

The Hull Commission Final report

13th January 2016

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Foreword by Tom Martin, chair of the Hull Commission

Hull City Council set us a task, more complex than originally perceived and one which evolved rapidly in unexpected directions during the 18 month course of our enquiries. Our Interim Report in May 2015 coincided with an apparent tectonic shift in relations and perception of reality within the ranks of Local Politicians. Sadly, after this apparent movement there seemed to be little progress.

Since then the Chancellor of the Exchequer has introduced the Summer Budget and the Autumn Statement. The Northern Powerhouse concept is to be pursued vigorously.

It will happen.

In these developments Local Authorities have been invited to submit their ideas for combining resources to achieve better mass and the immeasurably greater chance of benefit from the devolution of powers, responsibility and funding. An initial deadline of 4th September 2015 was set for this, with the aim of inclusion of announcements in the Chancellor's Autumn Statement and Comprehensive Spending Review.

An agreement for Sheffield City Region was reached, but so far there has been no agreement on a bid either proposed by or involving Hull. A proposal for a Greater Yorkshire set out by Hull at the eleventh hour received some interest, but arguably required much deeper roots of support elsewhere to thrive.

In the Autumn Statement there is provision for:

1. £13bn spend in this parliament on Transport in the North.
2. The establishment of Enterprise Zones.
3. A Local Growth Fund of £12bn between 2015/16 and 2020/21 (this new LGF will be twice the combined size of the previous Growth Fund, Growing Places Fund and City Deals Funds of the last parliament).
4. £7m to fund the Northern Powerhouse Task Force.
5. There are to be five Northern Mayors covering 54% of the population of the North backed by £4bn of new funding.
6. The Northern Powerhouse will get £150bn in health spending and a further £ 46bn for schools.

The Devolution Programme encourages and expects cities to pool strengths to make them collectively stronger than the sum of their collective parts.

The resources are there for the taking.

All of this is a challenge to local politicians—a challenge to which they will have to respond with enthusiasm or see their areas lose out and stagnate—to the disadvantage, disappointment and disaffection of their voters.

It will be disastrous for the area of Hull and the East Riding of Yorkshire if they miss out on this excellent opportunity because of historical problems of local animosity.

Our report seeks to provide Hull and the East Riding with a springboard for action and an acceleration and deepening of co-operation between the two councils. Hull has huge potential for economic development, the East Riding currently provides much of the space for this to happen and in turn Hull provides the key urban facilities for much of the whole area.

We consider that the two areas are in fact an interlocking single system and should develop as such. In effect they have one heart but are of two minds, yet it is clear that one cannot exist without the other.

We therefore consider that significant change is needed to develop single policies, strategies and operational management plans for the whole of the Hull and East Riding area. This would require bravery on the part of politicians and communities in both areas, but we believe that the end prize would be well worth the effort, giving them a significant single voice in the Northern Powerhouse.

In doing this there is a need to look beyond the minutiae of local politics to the larger regional , national and indeed international stage, it being noted that the Humber's future lies as much across the North and Baltic seas as it does in the sub region.

Tom Martin OBE JP DL MA
Chair of Commission

Executive Summary

Introduction and terms of reference (Paragraphs 1-7)

- i. The Hull Commission was asked to consider the effects of Hull's boundaries on the development and regeneration of the city and sub-region. It was also asked to advise on ways in which local government in Hull and the East Riding might meet the goals of being effective, efficient and accountable. We were then asked to consider a range of options for the future, including merger of the two authorities, a Combined Authority for certain functions, extending the city boundary and merger of the officer administrations of the two councils.
- ii. The Commission has noted concerns from local people about the time taken to report, a concern we share. There were three reasons for this delay: avoiding the 2015 General Election, allowing a suitable period for consultation, and the rapidly changing devolution landscape nationally. We believe that Hull and the East Riding are now at a significant crossroads and the time is right for this report to inform debate.

Initial analysis (Paragraphs 8-57)

