

The Hull Commission Interim Report and Call for Evidence

May 2015

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Foreword

The City Council presented the Hull Commission with a very real challenge.

Lifted by an urgent sense of realism and by a strong desire to build upon the recent economic developments referred to in this Interim Report, the City asked us to look at the present structure and future opportunities for local government in the region.

The Northern Powerhouse initiative promoted by the Coalition Government 2010-2015 which is to be pursued by the present Government is a unique opportunity for Local Politicians to reconsider the existing structures.

In our view it is essential for the economic area, embraced by the Local Enterprise Partnership, not to miss out on the devolution of responsibility, power and funding which is already taking place to other Northern Cities. Closer cooperation with proximate and other Local Authorities is an imperative if economic progress and prosperity is to be achieved. However, to our dismay, the area lags behind other regions in the quality and pace of its partnership working, which makes our work all the more important. For example it is disappointing that there is little evidence of progress in the proposals of the strategic planning Joint Background Paper (April 2014), see our paragraphs 31, 113 and footnote 26.

It has been difficult to gather evidence so far. The Referendum in Scotland, the uncertainty in the setting of Local Authority Budgets in early 2015 and the Local and National Elections, just resolved, have preoccupied politicians who should now be ready to turn their attention to achieving economic prosperity for our region.

The Commission seeks further evidence from those who have so far been unable or who have declined to comment. We are very interested in any views about our findings so far and particularly welcome responses to the eleven questions set out in this report. There will also be a Public Hearing in July 2015, arrangements for which will be announced shortly.

A Final Report is likely to be delivered by the end of 2015.

Tom Martin
Chair of the Hull Commission

Executive Summary

1. The Hull Commission was asked by Hull City Council (HCC) to review “The effects of the existing boundaries on the development and regeneration of the city and sub region” and to “examine and advise on ways in which local government in Hull and the East Riding of Yorkshire may meet the key goals of being effective, efficient and accountable”. We were asked to recommend possible options for a way forward.
2. The Commission is independent of Hull City Council and is supported by The Institute for Local Government Studies, University of Birmingham (INLOGOV).
3. Initially, our deliberations focused solely on Hull and the East Riding. However, as the Commission reviewed the available evidence of the economic geography and demographic profiles of Hull and the East Riding, it became apparent that while those two areas are interdependent and do share an economic area, that economic area extends to include North Lincolnshire and North East Lincolnshire. All four councils currently work together as part of the Humber Local Enterprise Partnership (LEP). We therefore felt we could not answer the questions set for us without reference to all four local authority areas.
4. This interim report and call for evidence sets out our deliberations and initial findings. It poses eleven questions and calls for evidence from the general public and organisations in order to help inform the Commission’s final report, which we will publish later in the year.
5. While we have been working the Scottish referendum and ideas of ‘The Northern Powerhouse’ have been in play, and we have tried to take the implications of these on board in our discussions.
6. The national academic and policy literature reflects the move from a government grant-based to an incentive-based approach to economic development and consistently highlights the key role of city regions, pointing to the need for economic and social growth which is:
 - a. Based on functional economic areas
 - b. Forward looking and able to develop in new ways and into new markets
 - c. Linked by good infrastructure to surrounding economic areas and the national economy
 - d. Constantly refreshed by continually developing an appropriately skilled and stable workforce who see a future in the area
 - e. The product of effective local leadership which brings together the public, private and voluntary sectors through productive long-term relationships based on trust
 - f. Supported by an open, facilitative approach from local authorities and the rest of the public sector working together, including using public sector and other resources creatively to help secure investment and long-term benefits.
7. Our interviewees have confirmed this view, together with a palpable frustration that Hull and the East Riding could do much more if they were able to work more effectively in support of each other and with North Lincolnshire and North East Lincolnshire to promote the interests of the whole area in relation to the wider Northern economy.
8. Evidence received to date confirms the intertwined nature of the economic present and future of the Hull, East Riding, North and North East Lincolnshire area. There is a clear economic and labour market interdependence, particularly between Hull and the East Riding, based on the role of Hull as a key economic driver. This brings a need to work together at scale and to continue to secure government support for the area. This will be best achieved through joined up leadership of policy, strategy and public service delivery, based on a jointly

agreed foundation of reliable information and trend mapping. Much could be learned from the work underway in the Core Cities in this regard.

9. Autumn 2014 was dominated by discussions on devolution after the Scottish referendum and the focus on what form devolution from Westminster should take for England. The Core Cities/RSA report *Unleashing Metro Growth* covers much of the ground and calls for:
 - a. Change in the fiscal balance between central and local government including tax raising and welfare distribution powers
 - b. Introduction of formal devolved status for city regions
 - c. Involvement of the Core Cities in national decision making
 - d. Change in the way Whitehall relates to city governments
 - e. A mature discussion on how power should be shared going forward.
10. The prevalence of emerging Combined Authority models, where local authorities combine certain functions such as transport, planning, housing and skills in order to secure economic development and inward investment, prompted us to review this possibility for either a partnership between Hull and the East Riding or one between Hull, the East Riding, North Lincolnshire and North East Lincolnshire, reflecting the other part of our brief which was to examine four possible options for a way forward.
11. A Combined Authority does not necessarily require sharing services or a merger of two or more councils, but is a specific legal entity as set out in the following box:

Combined Authority: A Definition

A Combined Authority is a legally defined grouping of Councils, reflecting the provisions of Part 6 of the Local Democracy, Economic Development and Construction Act 2009 and subsequent slight amendments. A Combined Authority's remit is to:

- Focus on strategic matters affecting a wide area, for example a city region
- Draw together economic development and transport functions
- Be a vehicle which can undertake devolved functions from Central Government
- Support the constituent local authorities enabling them to focus on local leadership and services.

The Localism Act 2011 broadened the remit of Combined Authorities to include more general powers, akin to those of councils. Any proposal must be set out as a scheme meeting particular criteria and approved by the Secretary of State.

Further information and discussion about Combined Authorities may be found later in this paper.

12. We found evidence that the current boundary skews information about Hull relating to factors such as economic contribution, deprivation and educational attainment. It also restricts Hull's ability effectively to manage its functional economic area with regard to the availability of land for housing, industry and infrastructure. Consequently, it might well be logical for the boundary to better reflect Hull's economic footprint, which extends well into the East Riding. However the Local Government Boundary Commission for England is highly unlikely to entertain a proposal from one local authority without the support of the other, so this option is not currently feasible. Furthermore our research confirmed that it has yet to carry out a review of this type and can therefore only estimate the timescale as 'some months'. We consider that the boundary problems could be partly overcome should Hull and East Riding become a Combined Authority.
13. We came to the view that, although we had been asked to look at the problems which result from the current boundary between Hull and the East Riding, resolving that issue was likely to

be complex, contentious and slow and would not, on its own, be able to secure growth and build a more resilient economy for the benefit of the whole area. The Commission is in no doubt, however, that closer joint working and focusing of effort reflecting the realities of the Hull functional economic area will be key to future success and central government support.

14. We are also interested in hearing ideas as to how any of the options would help meet the wider strategic challenges that need to be addressed if our area is to play a greater role in the North. We would particularly be interested to hear views for and against combining Hull and the East Riding into one local authority, as well as those relating to boundary review, because we have received none at all to date.
15. The Commission is minded to recommend that in the first instance, Hull and the East Riding should together explore the development of a Combined Authority, working with the other Humber councils and perhaps others. We have set out what that process might look like. We are very interested in all views in support of, or against, our current position.
16. A number of questions have been asked throughout the report.
17. The Commission welcomes all contributions from individuals and organisations. We are particularly interested in receiving answers to our questions above, but would also like to receive other responses on broader matters relating to the Commission's remit.
18. Responses should be sent to: responses@contacts.bham.ac.uk by 4th September 2015
19. Further information and links to sources may be found through the Commission's pages on INLOGOV's website at: www.bham.ac.uk/inlogov

Introduction and reflection on progress to date

20. This interim report provides the Hull Commission's initial views on how to secure better economic growth for Hull¹, the East Riding and the Humber area generally by improving the way that the area's local authorities work together. We have made securing economic growth our top priority and seek the widest possible range of views on our findings to date in order to inform the final report. Appendix 1 provides details of the Commission and its members.
21. The relationship between different local authorities has been at the heart of the Commission's work. Our terms of reference ask us to consider:
 - a. The effects of the existing boundaries on the development and regeneration of the city and sub region and;
 - b. To examine and advise on ways in which local government in Hull and the East Riding of Yorkshire may meet the key goals of being effective, efficient and accountable:
 - i. **Effective** not only in service delivery to the area, but also in developing and delivering strategies for economic growth and regeneration to enable the City to play its part in, and compete in, the national and regional regeneration agenda
 - ii. **Efficient** in delivering or commissioning services that provide the best possible outcomes at the lowest cost and successfully delivering strategies for economic growth

¹ Although its formal name is Kingston upon Hull we refer to 'Hull' throughout this paper.

- iii. **Accountable** in devolving appropriate power and responsibilities, as far as possible, closer to local communities, in line with the localism agenda embraced by all main political parties.
22. In the light of b. above we were asked to advise on local government arrangements for a Greater Hull based on any or all of the following or a combination of them:
 - a. Combining the existing Hull and East Riding Councils into one local authority
 - b. Keeping the two existing Councils but having a Combined Authority for certain functions, e.g. planning, tourism and economic regeneration
 - c. Extending the City boundary to encompass the city travel to work area
 - d. Extending the City boundary to encompass the contiguous built up area
 - e. Merger of the officer administrations of the Hull and East Riding councils, which would facilitate achievement of the three key goals.
23. In our discussions, the Commission has arrived at the view that the current Hull/East Riding boundary and the consequent constraints on Hull may well be an important issue. However, we consider that co-operation between Hull and the East Riding, and with North Lincolnshire and North East Lincolnshire, will provide more opportunities for immediate action and the delivery of benefits in the short to medium term. The boundary issue may still need to be addressed in the future. Accordingly this paper seeks to test this view and options for how this might be progressed. (An assessment of the five possible arrangements follows later in this report.)
24. Secondly, we believe that it is important to consider the whole of the Humber area in any proposals, because of the close interrelationship of the economies of all four councils, as demonstrated by the work of the Humber LEP. Accordingly this paper provides some financial and economic context for the four local authorities, namely East Riding, Hull, North East Lincolnshire and North Lincolnshire.
25. In coming to this view, we have received reports which set the area in the national context, reviewed financial and economic matters and taken evidence from a wide range of interviewees, from local politicians and business people to national politicians and officials. We are extremely grateful for the enthusiasm, candour and helpfulness of all those interviewed.
26. The paragraphs that follow set out in greater detail the evidence that we have heard so far, how other places are addressing similar issues and a roadmap for possible change. We then draw conclusions and seek to test our views through a call for further evidence from interested partner organisations and the public.

The evidence considered so far

Local background

27. Hull and the East Riding are both significant unitary local authority areas. The East Riding is the 16th most populous non-county area in England and Wales, with a population of over 334,000 at the last census, and Hull was 50th most populous with over 256,000. Their combined population of over 590,000 gives them significant weight.² North Lincolnshire has a population of over 167,000 and North East Lincolnshire of over 160,000. The total population of all four

² See 2011 Census: Key Statistics for local authorities in England and Wales:
<http://www.ons.gov.uk/ons/rel/census/2011-census/key-statistics-for-local-authorities-in-england-and-wales/rft-table-ks101ew.xls>

areas is 917,000 and rising. We have provided a series of maps in Appendix 2 showing the interrelationship between the four local authority areas.

