map the most valuable existing habitat for nature; map proposals for creating or improving habitat for nature and wider environmental goals; and agree priorities for nature’s recovery. DEFRA agrees to consider the role of the

North East MCA in the LNRS including a review of relevant LNRS geographies once the combined authority is in operation.

173. In line with commitments made in the Borderlands Inclusive Growth Deal, the government, which is committed to increasing private investment in nature's recovery across England, will support the North East MCA to capture the economic benefits of its natural capital and attract private investment including to deliver priorities identified in LNRSs. This support may include: a proportion of revenue funding; specialist expertise; co-ordination of peer support and networking; and/or local partnership working with DEFRA's Arm's Length Bodies (Environment Agency, Natural England, Forestry Commission). Any funding provided remains subject to further agreement and approvals and will be conditional on participation in a programme of evaluation and shared learning.

## **North East's commitments underpinning the deal**

174. The North East Mayoral 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 must be approved by government prior to delivery. Any issues of concern with the subsequent delivery of this deal will be escalated to ministers and leaders to resolve, in keeping with the letter and spirit of devolution.
175. The North East Mayoral Combined Authority will be required to evaluate the impact of the North East Investment Fund. The North East Mayoral Combined Authority and government will jointly commission an independent assessment of the economic benefits and economic impact of the investments made under the scheme, including whether the projects have been delivered on time and to budget. This assessment will be funded by the North East Mayoral Combined Authority, but agreed at the outset with DLUHC and HM Treasury, and will take place every five years. The next five-year tranche of funding will be unlocked if government is satisfied that the independent assessment shows the investment to have met the objectives and contributed to economic growth. The gateway assessment should be consistent with the HM Treasury Green Book, which sets out the framework for evaluation of all policies and programmes. The assessment should also take into account the latest developments in economic evaluation methodology. Government would expect the assessment to show that the activity funded through the scheme represents better value for money than comparable projects, defined in terms of a benefit to cost ratio and considered in the strategic context of local ambitions for inclusive growth across the whole geography.
176. As part of the implementation of the deal, the North East Mayoral Combined Authority and government will agree a process to manage local financial risk relating to the deal provisions.
177. Prior to the first mayoral election, government will work with the North East to give the public and stakeholders – including Parliament – a clear understanding of the powers and funding that are being devolved to the North East, where accountability sits as a result of this deal and how decisions are made.
178. The North East Mayoral Combined Authority and its members will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.