- iii. Hull and the East Riding are both significant local authority areas. They have collaborated with varying levels of success on strategic planning, including key infrastructure documents. However the split of responsibilities provides significant challenges which must be overcome if progress is to be made.
- iv. Hull in particular is not performing as well as it could compared to other Northern cities. A track record in achievement is increasingly important because economic development funding is now based mainly on bids and 'deals' rather than allocations of grant from government.
- v. Hull and the Humber are seen as an important focus for economic growth and a key part of the Northern Powerhouse.
- vi. There is significant interdependence between Hull and the East Riding, and it is clear that they and the LEP have had success in attracting support from multinational businesses and from the Government. Yet it is also clear that there remains much untapped potential and that significant challenges are still to be addressed. We think it is significant that, of the four local authorities in the Humber, Hull is the only one which is engaged solely with the Humber LEP, with the other three looking 'two ways' having membership of two LEPs. We consider that this dilutes their focus and the common cause. Many of these opportunities are 'scale dependent', the larger the authority, the more likely are these opportunities to be realised.
- vii. We found wide disparities in key statistics between Hull and the East Riding. In 2015, Hull was ranked 8th most deprived local authority area in England yet the East Riding was 165th (out of 326). There are also significant differences in life expectancy, employment and skills rates. However as research by Dr Mike Nolan at Hull University shows, Hull's statistics reflect its boundary, which is more tightly drawn than most cities, resulting in the exclusion of many more wealthy and privileged neighbourhoods that are within its functional economic area. Dr Nolan demonstrated that if Hull's boundary reflected what we will call 'Greater Hull', then the differences would be far less stark. This is also borne out in a recent DEMOS report which compared 'satellite' towns with their neighbouring city. Beverley was the second most prosperous town examined in comparison with its city, and third most prosperous in absolute terms. It far outstripped Hull on a range of indicators, against a national trend where neighbouring cities tend to do much better than their satellite towns. We concur with Dr Nolan's view. Our own research shows that 50% of the East Riding's businesses are within this 'Greater Hull' area and this is the greatest area of potential if Hull achieves good economic growth.

- viii. We also noted the political differences between the two councils, which tend to pull them in opposing directions, and the more finely tuned political balance when looking at the area as a whole. We consider that this will inevitably make it very difficult to develop a coherent strategy for the 'Greater Hull' area. However it is all the more important to do so given the financial challenges that the two councils face, Hull in particular. Noting the achievements of the councils and the LEP, we consider it of vital importance that the strategies for Hull, the East Riding and the rest of the Humber are properly aligned to ensure that economic growth is optimised, recognising the key role that city regions play in driving economic development.

Interviews (Paragraphs 58-68)

- ix. At the start of our work we invited over 40 individuals to be interviewed, of whom 20 took up our offer. Most of them considered that the Hull boundary is a challenge which warps Hull's statistical position and causes divisions. They considered that this issue needs to be depoliticised and that better collaboration is vital. However we did not come across a shared vision or ambition for the area, indicating that much work needs to be done to engage key individuals.
- x. Our interviewees voiced differing levels of appreciation of the Hull and Humber LEP, but there was a common view that debates within the area are highly parochial, where people fight *with* each other rather than *for* each other. By contrast, the local MPs were seen as working well together and being a force for good for the Humber area.

Boundary reviews (Paragraphs 69-74)

- xi. We considered the requirements of boundary reviews and noted that if the boundary of Hull were to be extended there would need to be a significant engagement exercise, of which the Boundary Commission has yet to have experience. However the process would be much simpler if Hull and the East Riding local authorities were simply to be merged to form a new body.

The Commission's interim report and the response to it (Paragraphs 75-92)

- xii. We published the information mentioned previously in May 2015 in our interim report and call for evidence, which noted our regret that the East Riding has to date not felt able to participate in our independent review. At our hearing in public in July 2015 we heard submissions from ten organisations and individuals and we received 14 written responses.
- xiii. Most respondents recognised the issues that we had identified and set out a wide range of views which broadly supported our views on the impact of the boundary and our economic analysis.

Devolution, business rates and other developments (Paragraphs 94-131)

- xiv. Since the May 2015 election the discussions on devolution in England have accelerated. They culminated in a challenge from the Chancellor and the Secretary of State for Communities and Local Government to bid for new devolution deals by September 4th 2015, particularly focused on the idea of a 'Northern powerhouse' of which Yorkshire and the *Humber* (our emphasis) are seen as an important part.
- xv. It is clear that the devolution agenda is an iterative process. This is fortunate because it has proved difficult for local authorities in Yorkshire, other than in the Sheffield city region, to come to an agreement about what the arrangements should be. Consequently four proposals were sent to Whitehall by the given deadline, including three covering the non-Sheffield area. The only one of these that proposed a solution for the area as a whole was from Hull for a 'Greater Yorkshire' the other two offering only partial solutions. This was then taken up in a proposal, largely by the non-Leeds Combined Authority council leaders, entitled 'Greater Yorkshire, Greater Ambition'. Interest in this option seems to have since waned somewhat. However we are aware that discussions are still ongoing and are watching with interest.

- xvi. Commission members have engaged with many of the key players in these debates and have concluded that any arrangement needs to draw Hull and the East Riding, together, into an appropriate devolved arrangement that meets Northern Powerhouse aspirations. There has, however, been far too little involvement with business and the community in such discussions.
- xvii. In parallel with the devolution debate, there has been significant change in local government finance, particularly the announcement that in future councils will retain 100% of business rates whilst central government grant will be phased out. Business growth thus becomes of critical financial importance for any local authority. This is of critical importance to this debate because much of business *growth* generated in Hull is likely to be outside its administrative area and in the East Riding.
- xviii. The extension of the Humber Enterprise zone, which will see it more than doubling in size, is an extremely important development which further underpins the national importance of the area.