28. There is significant interdependence, particularly between Hull and the East Riding. Even within its formal boundaries, the city of Hull is by far the largest settlement in the area and provides important infrastructure and a wide range of retail, cultural and leisure services to much of the surrounding sub-region. Leisure and cultural services in particular are subsidised by the City Council, although the area as a whole benefits from them. Also, flood defence is an important element of local infrastructure which requires close collaboration, with Hull having experienced two major floods in a decade.
29. Local Authorities have always collaborated on strategic matters, with varying degrees of involvement and success. In addition, the Localism Act 2011 introduced a Duty to Cooperate³, which Councils must abide by, which “... places a legal duty on local planning authorities, county councils in England and public bodies to engage constructively, actively and on an ongoing basis to maximise the effectiveness of Local and Marine Plan preparation in the context of strategic cross boundary matters.” It will be important for councils in the Humber area to ensure that they can demonstrate that they have complied with their statutory duties to co-operate.
30. We consider it to be extremely positive that the Hull and East Riding Councils have agreed a Joint Background Paper (April 2014)⁴ which sets out how their two plans interrelate (although we are concerned that actual progress on this action plan seems slow). This is a wide ranging document covering the following issues which are key to local growth:
 - a. Functional connections
 - b. Co-operation and strategic context
 - c. Hull Housing Market Area
 - d. Hull Functional Economic Area
 - e. Infrastructure Requirements.
31. However our analysis so far shows that there are some significant challenges which are to be overcome if growth in Hull, the East Riding and the wider area is to be optimised. In coming to this view, we have considered the analyses contained in a wide range of reports on national and local issues. Appendix 3 provides a list of reports and sources reviewed.
32. Over the last ten years reports have continually noted Hull’s significant under-performance in terms of economic growth and contrasted that situation with the ability of other cities in Yorkshire and other parts of the north to secure growth.⁵ At the national level, there is cross-party agreement that securing sustainable economic growth is the key not just to economic prosperity, but also to addressing wider social issues. Enabling the Northern cities to thrive and prosper, and reducing the disparities between North and South, were key policy objectives for the 2010-2015 Coalition Government.

³ See guidance on the duty to co-operate at: <http://planningguidance.planningportal.gov.uk/blog/guidance/duty-to-cooperate/what-is-the-duty-to-cooperate-and-what-does-it-require/>

⁴ See Joint Background Paper 2014 listed as document CD07 at: <http://www2.eastriding.gov.uk/environment/planning-and-building-control/east-riding-local-plan/examination-in-public-information/>

⁵ See: Releasing the national economic potential of provincial city-regions: the rationale for and implications of a ‘Northern Way’ growth strategy: https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0CCEQFjAA&url=http%3A%2F%2Fusir.salford.ac.uk%2F17109%2F1%2F142418.pdf&ei=neYBVIHvNYLuaP_vgygP&usg=AFQjCNGJGE2Z9eOeOFyIOrjJBbsMNRilg&bvm=bv.74115972,d.d2s

33. The national academic and policy literature reflects the move from a grant-based to an incentive based approach to economic development, for example through the Community Infrastructure Levy (CIL), New Homes Bonus, the Local Growth Fund and latterly the 2015 Budget announcement that three areas would be enabled to retain 100% of business rates growth. It consistently highlights the key role of cities and city regions pointing to the need for economic and social growth which is:
- a. Based on functional economic areas
 - b. Forward looking and able to develop in new ways and into new markets
 - c. Linked by good infrastructure to surrounding economic areas and the national economy
 - d. Constantly refreshed by continually developing an appropriately skilled and stable workforce who see a future in the area
 - e. The product of effective local leadership which brings together the public, private and voluntary sectors through productive long-term relationships based on trust
 - f. Supported by an open, facilitative approach from local authorities and the rest of the public sector working together, including using the public sector balance sheet and other resources to help secure investment and long-term benefits.
34. The literature covering the Northern metropolitan economy clearly sees Hull as an important *node*, or local focus for economic growth. However a node is not a *hub* and the four local authorities will need to reflect on how best to make a case which ensures that the sub-region is recognised as an essential and central part of the picture rather than remaining on the periphery. In doing so they will need to consider how the area functions as a city region in order to demonstrate that it is a key component of the ‘Northern Powerhouse’⁶.
35. The four local authorities have clearly been able to have some impact because they have recently secured the City Deal and Growth Deal, through the Humber LEP. However, where the literature addresses the sub-region’s issues it notes the considerable untapped potential, and the significant challenges faced by those who hope to release it.
36. It is worth pointing out that as yet we have found no literature which considers Hull and the East Riding *separately* from the rest of the Humber area. This carried considerable weight as we came to our view that any solution must address the needs of this wider area. Consequently we have included a section below on financial issues impacting on North Lincolnshire and North East Lincolnshire Councils and other statistics for all four local authority areas, in addition to findings relating solely to the area covered by Hull and the East Riding on the North Bank of the Humber.
37. With all the above in mind, the Commission is saddened that to date the East Riding Council has declined to take up invitations to be present at Commission meetings or otherwise to respond to this inquiry. We very much hope that the Council will submit responses to the call for evidence and feel able to become more involved from this point onwards.

Interviewee comments

38. The INLOGOV research team, which has been supporting the work of the Commission, has interviewed twenty key individuals in order to gather their views and insights about how

⁶ It is positive that Hull’s contribution to a recent Department of Transport report *The Northern Powerhouse: One Agenda, One Economy, One North* resulted in improved coverage of the area’s contribution: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/414815/the-northern-powerhouse-tagged.pdf

growth in Hull, the East Riding and the wider Humber area might be achieved and the impact of current local government arrangements on growth. A full list of interviewees to date is set out in Appendix 4. The interviews have been conducted on the basis that interviewees' names will be given, and general analysis drawn from the collection of points made, but that the interviews are confidential and that individual comments will not be attributed. The Commission is very grateful for all of the contributions and the helpful and candid approach taken by the interviewees. The following paragraphs summarise the main points, with some quotes from the interviews provided in italics.

39. There was some concern that this is not a *joint* HCC/ER effort, but acceptance that the Commission will provide an independent view.
40. Interviewees were asked about whether the existing city boundary is an issue. The majority said that the boundary is a real challenge and gave a variety of reasons. These included misperceptions of Hull's importance regionally and nationally arising from issues which are variously statistical, political, cultural, reputational and financial. Many felt that whether or not it may need to be redrawn, a mechanism is needed to depoliticise the boundary issue, perhaps by putting in place a Combined Authority as a starting point, otherwise it will just be seen as being a parochial sideshow.

"The boundary needn't be an issue if they could work together."

"Politicians are increasingly recognising that if they don't work together they'll be left behind."

41. When asked how important collaboration is and what the drivers for it are, a significant majority considered that the futures of all four local authority areas are joint, not separate. They consider it vital to build collaboration in order to:
 - a. Secure economic development
 - b. Integrate the community
 - c. Work more effectively with partners, and build more productive relationships locally
 - d. Secure Hull and the Humber's reputation as a serious city region
 - e. Build trust nationally and regionally, providing government with the assurance it needs to delegate more to the area.
42. Interviewees considered the main barriers to collaboration to be:
 - a. Historic rivalries, both between politicians and officers, being part of the local culture
 - b. Self perpetuating arguments about specific local issues
 - c. Deeply entrenched negative patterns of behaviour
 - d. A lack of understanding of the benefits to local people to be gained through collaboration.
43. The interviewees' aspirations in terms of growth and prosperity were focused as much on process and inputs as outputs and outcomes for the area, with few being clear about what they thought the outcomes should be; indicating a lack of a shared and widely understood ambition for the whole area. Some thought that Hull and the Humber needs to have a small number of key objectives that people understand, sign up to and do something about.
44. There were differing observations about the Humber LEP and how the four local authorities work with it. Some considered it to be a partnership which has achieved a lot for the area and has great potential, others that it is an inevitable mechanism to make things work, others still

that it is a ‘fig leaf’ which has little real meaning. Some were unclear about what it has achieved, some questioned its size and cost, and others wondered whether the LEP has really communicated how successful it has been. Others observed that other places seem more inclusive of their LEP and that the Hull and Humber LEP has a good reputation with people outside Hull and the Humber, with the individual local authorities seen, in contrast, as being less effective because of silo-based thinking.

45. Turning to perceptions of Hull and the Humber we were concerned that ‘parochial’ was a word used by almost every interviewee. Quotes from interviewees outside the region also illustrate this:

“Hull and the Humber should get out more and be part of the North”

“It’s really important to get on the map and this is not happening because the city is not being taken seriously”

46. An underlying message from the interviews is that leading people in Hull and the wider Humber area are perceived to fight *with* each other, not *for* each other. There were few interviews of locally based people where the interviewee was not highly critical of one or more of their partners, and largely this did not come across as supportive or frankness borne out of understanding. So, whilst many are extremely passionate about the need to make the most of opportunities and frustrated that progress is not more rapid, we consider that much of their energy is being absorbed by internecine strife which undermines collaboration.
47. More positively, the local MPs were mentioned by most interviewees, without prompting, as a joint force for good. The Commission accordingly considers that they might be asked to help in some way to broker some form of new settlement for the area.

“In terms of the future of public services, the only way to cope is to focus on people or places not structures, it’s about leadership”

48. A key point arising from the interviews so far is that although the boundary issue *is* important and does need addressing in some way in the long term, shorter term gains with long term impact could be made through joint working and possibly a Combined Authority, provided that a positive partnership culture can be built by local leaders.

The Commission is interested in your thoughts on the following:

- i) What is your opinion of our analysis of the background? Are there any other key points you would like to make?*
- ii) Do you recognise the picture painted by our interviewees? What is your view?*
- iii) What in your opinion best helps Hull and the Humber to prosper?*
- iv) And what is holding it back?*

Economic and financial issues

49. In this section we discuss key figures for Hull and the East Riding and where possible include data relating to North East Lincolnshire and North Lincolnshire to enable discussion about Hull and the Humber area as a whole. This is a summary of a larger piece of analysis, the working paper for which may be found on the Commission’s website at the following address: <https://www.birmingham.ac.uk/schools/government-society/departments/local-government-studies/research/hull-commission.aspx>
50. There are wide disparities between Hull and the East Riding’s key statistics. In 2010, Hull was ranked 10th most deprived local authority area in England whilst the East Riding was 202nd (out

of 326)⁷. Employment rates for 16-64 year olds as of June 2014 were 74.9% in the East Riding and 63.3% in Hull⁸. Life expectancy at birth in Hull in 2012 was 76.6 years for males and 80.5 years for females, whilst in the East Riding it was just over 79.6 and 82.9 respectively. The national average life expectancy was 78.8 and 82.7 respectively. Averages such as these can mask wide variations, however they are a useful comparator.⁹

51. The following table shows these basic statistics for the four authorities, compared to England as a whole:

	Deprivation: Index of Multiple Deprivation 2010 Rank of average out of 326. Low is good	Employment ONS June 2014 High is good	Life Expectancy at birth ONS 2012 High is good	
			Male	Female
East Riding	10	74.9%	79.6	82.9
Hull	202	63.3%	76.6	80.5
North East Lincolnshire	46	68.6%	77.9	81.9
North Lincolnshire	120	74.3%	78.3	82.8
England	N/A	71.9%	78.9	82.7

52. Many of the statistics reflect specific conditions within the current local authority boundaries and will not take account of the fact that these may not reflect matters such as the extent of the functional economic area, labour markets or housing markets. Accordingly they often register significant differences between Hull and the East Riding, reflecting the tightly drawn nature of the Hull boundary. As the University of Hull's Dr Mike Nolan noted in 2012, these statistics must be interpreted with caution.¹⁰
53. Dr Nolan found that if Hull's boundary was that of a more normal unitary area then the differences, particularly with regard to the Index of Deprivation, would not be so stark. Much of its more wealthy hinterland, currently in the East Riding, would be included in its area and hence in its statistics.
54. The research compared the level of deprivation within Hull's boundary with that within Hull's travel to work area, which might be a more realistic guide to the city's boundaries when compared to other places, which normally reflect the travel to work area more closely.
55. The level of deprivation within Hull's administrative boundary places it as the tenth most deprived area in the country. However Dr Nolan found that if its boundary reflected the travel to work area, then it would move to be 68th most deprived in the country and its population would be around 500,000 similar to that of Bradford. The Commission considers that both factors could have a significant impact on perceptions of Hull.

⁷ See: English Indices of Deprivation 2010

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6884/1871689.xls

⁸ See: ONS Statistical Bulletin – Regional Labour Market September 2014,

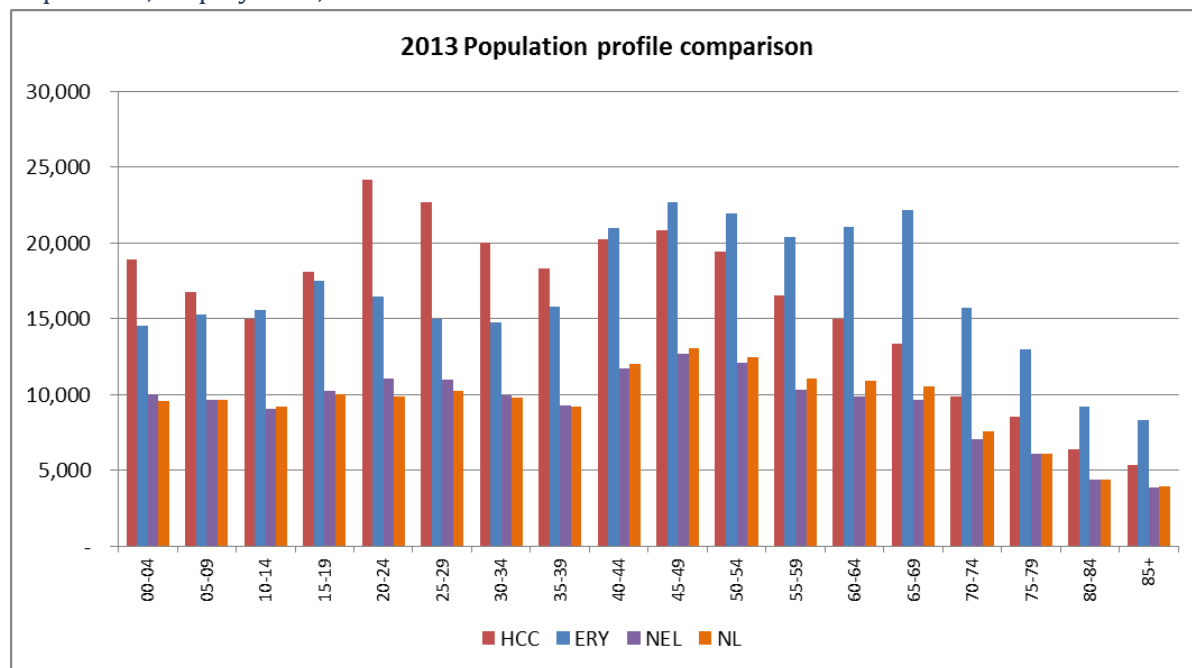
http://www.ons.gov.uk/ons/dcp171778_376014.pdf and <http://www.ons.gov.uk/ons/rel/subnational-labour/regional-labour-market-statistics/september-2014/rft-lm-table-li01-september-2014.xls>

⁹ Source: Office for National Statistics (ONS) <http://www.ons.gov.uk/ons/rel/subnational-health4/life-expec-at-birth-age-65/2006-08-to-2010-12/rft-table-1.xls>

¹⁰ See: Nolan M (2012) *Does the local economic performance league table lie? Concentric banding and the Index of Multiple Deprivation 2010*, Local Economy June 2012 27: 403-418,

56. Of course, the two councils could choose to work together to address the challenges of the area as a whole, as others are increasingly doing¹¹, which would even-out some of the current significant differences.
57. Although the differences between the circumstances of Hull and the East Riding are the most stark in the Humber area, all four councils face different challenges and we have attempted to draw them out below.

Population, employment, benefits and education



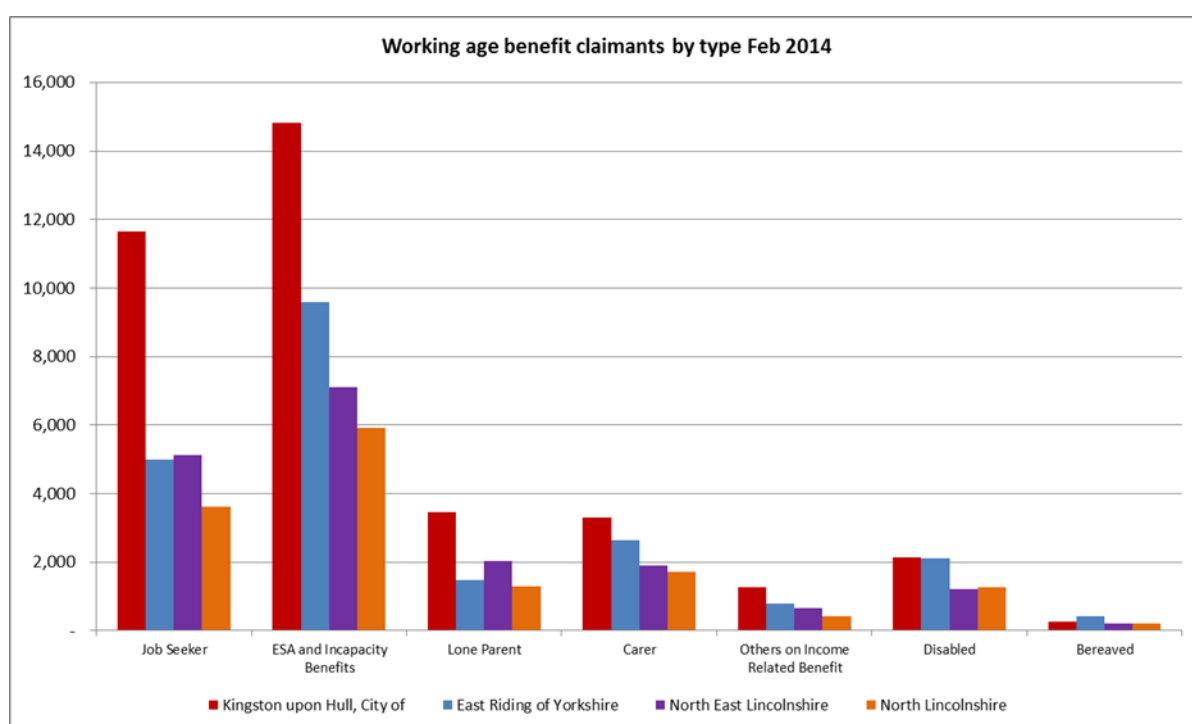
58. The above chart shows the 2013 population by 5 year age band. East Riding has the greatest number and proportion in the older age groups. In contrast Hull has a similar weighting to the very young and mid 20s age groups. North East Lincolnshire and North Lincolnshire have very similar age profiles with only a slightly greater weighting towards older age groups for North Lincolnshire and younger age groups for North East Lincolnshire.
59. In contrast to the other three councils, East Riding has seen falls in both the number of children and young people and its working age population in recent years. The other councils have seen net rises in these categories. East Riding has also seen the largest absolute rise in the over 65s population over the 2010 - 2013 period.
60. Hull is highly likely to experience significant population growth in the future. The Office for National Statistics projects Hull's population growth from 2012 to 2037 to be around 14,000 (6%)¹², with the East Riding projected to grow by 31,000 (10%) a combined growth of 8%. However the boundary point plays into this, and it can be anticipated that most of the growth will be within the Hull functional economic area.
61. Furthermore, the type of growth is not anticipated to be uniform. Growth in the working age population is anticipated in Hull in the next 10-15 years compared to a reduction in that age group in East Riding. The following table shows the projected population change in the next five years across the Humber in three broad age bands:

¹¹ See RSA City Growth Commission: <http://www.citygrowthcommission.com/>

¹² See: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-335242>

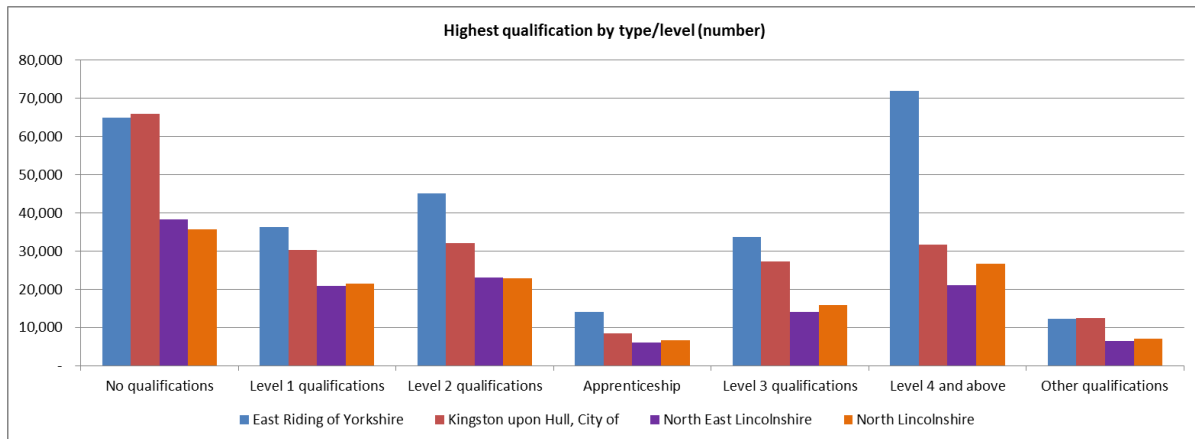
% Change (Loss)	0-19	20-64	65+
East Riding	(0.4)	(0.7)	12.1
Hull	0.3	0.3	7.4
North East Lincolnshire	(1.6)	(1.2)	8.3
North Lincolnshire	(0.5)	0.0	12.9

62. Hull has the highest rate of benefit claimants in almost all categories. This includes more than twice the number of JSA claimants than any of the other councils. All four local authorities have seen around a 15-20% reduction in JSA claimant numbers since February 2011 which is in line with national trends. Also while North East Lincolnshire, North Lincolnshire and East Riding have seen reductions in the ESA and incapacity benefits claimant trends in recent years, Hull has seen further rises of about 1% compared to February 2011. Together these two factors illustrate the need for even greater focus on jobs creation for the population of Hull.