Discussion and Conclusion (Paragraphs 132-175)

- xix. We consider Hull and the East Riding to be one system, but it is being governed by two, often opposing, controlling minds. Opportunities for optimal decision making have been lost and historic rivalries have been perpetuated. There has also been too little involvement of business, the community and other parts of the public sector in crucial debates about strategies for the future. We also believe that the time has come to chart a new course and that there is considerable goodwill to make this happen.
- xx. Underpinning our conclusions is an outward looking view which sees Hull having a leading role in the Northern Powerhouse which reflects its real size when viewed as 'Greater Hull' and its strategic importance to international trade, infrastructure and environmental technology. We consider that local government needs to take a lead, but to do it in partnership with its stakeholders and build a common strategy for the future.
- xxi. We consider that the current city boundary is a barrier to this because it fragments efforts to look outward and forward and to foster growth. There is no option to do nothing, and whilst simply joining up officer administrations in the two councils might save some money it would change no strategies. Similarly, moving the boundary to reflect 'Greater Hull', even if it could be brought about, would lead to a diminished and almost certainly unsustainably smaller East Riding, and a halfway house would be of no benefit to either authority. Indeed the referendum held by East Riding showed that moving it would attract public opposition.
- xxii. We have therefore concluded that the only logical option to resolve completely the boundary issue would be to merge the two local authorities. This would also make it far easier to join up economic development and infrastructure strategies and develop more effective arrangements for health and social care commissioning. Furthermore, complete *removal* of the boundary would overcome public opposition to redrawing it. We recognise, of course, the political realities that make this logical solution a probable non-starter in the immediate future.
- xxiii. We were required to consider ways in which local government in Hull and the East Riding might better meet the goals of being effective, efficient and accountable. Here we cannot ignore the Government's push for devolution to Combined Authorities, and the benefits that will flow from this, as well as the need for the area to play a leading role in the Northern Powerhouse. We note that Hull is the only major Northern city not in a Combined Authority and regard it as vital that this is addressed immediately. Hull cannot be allowed to miss out on the opportunities available.
- xxiv. In considering this issue we have concluded that it is critical that Hull and the East Riding are both included in the same Combined Authority because they are a single economic, social

and environmental system. This would also allow the worst aspects of the boundary issue to be resolved at the Combined Authority level.

- xxv. We also remain convinced that the region's interests would be best served by a Combined Authority for the Humber (involving North and North East Lincolnshire). This would recognise the growing economic significance and potential of the Humber as the 'energy estuary' and Gateway to Europe for the Northern Powerhouse. This is reflected in the thinking behind the extension of the Humber Enterprise zone. It would enable the region to punch its weight in greater Yorkshire arrangements consisting of three (or possibly four) Combined Authorities and in the development of the Northern Powerhouse. Political animosities have stood in the way of progress on this option in the recent past. If at all possible they should be addressed and the possibility of a Humber Combined Authority brought back onto the table. We believe that appropriate consultation with business and a full public debate would make it possible and this is reflected in our recommendations.
- xxvi. The Commission considers that it would be very damaging for the city and region if Hull became part of the West Yorkshire Combined Authority without the participation of the East Riding. This would neglect the economic significance of the Humber, leave Hull as a small, junior partner and only worsen the problems caused by the existing boundary. It would be equally damaging if the East Riding became part of another Combined Authority without Hull. Also, given the pooling arrangements that are likely to pertain, this would mean that much of Hull's future growth and the finance it generates, would accrue to a grouping from which it was excluded. We therefore consider that this option should be very strongly resisted.
- xxvii. Whatever the eventual result, we believe that it will greatly benefit Hull and the East Riding to develop new outward-looking values to underpin the work of all the interested stakeholders, the community, businesses and public services and to set the direction of leadership for the future. We consider that this will demand leadership, humility and determination from politicians in the two councils to make it happen. It is essential that the long-term needs of the population should take precedence over the relatively short-term pressures of local politics. We have set out some suggested values and criteria for the future as a possible starting point.

Recommendations (Paragraphs 176-178)

- xxviii. Our recommendations seek an outward-looking, clear and positive way forward which fully engages local partners and stakeholders. We have sought to keep them to a minimum in order to aid prioritisation and repeat them below in full.
- xxix. In other circumstances we would have proposed individual and joint recommendations for the two councils. However the Commission has regretfully noted the East Riding's concerns about its independence, concerns which we trust have been alleviated by our approach, findings and conclusions. We therefore request that the East Riding reads and notes this report which is presented independently and in good faith, and considers participating in ongoing dialogue from this point.
- xxx. Alongside the press launch, the Commission proposes to hold an urgent roundtable event to present this report to key players as a starting point for the discussions that we believe are so necessary before further decisions can be made. We look forward to seeing as many as possible contributing on the day and to further discussions in the future.
- xxxi. Our recommendations are as follows:
 - a. At all times take a positive approach which reflects Hull and the Humber's national and international importance, contribution and potential
 - b. Develop agreed new values which reflect a positive political culture and assertive and constructive leadership between and within HCC and the East Riding. Values

which encourage an outward-looking stance shoulder to shoulder in support of each other and the Humber area as a whole