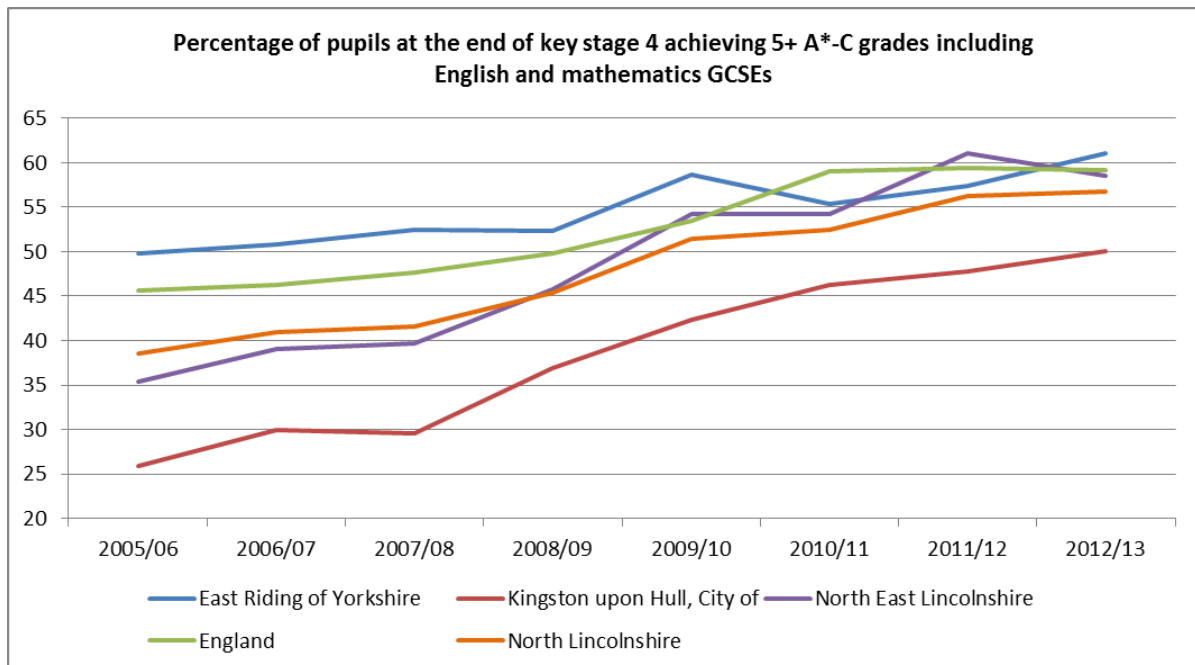


63. The reduction which is forecast in the working age population in the East Riding suggests that there may be some labour market demand in that area to provide opportunities for the rest of Hull and the Humber. Focussing on the appropriate skills development and consolidating transport links within the travel to work area should enable this to happen. This would be of benefit both to businesses and the population across the area.
64. There is an interesting difference relating to average wages. Average wages by employer are very similar in the Hull and the East Riding at around £22-£23k p.a., well below the English average of just under £28k. However average wages by residence are very different, with a difference of over 20% between Hull and the East Riding. Average wages for Hull residents are around £19k p.a. and for the East Riding just over £26k. This salary analysis provides empirical evidence of the interdependency of the Hull and East Riding population on the economic success of Hull. In particular, some of the greatest beneficiaries in salary terms of the City's success are people living in the East Riding. There is very little difference between the average wage levels by employer and residence for either North East Lincolnshire or North Lincolnshire. Average wages in each case are around £22k and £26k respectively.

65. It would therefore be beneficial to the East Riding for it to work in conjunction with Hull to co-develop and implement economic development strategies which are consistent and aligned, taking into account both council areas. This would particularly be in the East Riding's interest because trends show that GVA per head in the East Riding is falling, whilst that in Hull is rising. Indeed the GVA analysis by industry illustrates the similarity of the profile of GVA creation across the two council areas, evidence that collaboration in the area of economic development strategies are likely to benefit both local authority areas.
66. The following chart shows that the East Riding is effectively a knowledge and skills reservoir for the whole of Hull and the Humber outstripping all other areas at every qualification level and providing just under half of all graduates.



67. There may be a gradual change in this over time. The following chart shows that Hull has significantly improved its GCSE performance coming close to doubling its overall pass rate in seven years:



68. The improved educational attainment in younger age groups in Hull gives hope for the future skills-base, indicates improvement in the value added by its schools, and will make Hull a more attractive proposition for incoming families.

69. However there is likely to remain a relatively unskilled older working population and employment strategies for Hull and the wider Humber area will need to consider how this might be addressed.

Council finances

70. Both councils are seeing increasing demand for social care and rising budgets for services, both in adult and children's social care services. This is against the backdrop of continued reductions in government funding. This presents a 'double whammy' in respect of the potential financial pressures on some of the other core services which both councils provide. The analysis of the 2015/16 budgets of the two councils illustrates how each council is planning to face these challenges.
71. Some of these services have already seen significant budget cuts and a more radical approach in order to maintain service provision may be required to ensure continuity of those services in future. Efficiencies can be gained in back office and administrative activities, but there are also precedents for joint management and delivery of most other services. For example social care is managed and delivered through shared management structures across the Tri-Borough partnership between the London Boroughs of Westminster, Hammersmith & Fulham and Royal Borough of Kensington & Chelsea.
72. Some significant efficiency savings have already been delivered in some back office functions within each council and it is hoped that Business Transformation in East Riding will contribute significantly to meeting its ongoing financial challenges. However scope for further reductions in some of these support functions within the current delivery structures may be limited without radical change.
73. The following table sets out the agreed 2015/16 non-schools net revenue budget for each of the four councils and the funding reductions anticipated in their budget papers for 2016/17, which is widely regarded as being a 'crunch year'.

Spend not including schools, but including Parish precepts where applicable	Net budget¹³ 2015/16	Projected net budget 2016/17	Projected net budget 2017/18	% Change 2015-17	% Change 2015-18
East Riding	£257.7m	£252.3m	£248.3m	-2%	-4%
Hull	£266.6m	£238.5m	£238.4m	-11%	-11%
North East Lincolnshire	£120.7m	£117.8m	£114.0m	-2%	-6%
North Lincolnshire	£139.9m	£137.8m	£139.8m	-2%	0%

Per Capita analysis	Net budget 2015/16	Population	Per capita spend	Per capita reduction 2015-17	Per capita reduction 2015-18
East Riding	£257.7m	334179	£771	£16	£28
Hull	£266.6m	256406	£1,040	£110	£110
North East Lincolnshire	£120.7m	159616	£756	£18	£42
North Lincolnshire	£139.9m	167446	£835	£13	£1

74. In these challenging circumstances, Hull's funding reductions place the non-statutory services, which are used by the wider regional population, under potentially significant pressure.

¹³ The net revenue budget is the amount required to be covered by national or local taxation. It does not include income from fees and charges.

75. The per capita analyses we have carried out for this review show stark contrasts between the four councils. Planned reductions in funding in the coming two years equate to £110 per-capita for Hull City Council, as against £28 per-capita funding reduction in the East Riding, £42 per capita in North east Lincolnshire and £1 per capita in North Lincolnshire.
76. All four councils face significant financial challenges in the coming 2-5 years. While they have been successful in achieving financial balance in respect of reductions already made, East Riding seem to have both achieved a greater absolute degree of net saving to date, has a lower level of absolute and per-capita saving to deliver in the future and is arguably in the strongest financial position in terms of future funding, contractual commitments and therefore resilience.
77. In the 2015 Budget the Chancellor announced that a number of pilot areas (Greater Manchester, West Midlands and Cambridgeshire) would be enabled to retain 100% of Business Rates Growth, rather than the current 50%. If such a scheme were extended to other areas it would soften some of these challenges slightly, for example if Hull were eligible, it would receive a further £3.8m from the anticipated 2015/16 growth, or the equivalent of 1.4% of its gross spend or a 6.6% increase in Council Tax. The increase for East Riding would equate to £4.2m or 0.6% of Gross Spend or a 3.2% increase in Council Tax. It is not yet clear, however what criteria are being used to decide which areas should be given this flexibility. It may be City Deal areas, but might also require clear indications of ever closer collaboration, as exemplified by Manchester.
78. The 2010-2015 Coalition Government considered that significant further austerity measures will be required up until 2020. The precise implications for both councils for 2016 and beyond remain unclear and it is unlikely that any certainty will be provided over the medium term until well after the May 2015 General Election, so the longer term financial future remains uncertain.

The LEP's contribution

79. At the time of writing Hull and the wider Humber can account for £650m in total of inward funding over the last few years, much of it arising, at least in part, from LEP activities. It was given 'Pathfinder' status in 2013 and appears to have a good reputation at the national level for delivery. However we have received differing views as to the LEPs effectiveness and consider that further work may be needed to evaluate this objectively.
80. There has not been a recent comparative evaluation of LEPs nationally, but the momentum built up by the Humber LEP is significant, funding streams and freedoms and flexibilities are being opened up and private and public sector matched investment is beginning to flow. Enterprise Zones have attracted new businesses in line with the LEP priority industry areas.
81. The programme scope and scale is significant, the implementation of the Growth Deal will take both time and a great deal of collective engagement and decision making by all partners in order that the programmes are delivered successfully and the benefits realised.
82. With this experience, the LEP's relationships with central government and the scale of activities, and in the light of the reducing funding streams to local government, it would make sense for the councils to consider closer alignment between their own planning and economic development activities and resources and those of the LEP.
83. Part of the Commission's further work may be to evaluate the opportunities presented by the proposed government investment plans as their scope becomes clearer. It may also wish to consider how the specific needs of the area may continue to be addressed through an evaluation of the progress to date and consideration of whether a more productive alignment of the work of the councils with each other and with the LEP might be possible.

Financial conclusions

84. Our research into the financial context has shown that there are a range of compelling reasons for the four councils to work together closely, including:
- a. The dependency of the functional economic area on the success or otherwise of Hull as the key economic driver
 - b. The interdependence and similarity of their economies
 - c. The scale of their respective activities and the interrelationship between them
 - d. Public sector funding pressures
 - e. Building relationships with central government.
85. As a result of these factors joint work is needed across the four council areas to agree how best to achieve:
- a. The development of policies and delivery where they relate to issues which have an impact on the area as a whole and not just within the local authorities' own areas, for example the impact of demographic and economic changes
 - b. Joined up planning and delivery of services where they cross boundaries or are used by all in the area, these include highways and transport, retail and cultural services, and adult learning, for example
 - c. Best value from the economic development spending and activity of the four councils and the Humber LEP.
86. Our analysis also shows that building up a broader picture of the interrelationships in the area can provide a useful basis for discussion, but this is a snapshot and not the long-term evaluation which would be needed to guide collaboration over time. However in our interviews we heard that the University of Hull is seeking to put in place a research institute that will focus on regional development issues, including economic development and regeneration, competitiveness, regional innovation strategies and labour market issues. The Humber Development Institute, if established, would support Hull, the East Riding, North Lincolnshire and North East Lincolnshire, as well as the Humber LEP and other partners. We consider that an agreed, independent source of information for the area would be extremely helpful as a foundation for partnership working.
87. We consider that it is important for Hull and the East Riding, along with North Lincolnshire and North East Lincolnshire to build a common reference point for discussion and the development of change strategies to address future challenges together. A first step may be to look more closely at what other councils have achieved in relation to these types of joint working in order to support the case for change.