- c. Together, publicly assert that of the Hull and East Riding are two parts of a single economic, social and environmental system which needs leading and managing as one unit
- d. Address the boundary issue through constructive discussions and close working with the East Riding, based on an agreed joint position statement about Hull's role, importance and boundary as the starting point for wider discussions on an agreed route towards leading and managing the whole area as one system.
- e. Seek out and develop willing partners from across the business, community and public sectors. With them arrive at an agreed action plan for a way forward which accords with priorities for Hull and responds to the government's requirements for devolution to Combined Authorities and sensible strategies for new powers, whilst seeking to reduce bureaucracy
- f. Play a full part in the Northern Powerhouse agenda, for example enabling Hull to consciously try to work well with other northern cities to provide a gateway to Europe, contributing to an east-west trade corridor. Be a clear leading voice for the Humber in the Northern Powerhouse, building the right to speak for it through positive relationships of trust
- g. Engage with business across both council areas to develop agreed economic priorities for the Hull and East Riding area and invite them to help to drive the debate about the future possibilities for its place in the North. Work together to help business to develop a clear and authoritative voice in order to ensure a united case for devolved arrangements can be made to government
- h. With the 'South Bank' authorities, make the most of the wider Humber Economic opportunity, whatever is decided. We consider that this is best done through a Humber Combined Authority
- i. Avoid entering the West Yorkshire Combined Authority without the East Riding. This way forward neglects the economic significance of the Humber, leaves Hull as a small junior partner and only worsens the problems associated with the existing boundary. Similarly the East Riding should avoid entering any combined authority arrangement without Hull. The interconnectivity of the two areas needs to be recognised as key to the future.
- j. Be highly active and positive in whatever Combined Authority is decided going forward and ensure that both Hull and the East Riding are both part of it
- k. Learning from the Humberside and Yorkshire Forward experiences, ensure that any new arrangements harness broad support and share resources appropriately
- l. Share power locally and devolve as appropriate to town, parish and city 'area' units.

Introduction and terms of reference

The Hull Commission was asked to consider the effects of Hull's boundaries on the development and regeneration of the city and sub-region. It was also asked to advise on ways in which local government in Hull and the East Riding might meet the goals of being effective, efficient and accountable. We were then asked to consider a range of options for the future, including merger of the two authorities, a Combined Authority for certain functions, extending the city boundary and merger of the officer administrations of the two councils.

The Commission has noted concerns from local people about the time taken to report, a concern we share. There were three reasons for this delay: avoiding the 2015 General Election, allowing a suitable period for consultation, and the rapidly changing devolution landscape nationally. We believe that Hull and the East Riding are now at a significant crossroads and the time is right for this report to inform debate.

1. This Final Report provides the Hull Commission's¹ views on how to secure better economic growth for Hull², the East Riding and the sub-region in line with Hull City Council's (HCC's) terms of reference, which asked 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
 - 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.
2. 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.

¹ Appendix 1 provides details of the commission and its members

² Although its formal name is Kingston upon Hull we refer to 'Hull' throughout this paper.

3. Amongst other comments received we have noted some concern at the time that it has taken for the Commission to bring forward its interim report and call for evidence, and this report. We share this concern. The delay was due to three key factors:
 - a. Although our initial draft of the interim report was ready in February 2015, we were requested by HCC to delay publication in order to avoid the period immediately around the election, because the consultation period would otherwise have straddled it.
 - b. We were keen to ensure that as many individuals as possible were enabled to see the report and consider whether or not they wished to provide the commission with a response. The call for evidence was therefore published in line with national guidelines on consultation which suggest a twelve-week consultation period. This in turn straddled the summer holidays and we therefore extended the deadline further to take this into account.
 - c. Given the discussions going on across Yorkshire on a range of possible devolution deals (see Para. 109), it was then sensible to await the outcome of these and the related announcements (along with local government funding projections) set out in the Chancellor's spending review and Autumn statement on November 25th 2015.
4. We have since published this final report as swiftly as possible. In the light of the fast-moving devolution agenda, we have adjusted our approach to consider the principles behind fresh issues raised rather than stick slavishly to the letter of the terms of reference.
5. 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 make recommendations. The report is laid out in broadly chronological order, the latest developments being recorded together in *Devolution, business rates and other developments* (Paras. 94-131)
6. In line with our terms of reference we have focused on Hull and the East Riding. In addition, throughout the report we have sought to place Hull in a wider context, either locally with the three neighbouring councils in the Humber, more broadly within greater Yorkshire or nationally.
7. 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>

Initial analysis

Hull and the East Riding are both significant local authority areas. They have collaborated with varying levels of success on strategic planning, including key infrastructure documents. However the split of responsibilities provides significant challenges which must be overcome if progress is to be made.