The Commission is interested in your thoughts on the following:

- v) Please give us your views on any further economic issues we ought to consider. We are particularly keen to receive information on any variations in economic or financial impacts, for example on inward investment, arising from the differences between the functional economic area, travel to work area and the boundary of Hull itself.*
- vi) Are there any other information sources or issues that the Commission should consider before coming to a conclusion about the best way forward for the whole area?*

National developments, devolution and Combined Authorities

88. The Core Cities have set out their position through the RSA City Growth Commission's final report *Unleashing Metro Growth*¹⁴, which concurs with the findings of the LGA, INLOGOV, CIPFA and most recently the DCLG Transformation Challenge Panel's report (*Bolder, Braver and Better: why we need local deals to save public services*) on public service reform¹⁵.
89. When the City Growth Commission started its deliberations, it was clear that it would have significant impact on thinking about the drivers of and mechanisms to achieve economic growth. However few could have imagined the fundamental shifts in the political landscape that would arise around the Scottish referendum, and the deliberations of the Smith Commission, which is proposing permanent constitutional and fiscal devolution for Scotland. *Unleashing Metro Growth* seeks similar levels of devolution to the Core Cities and calls for five important changes in the national environment:
- a. Changing the fiscal balance including tax raising and welfare distribution powers
 - b. Introduction of a form of formal devolved status for city regions
 - c. Involvement of city regions in national decision making
 - d. Change in the way Whitehall relates to city governments
 - e. A change to devolution through power sharing and from the top down allocation of duties to city regions by central government to mature and more equal relationships.
90. As well as devolution, there is a strong message of self-determination too. The report seeks collaboration and agglomeration across metro areas to bring together a force for development and growth. This takes time, effort and patience. However such potential cannot be released without developing a new landscape of distributed power and productive growth.¹⁶
91. *Unleashing Metro Growth* has had significant impact across the political spectrum. There was already support for the work on combined authorities being undertaken in Greater Manchester, Liverpool, and West Yorkshire, but the 2010 – 2015 Coalition Government subsequently signalled that such activity based around city regions and Combined Authorities was its preferred framework for growth and devolution. Some of our interviewees regarded the development of Combined Authorities as a *pre-requisite* for devolution, because it is only by demonstrating that they can work together that clusters of councils can make a coherent case for devolution.
92. By November 2014 the Chancellor of the Exchequer had agreed a devolution deal for Greater Manchester (summarised in Appendix 5 for information) which will include transport, housing, planning and policing. It is to be led by an elected mayor for the area chairing a cabinet comprising leaders from the local authorities. It will also include additional powers to join up health and social care (announced in the 2015 Budget), to boost business growth and to promote skills. However the deal stops short of fiscal devolution. The 2010-2015 Coalition Government was keen to agree similar settlements with other city regions and was in discussion with West Yorkshire and Sheffield. Interestingly, these were not proposed to include mayoral arrangements. The Key Cities group, of which Hull is a member, is also

¹⁴ See: <http://www.citygrowthcommission.com/wp-content/uploads/2014/10/City-Growth-Commission-Final-Report.pdf>

¹⁵ See: <http://publicservicetransformation.org/service-transformation-challenge-panel/the-report>

¹⁶ This is in line with other research, such as the Parkinson Report on Second Tier Cities (2011), carried out by Liverpool John Moore's University as part of the EU ESPON research programme into development. See http://www.ljmu.ac.uk/EIUA/EIUA_Docs/Second_Tier_Cities.pdf

marshalling its own set of proposals, as are some county areas, as set out below in paragraphs 101-104.

93. All of the proposals have the following in common:
- a. A clear rationale for devolution based on a city at the heart of a functional economic area
 - b. A joint proposal with full agreement of the proposal by all parties
 - c. A track record of productive and positive joint working.
94. The following paragraphs set out Combined Authorities' statutory foundations in more detail.

Combined Authorities' legal basis¹⁷

95. Combined Authorities are intended to focus on strategic matters affecting a wide area, for example a city region, and focus on economic development and transport functions, supporting their constituent local authorities and enabling them to focus on local leadership and services. They have their legal foundations in the Local Democracy, Economic Development and Construction Act 2009 and subsequent slight amendments.
96. The 2009 Act was quite wide ranging, but the purpose of Part 6 was to enable a group of local authorities to create a separate legal entity to carry out economic development and transport functions, including some which might be delegated from central government as well as from the authorities themselves. Subsequently the Localism Act 2011 broadened the remit to include more general powers, akin to those of councils but not including the ability to become a trading organisation. The measures apply only to England and up until 2009 the only comparable mechanism available for such work was the rather more limited Joint Committee, under the powers of the Local Government Act 1972.
97. A Combined Authority must consist of the whole of two or more local government areas in England which have contiguous boundaries and do not completely surround an authority that is excluded from it. It follows that local authorities may only be members of one Combined Authority carrying out a particular function for its area. Any proposal must be set out as a scheme meeting particular criteria and approved by the Secretary of State.
98. Although a Combined Authority is a separate legal entity, it is controlled by politicians from its constituent councils and is required to operate within the normal legal framework that applies to councils, including access to information, financial controls and audit requirements.
99. At the time of writing there are five Combined Authorities, with considerable interest from other groups of councils. They comprise five out of the eight English Core Cities, with the remainder currently developing proposals.¹⁸ The following paragraphs analyse some of the background and proposals to date.

Combined Authorities - state of play

100. The following paragraphs describe Combined Authority progress at the time of writing. However this has been a particularly fast-moving development and will almost certainly have changed between writing and publication. The most advanced is currently Greater Manchester. The LGA is keeping a devolution register which should be referred to for the latest state of play.¹⁹

¹⁷ See Parliamentary Briefing <http://www.parliament.uk/briefing-papers/SN06649.pdf> for a highly accessible description

¹⁸ The Core Cities are Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham, Sheffield. See <http://www.corecities.com/>

¹⁹ See http://www.local.gov.uk/devolution/-/journal_content/56/10180/6922098/ARTICLE

101. The background of the five Combined Authorities and the deals made in late 2014 may be summarised as follows:

- a. **Greater Manchester:** Formed of ten local authorities with a 28 year track record of developing partnership working based on the inception of the Association of Manchester Authorities in 1986. The Greater Manchester Combined Authority (GMCA) Agreement commenced in 2011. GMCA has now agreed further devolution with the Treasury, which includes a directly elected Mayor for the city region. It is on track to control 60%+ of public spend in its area, either on its own or jointly with the Treasury²⁰. The agreement includes transport, housing, planning and policing, with additional powers to join up health and social care, to boost business growth and to promote skills²¹.
- b. **West Yorkshire:** The six local authorities in the West Yorkshire Combined Authority have been engaged in joint working in various services since 1986. WYCA has been in existence since April 2014. In its agreement with the Treasury it has been developing similar arrangements to Manchester, but not including an elected Mayor²². An interesting feature of this Combined Authority is that the Chair of the Local Enterprise Partnership is a voting member.
- c. **Sheffield:** The Sheffield City Region has nine local authorities. There is a history of joint working including a development forum created in 2008. SCR morphed into a Combined Authority in April 2014. It is in discussions with the Treasury about a similar offer to the one made to Manchester but not including an elected Mayor²³.
- d. **Liverpool:** Merseyside has perhaps a more patchy history of joint working but has had a Combined Authority since April 2014. At present discussions are taking place with the Treasury about developing a similar arrangement to Manchester, and they are open to the idea of an elected Mayor.
- e. **Newcastle:** Combined Authority since April 2014, and based on the previous RDA and North East Assembly boundaries. The relevant local authorities have a long track record of joint working.²⁴

102. Others emerging include:

- a. **Bristol:** in discussions, including with Cardiff, to explore a Combined Authority to work across its functional economic area, although including Cardiff might need some legislative change.
- b. **Cambridgeshire:** Cambridge is a Key City and is the centre of significant growth based on various high tech companies and university spin-outs. It is the focus of a City Deal and the County Council is working with all Cambridgeshire districts, with Peterborough and across the local public sector to explore a whole place budget based Combined Authority approach.
- c. **Derbyshire:** Formally published a Scheme for the 11 Derbyshire councils on 9th April 2015.
- d. **Nottinghamshire:** A Combined Authority is currently being developed with support from all nine councils in Nottinghamshire

²⁰ See Municipal Journal 27th November 2014, P12

²¹ See: <http://www.agma.gov.uk/>

²² See: <http://www.westyorks-ca.gov.uk/what-we-do/>

²³ See: <http://sheffieldcityregion.org.uk/about/the-sheffield-city-region-authority/>

²⁴ See: <http://www.northeastca.gov.uk/>

- e. **Tees Valley:** This group of financially challenged small unitaries has a track record of close joint working. They have signalled that they are about to consult on proposals to create a Teesside Combined Authority.
 - f. **West Midlands:** There has also been a range of discussions exploring the creation of a West Midlands Combined Authority, covering various configurations, centred on Birmingham.
103. The proposed arrangements were given a further boost by the government's announcement of £7bn to create a 'Northern Powerhouse' based on the northern combined authorities. This reinforces one of the benefits felt by combined authorities, namely direct access to the Treasury to explain their position and negotiate solutions. Hull is the only major city within the Northern Powerhouse area not currently part of a Combined Authority.

Boundary reviews

104. The Commission's current view is that a review of the Hull and East Riding local authority boundaries is not as urgent as the immediate changes which could facilitate improved joint working across the whole of Hull and the Humber and help achieve sustainable growth. However for completeness the following paragraphs set out the arrangements that would pertain if a boundary change were to be pursued.
105. The Local Government Boundary Commission for England (LGBCE)²⁵ is responsible for reviewing and recommending changes to local authority structures and boundaries to the Secretary of State, which are then enacted through a Statutory Instrument in Parliament. The LGBCE carries out three types of review: Electoral Reviews, which relate to the ward boundaries and arrangements within a council area, Structural Reviews, which relate to the unitarisation of two-tier areas, and Principal Area Boundary Reviews, which relate to the boundaries between individual authorities. Such reviews are categorised as 'small', 'medium' and 'large scale' and the rules would apply in any review which was requested between the East Riding and Hull.
106. The LGBCE technical guidance for principal area reviews sets out the basis on which such a review would take place (Page 1, para 1.5):
- "We believe that local authorities should normally be the primary instigators of PABRs where they have identified the need and benefits for changes to their boundaries. Accordingly, we will normally undertake a PABR only where there is agreement between all the principal councils potentially directly affected. In undertaking reviews, we will need to be satisfied that any proposed change meets our statutory and other criteria, and that it has local support. At the end of a review we will make recommendations to the Secretary of State. This may be for change or no change."*
107. The criteria for such a review are that it:
- a. Has support from the authorities affected
 - b. Would promote effective and convenient local government
 - c. Reflects community identities and interests
 - d. Is financially viable in the short and long term.
108. The process outlined in the technical guidance normally takes some months from the point of request. Whilst there have been 'small scale' reviews to address boundary inconsistencies, a

²⁵ See LGBCE Technical Guidance at: https://www.lgbce.org.uk/_data/assets/pdf_file/0007/10402/pabr-technical-guidance.pdf

short discussion with the LGBCE has confirmed that it has yet to receive a request for a 'medium' or 'large scale' principal area review and so does not yet have a firm timetable that has been used elsewhere.

The Commission's current position

Reflecting on the terms of reference

109. Taking all the above points into account, the Commission is minded to recommend that, in the first instance, Hull and the East Riding should together explore the development of a Combined Authority, working with the other Humber councils and perhaps others.

110. In coming to this view it has prioritised the first part of its terms of reference as being the most urgent to understand and address:

The effects of the existing boundaries on the development and regeneration of the city and sub-region

111. It has also considered the second part of the terms of reference:

To examine and advise on ways in which local government in Hull and the East Riding of Yorkshire may meet the key goals of being effective, efficient and accountable

112. Time has not permitted a full assessment of all of the functions of local government in the area in line with a literal interpretation of this clause²⁶. The Commission has, therefore, taken this to mean the consequent impact of change in the way the Councils are able to foster local growth and secure a longer term financial future. However in doing so, the commission has considered the five possible structural outcomes identified in the terms of reference. The following paragraphs set out the Commission's current position on each matter. The original order has been changed to facilitate a more logical progression:

Combining the existing Hull and East Riding Councils into one local authority

113. The Commission has received no evidence to date in support of the creation of a single Hull and East Riding local authority. It would be interested to hear of any views in support of, or against this and any ideas as to how both effectiveness and local identity might be strengthened in such an arrangement.

Merger of the officer administrations of Hull and East Riding councils, which would facilitate achievement of the three key goals

114. The Commission has received no firm evidence to date in support of the creation of a single officer cadre serving the two areas. However we did hear early findings of a study undertaken by PWC for Hull City Council which showed that some financial savings might be expected from such a change. We would be interested to hear of any views in support of, or against a merger, together with any analysis as to how this might help achieve the broader strategic impacts sought by this inquiry.

Extending the City boundary to encompass either the city travel to work area or the contiguous built up area.

115. Some of the evidence received to date supports this option, particularly that which is focused on the economic footprint of Hull. A considerable evidence base would be needed to properly describe this robustly and in a way which minimised contention, perhaps based on the work

²⁶ For example, the Commission has concerns about the speed of implementation of joint planning work outlined in the April 2014 joint planning documents, but has not had time to date to examine this in any detail.

by the University of Hull, noted above. Furthermore, the process of change and its result would need careful management to ensure it was optimal for all involved.

116. However the Commission also notes the East Riding's significant resistance to boundary change to date and the LGBCE's strong preference for a joint application. It therefore considers that an application for a boundary review would be unwelcome at this stage, and that it is highly unlikely that a 'hostile' request would be greeted warmly by any local government minister.
117. The Commission recognises that the boundary is an important issue, and notes the significant impact it has on statistics and hence on government grant and taxation. It would be interested to hear of any suggestions as to how this option might be usefully and feasibly taken forward with the joint approval of the Hull and the East Riding councils and wider communities.

Keeping the two existing Councils but having a Combined Authority for certain functions, e.g. planning, tourism and economic regeneration

118. It is the Commission's view that a Combined Authority could be a good way forward because it would:
- a. Oversee an economic development strategy which would address the needs of the whole area and motivate all economic sectors to pull together in the same direction
 - b. Better connect transport infrastructure to support growth and employment
 - c. Provide Hull and the Humber with a collective voice on the national stage on economic development and transport issues, both directly with the Treasury and in the proposed 'Northern Powerhouse'
 - d. Provide access to otherwise unavailable funding streams
 - e. Help to attract other external investment because it would demonstrate that everyone in Hull and the Humber is serious about working together.
119. It will be important to think through a timescale carefully, and equally vital to proceed speedily. The Commission recognises that the Manchester deal reflects the long track record of joint working and careful attention to its reputation as a city region. The other four combined authority areas have taken over six months since their formal creation to get to the point of an agreement. However this is also based upon years of groundwork beforehand.
120. The Commission therefore considers that to succeed, any such proposals would need carefully to set out the ground that needs to be covered and the pace required to do so. Although it is also clear that the path will be clearer, thanks to those that have travelled beforehand.

The Commission would like your views on the following questions: Please let us know whether or not you agree and your reasons for this view.

- vii) Do you think that a Combined Authority is desirable? If so should it cover*
- a. Hull and the East Riding,*
 - b. Hull, the East Riding, North Lincolnshire and North East Lincolnshire or*
 - c. some other area?*
- Please give your reasons.*

viii) If you do not agree with pursuing the idea of a Combined Authority, do you have evidence or views to support any of the other options (or the status quo), or any other proposals which would ensure that Hull and the East Riding (or the Humber councils) was able to have a voice in national discussions on growth and infrastructure? Please also indicate how you would address issues of accountability and local identity in your suggestions.

A roadmap towards a Combined Authority – if that is the agreed way forward

121. In this section we consider the steps that would need to be taken prior to the formation of a Combined Authority.
122. **Agree the Boundary:** At the outset it would be vital to consider whether a Combined Authority should cover either Hull and the East Riding only or the whole of Hull and the Humber. To assist in considering this, the following table presents the existing combined authorities in reducing order of size, together with the two options:

Greater Manchester	2.4m
West Yorkshire	2.2m
North East	1.9m
Sheffield	1.8m
Liverpool	1.5m
Hull and East Riding	0.6m
Hull, East Riding, North Lincolnshire and North East Lincolnshire	0.9m

123. It is clear from the above that even taking such a simple indicator as population, it may be better for the four Humber councils to work together if a combined authority is to be pursued. This would have the further advantage of building on the current LEP boundary, reflect the points on finance and economics covered in earlier sections of this report and the track record to date of the City and Growth Deals.
124. **Secure agreement in principle:** It is the Commission's view that the *process* of development of a Combined Authority would be as important as the final agreement itself. Accordingly it will be vital to secure formal agreement and participation from all four local authorities if even the earliest discussions with central government are to gain traction and perhaps just as importantly for the four authorities to be taken seriously by the rest of the North of England.
125. **Create a Shadow Combined Authority (SCA):** This could be based on a revised Humber Leadership Group, or it could be a new formation.
126. **Identify resources to help facilitate movement:** A dedicated team is likely to be needed to help put in place arrangements from this point, reporting to the SCA.
127. **Learn from the existing Combined Authorities:** The Commission is conscious of a real willingness amongst those in other Combined Authorities to help the Humber authorities to put their own arrangements in place. This valuable good-will and support should be made use of if it is decided to proceed down this route. There is also now a considerable body of literature and web-based material, including all the existing agreements and further developments, which will provide a solid foundation for the development of a proposal. The summary of the agreement in Greater Manchester at Appendix 5 is a good starting point.
128. **Initial discussions with DCLG and the Treasury:** Once the SCA has had a chance to think through its likely approach, initial discussions with DCLG and the Treasury will be needed. The Commission considers that the incoming government is unlikely to unwind the legislation and/or the direction taken in autumn 2014.
129. **Develop a Scheme and consult on it:** The legislation requires the relevant local authorities to work together to develop a Scheme which sets out the remit and benefits of the proposed Combined Authority, to form the basis of public consultation and negotiations in Westminster.

This should include outline strategies, financial arrangements and proposals and build on existing initiatives and networks.

130. **Finalise SCA agreement with the Secretary of State and the Treasury:** If all has gone well to this point then this should be a relative formality. However it may well be that discussions happen simultaneously on wider powers similar to the Autumn 2014 deals mentioned above, in which case there may well be a requirement for focused negotiations to put them in place. Alternatively it may be thought best to agree a 'vanilla' Combined Authority and let it find its feet before looking at issues wider than economic growth and infrastructure.
131. **Create the organisation:** Whilst the new SCA may well bring together teams from across the four councils and elsewhere, which indeed could be done at Shadow stage, it will be important to establish it as an autonomous body with its own identity (obviously with appropriate checks and balances) if it is to be able to work effectively on the national stage.
132. **Full operation and ongoing review:** The new arrangements will take time to bed in, and it will be important to provide stability in the early months and years to enable the Combined Authority to flourish and get on with doing its job. Part of that should also include active evaluation of performance and progress to allow any teething difficulties to be addressed so that they do not become systemic problems.

The Commission would like your views on the following questions:

- ix) *Does the Road Map towards a Combined Authority provide a clear enough explanation of the task? What is missing and how would you improve it? Do you see any risks in the process as outlined?*
- x) *Are there any other organisations which should be included in the process towards a Combined Authority?*

Conclusion and call for evidence

Conclusion

133. The Commission started its work by considering the question of the formal boundary between Hull and the East Riding. We concluded that the boundary does indeed skew information about the area. However, it has also concluded that this will take a long time to resolve and that there are more pressing issues to address. The Commission is in no doubt, however, that closer joint working and focusing of effort reflecting the realities of the functional economic area will be key to future success and central government support.
134. In short, the question is whether or not the four Humber councils are able to play a successful role as part of the broader Northern growth initiative or not. Clearly, none of the area's local authorities are individually large enough to do so on their own. However it is clear that strategies for the North will be poorer without a clear voice from the region.
135. Consequently we have concluded that it is essential to consider the establishment of a Combined Authority to manage growth and infrastructure, certainly based on Hull and the East Riding, and if possible involving North Lincolnshire and North East Lincolnshire. Such a body would be very similar in nature to the successful initiative which has been underway in Greater Manchester for some years, greatly to the benefit of the people of Greater Manchester, as well as in other places more recently. The Commission wants to gauge support for this proposal.
136. If this position is agreed and the proposal appears to be viable, the Commission will have completed the first part of its task, considering the *"effects of the existing boundaries on the development and regeneration of the city and sub region"*.

137. There is a second element to the Commission's remit which is to: "examine and advise on ways in which local government in Hull and the East Riding of Yorkshire may meet the key goals of being effective, efficient and accountable."
138. The Commission considers that if its likely recommendation is taken up, the local authorities will need to carefully consider how they can work together for the benefit of everyone in Hull and the East Riding. Accordingly our final question is designed to generate suggestions and proposals to inform its discussions on this second element.
139. As this report went to press, the Chancellor announced that the Queen's Speech would contain a Cities Devolution Bill and the Core Cities simultaneously launched their 'Devolution Declaration'. This makes the Commission's work even more crucial to the future of the area. Consequently we have not attempted to reflect these latest developments in this report, but will be considering all evidence submitted to us in the light of them.

xi) Considering the remainder of the Commission's remit, what else do you think could be done to ensure that local government in Hull and the East Riding meets the key goals of being effective, efficient and accountable?