Hull in particular is not performing as well as it could compared to other Northern cities. A track record in achievement is increasingly important because economic development funding is now based mainly on bids and 'deals' rather than allocations of grant from government.

Hull and the Humber are seen as an important focus for economic growth and a key part of the Northern Powerhouse.

There is significant interdependence between Hull and the East Riding, and it is clear that they and the LEP have had success in attracting support from multinational businesses and from the Government. Yet it is also clear that there remains much untapped potential and that significant

challenges are still to be addressed. We think it is significant that, of the four local authorities in the Humber, Hull is the only one which is engaged solely with the Humber LEP, with the other three looking ‘two ways’ having membership of two LEPs. We consider that this dilutes their focus and the common cause. Many of these opportunities are ‘scale dependent’, the larger the authority, the more likely are these opportunities to be realised.

We found wide disparities in key statistics between Hull and the East Riding. In 2015, Hull was ranked 8th most deprived local authority area in England yet the East Riding was 165th (out of 326). There are also significant differences in life expectancy, employment and skills rates. However as research by Dr Mike Nolan at Hull University shows, Hull’s statistics reflect its boundary, which is more tightly drawn than most cities, resulting in the exclusion of many more wealthy and privileged neighbourhoods that are within its functional economic area. Dr Nolan demonstrated that if Hull’s boundary reflected what we will call ‘Greater Hull’, then the differences would be far less stark. This is also borne out in a recent DEMOS report which compared ‘satellite’ towns with their neighbouring city. Beverley was the second most prosperous town examined in comparison with its city, and third most prosperous in absolute terms. It far outstripped Hull on a range of indicators, against a national trend where neighbouring cities tend to do much better than their satellite towns. We concur with Dr Nolan’s view. Our own research shows that 50% of the East Riding’s businesses are within this ‘Greater Hull’ area and this is the greatest area of potential if Hull achieves good economic growth.

We also noted the political differences between the two councils, which tends to pull them in opposing directions, and the more finely tuned political balance when looking at the area as a whole. We consider that this will inevitably make it very difficult to develop a coherent strategy for the ‘Greater Hull’ area. However it is all the more important to do so given the financial challenges that the two councils face, Hull in particular. Noting the achievements of the councils and the LEP, we consider it of vital importance that the strategies for Hull, the East Riding and the rest of the Humber are properly aligned to ensure that economic growth is optimised, recognising the key role that city regions play in driving economic development.

8. 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.³ To provide context, North Lincolnshire has a population of over 167,000 and North East Lincolnshire of over 160,000. The total population of all four areas around the Humber is 917,000 and rising. We have provided a series of maps in Appendix 2 showing the interrelationship between the four local authority areas.
9. 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 Cooperate⁴, 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.

³ 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>

⁴ 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/>

10. We consider it to be extremely positive that the Hull and East Riding Councils have agreed a Joint Background Paper (April 2014)⁵ which sets out how their two plans interrelate (although we are concerned that actual progress on implementing this action plan seems slow and undynamic). This is a wide ranging document covering the following issues which are key to local growth:
- Functional connections
 - Co-operation and strategic context
 - Hull Housing Market Area
 - Hull Functional Economic Area⁶
 - Infrastructure Requirements.
11. It is also positive that the joint plan clearly acknowledges the strategic importance of Hull as the key city for the area covered by the plan (Paras 2.5 and 2.6):
- “...there is a clear and well-defined hierarchy of settlements. Hull, as the Regional City, has a range of higher order services and facilities that are not found elsewhere within the East Riding, which are used by people living in the wider area (e.g. accident and emergency department). The vast majority of the bus services available originate and terminate at the Hull interchange and there are very few routes within the area covered by this paper which do not link East Riding settlements to Hull City Centre.*
- The City Centre is a significant draw for East Riding residents, which is highlighted within the retail studies for both the East Riding and Hull. The amount of retail floor space, for example, is significantly higher than that available in any of the centres in the East Riding. This is complemented by a number of significant cultural and leisure facilities which attract residents from the East Riding, including an ice arena, theatres, cinemas and museums. The role of the City Centre will also be enhanced as part of Hull's designation as the 2017 UK City of Culture.”*
12. 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 which are referred to throughout the report's footnotes.
13. 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.⁷ At the national level, there is cross-party agreement that securing sustainable economic growth is the key not just to economic

⁵ 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/>

⁶ In this report we use a broadly accepted definition of a functional economic area as a geographical area which is identified by a range of economic relations and activities, for example travel to work areas, identifiable housing markets, trade, shopping and cultural linkages. In other words it reflects life as lived in a place now rather than historically. A functional economic area, therefore, will not necessarily reflect administrative or historical boundaries. See CLG guidance on functional economic areas at: <https://www.researchonline.org.uk/sds/search/download.do%3Bjsessionid=63E45F7551F73DC325D66DE51C1362B3?ref=B15156> and case study research at: <http://impact.ref.ac.uk/CaseStudies/CaseStudy.aspx?Id=23253>

⁷ 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=neYBVIHvNYLUA&vgygP&usg=AFQjCNGJGE2Z9eOeOFyIQriJTbbsMNRilg&bvm=bv.74115972,d.d2s>

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, which are continuing under the 2015 Conservative government.