Questions and call for evidence

The following box repeats all of the Commission's questions for ease of reference:

The Commission is interested in your thoughts on the following:

- i) What is your opinion of our analysis of the background? Are there any other key points you would like to make?*
- ii) Do you recognise the picture painted by our interviewees? What is your view?*
- iii) What in your opinion best helps Hull and the Humber to prosper?*
- iv) And what is holding it back?*
- v) Please give us your views on any further economic issues we ought to consider. We are particularly keen to receive information on any variations in economic or financial impacts, for example on inward investment, arising from the differences between the functional economic area, travel to work area and the boundary of Hull itself.*
- vi) Are there any other information sources or issues that the Commission should consider before coming to a conclusion about the best way forward for the whole area?*
- vii) Do you think that a Combined Authority is desirable? If so should it cover
 - a. Hull and the East Riding,*
 - b. Hull, the East Riding, North Lincolnshire and North East Lincolnshire or*
 - c. some other area?*Please give your reasons.*
- viii) If you do not agree with pursuing the idea of a Combined Authority, do you have evidence or views to support any of the other options (or the status quo), or any other proposals which would ensure that Hull and the East Riding (or the Humber councils) was able to have a voice in national discussions on growth and infrastructure? Please also indicate how you would address issues of accountability and local identity in your suggestions.*
- ix) Does the Road Map towards a Combined Authority provide a clear enough explanation of the task? What is missing and how would you improve it? Do you see any risks in the process as outlined?*
- x) Are there any other organisations which should be included in the process towards a Combined Authority?*
- xi) Considering the remainder of the Commission's remit, what else do you think could be done to ensure that local government in Hull and the East Riding meets the key goals of being effective, efficient and accountable?*

Contact details and further information

140. The Commission welcomes all contributions from individuals and organisations. We are particularly interested in receiving answers to our questions above, but would also like to receive other responses on broader matters relating to the Commission's remit.
141. Responses should be sent to: responses@contacts.bham.ac.uk by 4th September 2015
142. Further information and links to sources may be found through the Commission's pages on INLOGOV's website at: <http://www.birmingham.ac.uk/schools/government-society/departments/local-government-studies/research/hull-commission.aspx>

Appendix 1 – The Commission and its members

143. The Commission has met on nine occasions, its members are:

- a. Tom Martin OBE JP DL MA - President, Arco (Chair)
- b. Lord Philip Norton - Professor of Government, School of Politics, Philosophy & International Studies, University of Hull
- c. Dr Ian Kelly - Chief Executive, Hull and Humber Chamber of Commerce, Industry and Shipping
- d. Richard Brooks - President, Hull University Union
- e. Ian Mills - Managing Director, SMSR
- f. Professor Mike Jackson OBE – Emeritus Professor of Management Systems, Hull University Business School
- g. Professor David Gibbs - Professor of Human Geography, University of Hull
- h. Emma Latimer - Chief Officer, Hull Clinical Commissioning Group
- i. Dr Patrick Doyle - Honorary Alderman of Hull

144. The Commission has been supported by a small team from the University of Birmingham's Institute of Local Government Studies:

- a. Catherine Staite – Director, Reader in Public Management
- b. Daniel Goodwin – Senior Associate Fellow
- c. James Pratt – Senior Associate Fellow
- d. Dr Peter Watt – Reader in Public Sector Economics
- e. Rebecca O'Neill - Researcher

Appendix 2 – Maps

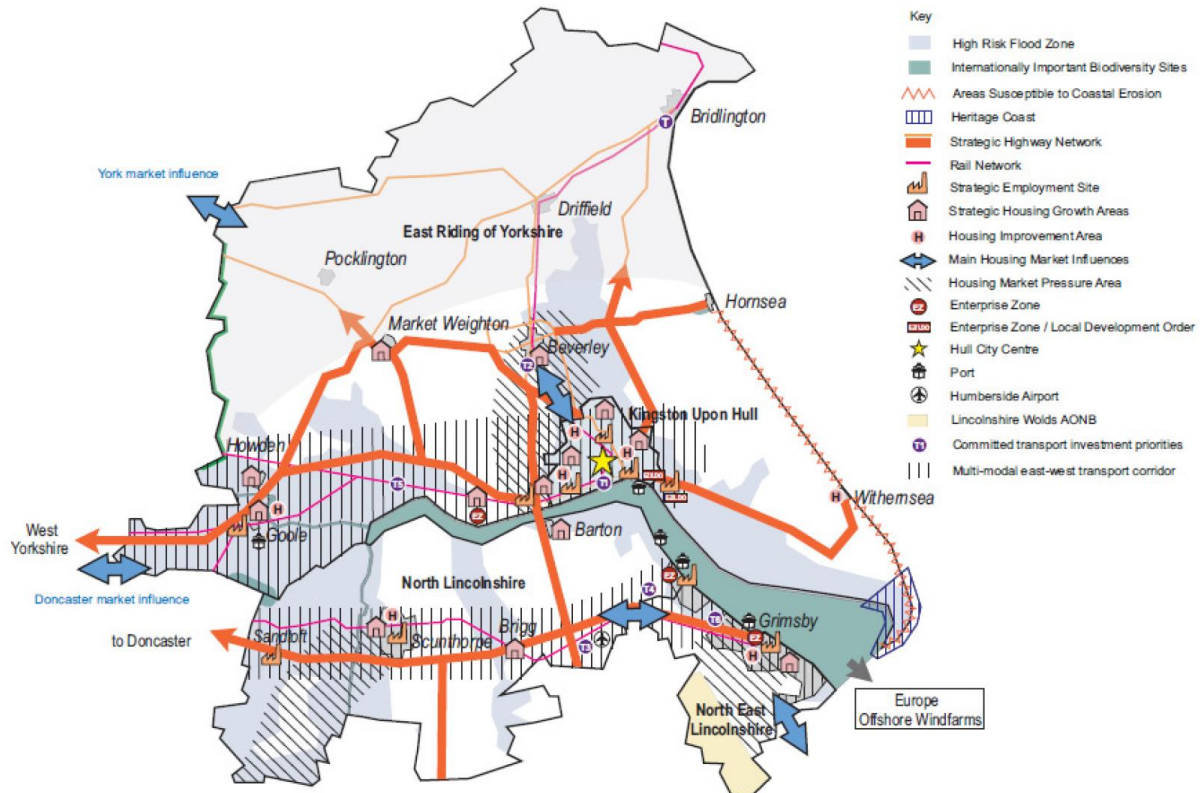
145. Whilst we recognise that many will be familiar with the local authority boundaries in Yorkshire and the Humber the following maps and sources may be of assistance.

Map 1: Yorkshire and the Humber Local Government area



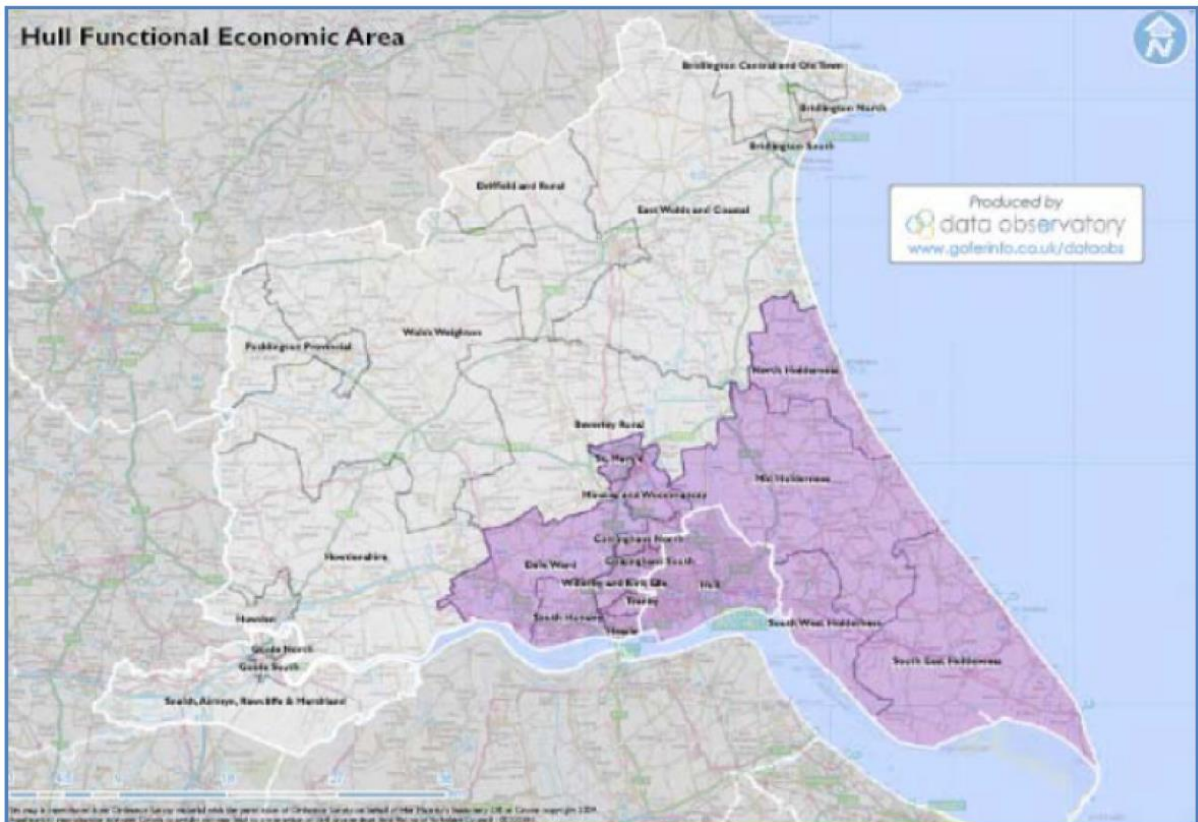
Source: Local Government Yorkshire and Humber website

Map 2: Humber LEP Strategic Economic Plan

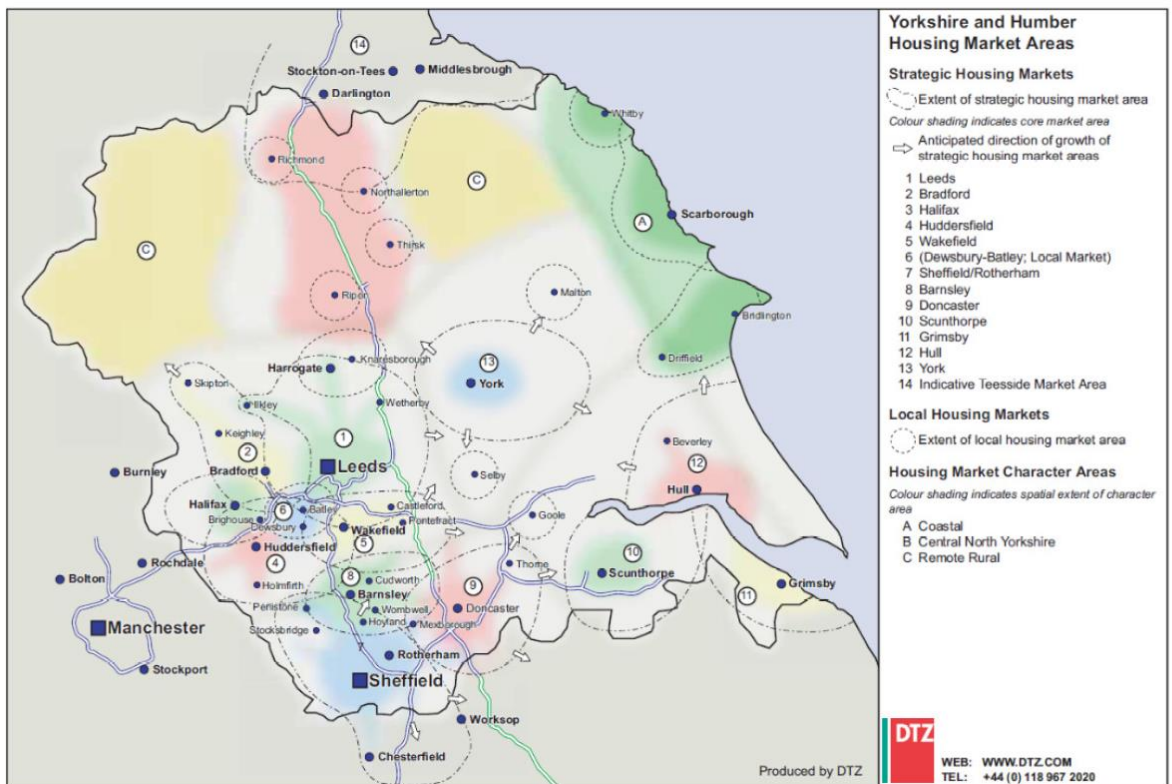


Source: Humber LEP Strategic Economic Plan (2014)

Map 3: Hull functional economic area

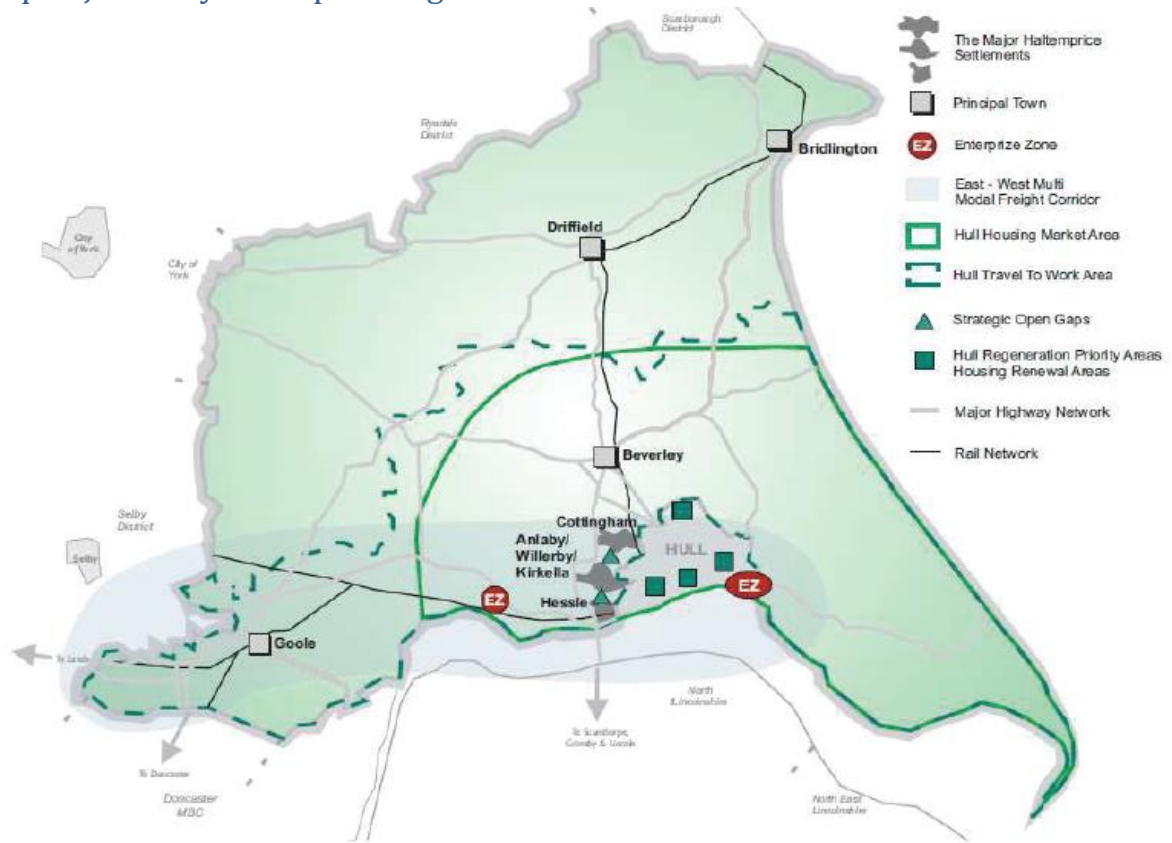


Map 4: Yorkshire and Humber Housing Market area



Source: East Riding and Hull Joint Background Paper (2014)

Map 5: Joint Key Principles diagram



Source: East Riding and Hull Joint Background Paper - Appendix A: Joint Planning Statement (2014)

Appendix 3 - Reports

146. The following reports were considered by the Commission in coming to its current views, some are also referenced within the report:

Title	Author/ organisation	Link
Mending the Fractured Economy: Smarter State, better jobs (2014)	Adonis, Independent Report for the Labour Party	http://www.yourbritain.org.uk/uploads/editor/files/Adonis_Review.pdf
An independent review of long term infrastructure planning (2013)	Armitt, commissioned for Labour's Policy Review	http://www.armittreview.org/
Locally Grown: Unlocking Business Potential through regeneration – 2013	CBI	http://www.cbi.org.uk/media/2104266/locally_grown_-_final_pdf.pdf
The UK's Growth Landscape: Harnessing private sector potential across the UK (2012)	CBI	http://www.cbi.org.uk/media/1805557/the_uk_s_growth_landscape.pdf
Next Regeneration: Unlocking Local Growth	CBI (With EC Harris)	http://www.echarris.com/pdf/next_regeneration_final.pdf
The Northern Powerhouse: One Agenda, One Economy, One North	Department of Transport	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/414815/the-northern-powerhouse-tagged.pdf
Where Growth Happens (2014)	Grant Thornton	http://www.grant-thornton.co.uk/en/Where-growth-happens/Where-growth-happens-summary-findings/
No stone unturned in pursuit of growth (2013)	Heseltine, Independent report to the Coalition Government	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/34648/12-1213-no-stone-unturned-in-pursuit-of-growth.pdf
Housing Forum – ABC of Growth and Infrastructure - 2014	Housing Forum	http://www.housingforum.org.uk/resources/influencing/housing-forum-reports/the-abc-of-housing-growth-and-infrastructure---january-2014
Second Tier Cities (2011)	Liverpool John Moore's University	http://www.ljmu.ac.uk/EIUA/EIUA_Docs/Second_Tier_Cities.pdf
A Proposition for an Interconnected North (2014)	One North	http://www.manchester.gov.uk/download/downloads/id/22093/one_north

Title	Author/ organisation	Link
Socially Productive Growth - 2013	RSA	http://www.thersa.org/_data/assets/pdf_file/0009/1545471/RSA-Developing-Socially-Productive-Places.pdf
Connected Cities: the Link to Growth (2014)	RSA Growth Commission	http://www.citygrowthcommission.com/publication/connected-cities-the-link-to-growth/
Human Capitals: Driving Metro Growth Through Workforce Investment	RSA Growth Commission	https://www.thersa.org/discover/publications-and-articles/reports/human-capitals-driving-uk-metro-growth-through-workforce-investment/Download
Unleashing Metro Growth (The City Growth Commission's final report, 2014)	RSA Growth Commission	http://www.citygrowthcommission.com/wp-content/uploads/2014/10/City-Growth-Commission-Final-Report.pdf
Bolder, Braver and Better: why we need local deals to save public services (2015)	Service Transformation Challenge Panel	http://publicservicetransformation.org/service-transformation-challenge-panel/the-report
Capability of the Humber Region (2013)	University of Hull	http://www.humberlep.org/assets/uploads/user/strategies/Capability%20of%20the%20Humber%20region%20-%20excluding%20Appendices%20-%20November%202013%20for%20web.pdf

Appendix 4 - Interviewees

147. The following is a list of the interviewees to date:

- a. The Rt Hon Hilary Benn MP, Shadow Secretary of State for Communities and Local Government and MP for Leeds Central
- b. Julian Bowrey, Deputy Director, Digital & Corporate Communications, Department for Communities and Local Government
- c. Councillor Peter Box CBE, Leader of Wakefield Council and Chair of West Yorkshire Combined Authority
- d. Councillor Stephen Brady, Leader of the Council, Hull City Council
- e. Keith Doherty, Director of Engagement, First Hull Trains
- f. Lord Haskins of Skidby, Chair of the Humber LEP Board
- g. The Rt Hon Alan Johnson MP, MP for Kingston upon Hull and Hessle
- h. Diana Johnson MP, MP for Kingston upon Hull North
- i. Mark Jones, Head of Economic Development, Hull City Council
- j. Matt Jukes, Chief Operating Officer, Hull City Council
- k. Ben Lucas, Director at 2020 Public Services Trust at the RSA and Chair of Public Services at the RSA
- l. Simon Parker, Director of NLGN
- m. Professor Calie Pistorius, Vice Chancellor, University of Hull
- n. Tim Rix, Vice Chair of the LEP Board + Member of the Business Development Sub-Board
- o. Peter Shipp, Chairman and Chief Executive, East Yorkshire Motor Services Ltd
- p. Trevor Smith, Chief Executive, CVS
- q. Cllr David Sparks OBE, Chair of the Local Government Association and at the time Leader of Dudley Metropolitan Borough Council
- r. Darryl Stephenson, Chief Executive, Hull City Council
- s. Cllr Keith Wakefield, Leader of Leeds City Council
- t. Councillor Phil Webster, Portfolio/City Plan Enabler: Business Support and Change, Hull City Council

Appendix 5 – Greater Manchester Devolution Deal

148. A new, directly elected Mayor of Greater Manchester will receive the following powers:
- a. Responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at the next Spending Review.
 - b. Responsibility for franchised bus services (subject to consultation by Greater Manchester), for integrating smart ticketing across all local modes of transport, and urgently exploring the opportunities for devolving rail stations across the Greater Manchester area.
 - c. Powers over strategic planning, including the power to create a statutory spatial framework for Greater Manchester. This will need to be approved by a unanimous vote of the Mayor's Cabinet.
 - d. Control of a new £300 million Housing Investment Fund.
 - e. Control of a reformed earn back deal, within the current envelope of £30 million a year for 30 years.
 - f. Take on the role currently covered by the Police and Crime Commissioner.
149. The Greater Manchester Combined Authority (GMCA) will receive the following powers:
- a. Responsibility for devolved business support budgets, including the Growth Accelerator, Manufacturing Advice Service and UK Trade and Investment (UKTI) Export Advice.
 - b. Control of the Apprenticeship Grant for Employers in Greater Manchester and power to reshape and re-structure the Further Education (FE) provision within Greater Manchester.
 - c. Control of an expanded Working Well pilot, with central government funding linked to good performance up to a fixed DEL limit in return for risk sharing.
 - d. Opportunity to be a joint commissioner with Department for Work and Pensions (DWP) for the next phase of the Work Programme.
 - e. GMCA and Greater Manchester Clinical Commissioning Groups will be invited to develop a business plan for the integration of health and social care across Greater Manchester, based on control of existing health and social care budgets.
 - f. Further powers may be agreed over time and included in future legislation.