14. 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 announcements that local areas would be enabled to retain 100% of business rates growth, replacing general government grants. 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.
15. The literature covering the Northern metropolitan economy clearly sees Hull and the Humber as an important *node*, or local focus for economic growth. However a node is not a *hub* and Hull and the East Riding, and possibly the two South bank 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'⁸. Indeed taking a wider European view, expressed by contacts of Commission members, Hull and the Humber are the Eastern end of a 'land bridge' which has Liverpool at the western end.
16. 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.
17. The four local authorities have clearly been able to have some impact because they have 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.

⁸ 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

18. It is worth pointing out that as yet we have found no national literature on economic development 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.
19. There are a number of networks of economic advice and support in the area in and around Hull:
- Hull and Humber LEP
 - Chamber of Commerce
 - The Bondholders, an informal business network for the area
 - Yorkshire, North Yorkshire and East Riding LEP
 - Lincolnshire LEP
20. Hull is the only council in the Hull and Humber LEP not in another LEP

Analysis of local economic and financial statistics

21. 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 web page mentioned earlier.
22. There are wide disparities between Hull and the East Riding's key statistics. In 2015, Hull was ranked 8th most deprived local authority area in England whilst the East Riding was 165th (out of 326)⁹. Employment rates for 16-64 year olds as of June 2014 were 74.9% in the East Riding and 63.3% in Hull¹⁰. 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.¹¹

	Deprivation Index of Multiple Deprivation 2015 Rank of average score High number is good	Employment ONS June 2014 High number is good	Life Expectancy at birth ONS 2012 High number is good	
			Male	Female
East Riding	165	74.9%	79.6	82.9
Hull	8	63.3%	76.6	80.5
North East Lincolnshire	33	68.6%	77.9	81.9
North Lincolnshire	116	74.3%	78.3	82.8
England	N/A	71.9%	78.9	82.7

⁹ See: English Indices of Deprivation 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/465791/English_Indices_of_Deprivation_2015_-_Statistical_Release.pdf

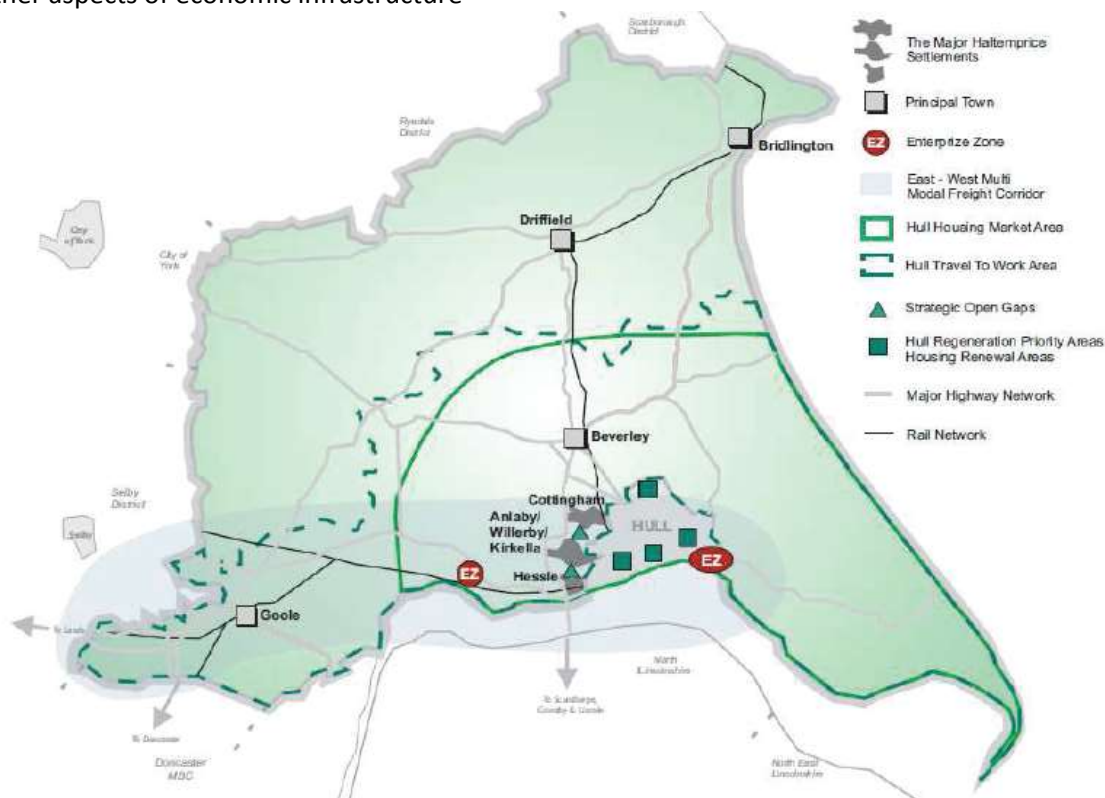
¹⁰ See: ONS Statistical Bulletin – Regional Labour Market September 2014, http://www.ons.gov.uk/ons/dcp171778_376014.pdf and <http://www.ons.gov.uk/ons/rel/subnational-labour/regional-labour-market-statistics/september-2014/rft-lm-table-li01-september-2014.xls>

¹¹ 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>

23. Our initial scoping report and interim report set out further analysis of a wide range of issues, including population growth, education and skills. However the key point that they demonstrated is best reflected in the overall impact of the Hull boundary on the analysis of deprivation.
24. Hull's 2015 position, based on its current boundaries, places it as the 8th most deprived local authority area, a worsening from its position (10th) in 2010.
25. 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.¹²
26. 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. The following map, (drawn from the 2014 Joint Background Paper drawn up by HCC and the East Riding) shows the extent of the travel to work area.

Map 1: Joint Key Principles diagram

The 2014 joint strategy document clearly identified the travel to work area, housing market area and other aspects of economic infrastructure



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

¹² 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,

27. 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.
28. The level of deprivation within Hull's administrative boundary in 2010 placed 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 have moved 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.
29. These disparities are highlighted in a recent Demos report which examined the relative performance of towns and their comparator cities, using national statistics based on formal boundaries. Demos found that Beverley, which is in the Hull functional economic area, was significantly outperforming Hull on a range of measures, and indeed was the second highest performing 'satellite' town in comparison with its city, and third in absolute performance, of the 45 considered in the study. This was significantly at odds with the other towns in the study, which found that three out of five satellite towns underperformed their nearest city, with a tendency towards underperformance more noticeable in the North.¹³
30. We have also considered the functional economic area and the Hull postcode area. The following two maps describe the extent of the two areas, showing that they are broadly comparable. This is helpful because it is then possible broadly to align 'Greater Hull's' population and business data, the former being available by ward more easily than postcode and the latter vice-versa.

Map 2 & 3 Hull functional economic area, and the Hull (HU) postcode area

It is reasonable to use the HU postcode area as a proxy for the functional economic area



Source: East Riding Observatory and Freemaptools.com

31. The functional economic area includes eleven out of the East Riding's 26 wards and just under 152,000 (45%) of its population. The Hull postcode includes just over 2700 (50%) of the East Riding's 5400 businesses.¹⁴ These both also broadly reflect the Hull housing market area outlined in Map 1 above.
32. Given the above, it might be better to consider 'Greater Hull' as simply reflecting the Hull postcode and/or the agreed functional economic area and/or housing market area, rather than the wider travel to work area as described by Dr Nolan. On this basis it would still be a city on a different statistical scale to that described by its current boundaries.
33. The following table compares these different analyses:

¹³ See Demos (2015) Talk of the Town at: <http://www.demos.co.uk/wp-content/uploads/2015/12/Talk-of-the-Town-PDF-Final.pdf>

¹⁴ Sources: Census 2011, East Riding Observatory, East Riding Business Rates data.

	Population	Businesses
Hull (Current)	256,000	8,800
East Riding (Current)	334,000	5,400
'Greater Hull' if reflecting functional economic area	408,000	11,500
<i>Remaining East Riding outside functional economic area</i>	<i>182,000</i>	<i>2,700</i>
'Greater Hull' if reflecting travel to work area¹⁵	500,000	12,200
<i>Remaining East Riding outside travel to work area</i>	<i>90,000</i>	<i>2,000</i>
East Riding and Hull combined	590,000	14,200

Source: Research for the Hull Commission by INLOGOV

34. A problem that is immediately apparent from the above is the potential viability of the East Riding area outside of 'Greater Hull', with significant concerns expressed about the ability of many of the smaller unitary areas to withstand financial shocks and secure the necessary expertise to develop effectively.
35. The following table compares population data for Hull, 'Greater Hull' and East Riding and Hull together with other Yorkshire cities mentioned in Dr Nolan's 2012 report:

	Population
Leeds	751,000
East Riding and Hull combined	590,000
Sheffield	552,000
Bradford	522,500
Greater Hull (Travel to work area)	500,000
Kirklees	422,500
Greater Hull (Functional economic area)	408,000
Wakefield	326,000
Doncaster	302,500
Hull (current)	256,000
Barnsley	234,000

Source: ONS

36. From our discussions, we consider that population and economic change in the future is far more likely to occur within the 'Greater Hull' functional economic area but outside the current HCC boundary, increasing this imbalance. We therefore consider that addressing this issue is an important long-term strategic aim, which should be backed up by immediate joint action by the two councils.

Political realities

37. The political make-up of the two councils is as follows:

Constituency	Con	Lab	UKIP	Lib Dem	Green	Other
Hull	2	39	1	15	0	1
East Riding	51	6	3	2	0	1
Total	53	45	4	17	0	2
Grand total = 121	121					
Percentage of seats	44%	37%	3%	14%	0%	2%

Source: Hull City Council and East Riding Council

¹⁵ Business rates data includes the Hull postcodes and the Goole DN14 postcode area to better reflect the travel to work area.

38. In the general election 2015 the votes cast by constituency were as follows

Constituency	Con	Lab	UKIP	Lib Dem	Green	Other
Beverley and Holderness	25363	13160	8784	2900	1802	658
Brigg and Goole	22946	11770	6690	764	915	181
East Yorkshire	25276	10343	8955	2966	1731	720
Haltemprice and Howden	26414	10219	6781	3055	1809	479
Hull West and Hessle	5561	15646	6313	3169	943	171
Hull East	5593	18180	7861	2294	806	410
Hull North	5306	18661	5762	3175	2066	366
Total	116459	97979	51146	18323	10072	2985
Grand total = 296964						
Percentage of votes cast	39%	33%	17%	6%	3%	1%

Source: BBC

39. We will discuss the option of merging the two councils later, however our analysis shows that on the votes cast at the last general election, neither of the main two parties would be guaranteed either overall control or the largest group. When considering the East Riding and Hull area as a whole, a margin between Conservative and Labour of 6% of votes cast in the general election versus majorities of 20 (Labour, Hull) and 39 (Conservative, East Riding) is a less attractive prospect for the two major parties.
40. The above shows that the two main parties are currently both overrepresented in the two council chambers by 4-5% when compared with the general election result. UKIP is markedly under-represented and the Liberal Democrats markedly over-represented. However whilst there is rarely a direct read across, for a number of reasons, it also shows that the total balance of power across the two councils is not markedly out of step with the election.
41. Again, with our terms of reference question of merger in mind, the total number of current seats (121) currently for 590,000 residents, or 4900 residents per councillor, is in line with Wiltshire Unitary County which has 98 seats and a total population of over 480,000 or 4900 residents per councillor, and Cornwall which has 123 seats for a population of over 520,000 or 4300 residents per councillor¹⁶.
42. The implication of this with any prospective merger in mind is that a reorganisation of council wards might not necessarily be required immediately, thus simplifying and accelerating any transition process. Any change of governance arrangements would need to ensure that it respected underlying political realities and was trusted by the political parties and actors in the area if it was not to be seen either as a 'land-grab' or irrational resistance by one council or another.

Council finances

43. Both Hull and the East Riding 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.

¹⁶ It is understood that these ratios may well be reviewed in the future as they are lower than elsewhere.

44. 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.
45. 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.
46. 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 budget¹⁷ 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

Source: Hull and East Riding Council budget information and INLOGOV analysis

47. 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.
48. 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.
49. Up until April 2013 50% of all business rates were returned to the Government, 1% passed to the Fire Authority and the remainder directed to Council Services. The introduction of business rates retention, whereby Councils are permitted to retain all growth in their business rate collection, has provided a little respite. The following table analyses Hull and

¹⁷ 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.

East Riding's current collected portion of business rates and Council Tax, together with projections of growth and assesses the rise in Council Tax that would have been required to achieve a similar rate of increase.

	Projected business rate collection 2015/16 (49% of total collected)	Effect of growth at 2% p.a.	Projected Council Tax collection (2015/16)	Rise required in Council Tax to achieve equivalent growth
Hull	£43.9m	£1.79m	£63m	2.8%
East Riding	£51.0m	£2.08m	£132m	1.6%

Source: Hull and East Riding budget information 2015/16 and analysis by INLOGOV

50. Hull, however is what is known as a 'Top-up' authority, meaning that it receives an extra grant from government (£31m in 2015/16) as an allowance in addition to its normal grant given its relative deprivation. This is paid for by the most prosperous areas in the country, most notably the Cities of London and Westminster, which are known as 'Tariff' authorities.
51. All councils face significant financial challenges in the coming 2-5 years, which we consider later in this report. While many have been successful in achieving financial balance in respect of reductions already made, East Riding seems 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 the Humber in terms of future funding, contractual commitments and therefore resilience.

The LEP's contribution

52. 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. Most recently this includes significant investments announced by Siemens. The LEP 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 LEP's effectiveness and consider that further work may be needed to evaluate this objectively.
53. 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.
54. The programme scope and scale is significant, but 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.
55. With this experience, given 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.

Financial and economic conclusions

56. It is clear from this simple analysis, which builds on Dr Nolan's detailed work, that an agreed 'Greater Hull' strategy of some form could enable Hull to have greater impact as a city region in Yorkshire and the Northern Powerhouse, along the lines suggested by Professor Michael

Parkinson in his work for Liverpool University¹⁸. However as we shall see later in this report, a boundary *review* may not be as feasible an option as a complete merger, preceded by ever-closer joint working. Certainly the analysis shows that a divergent path risks introducing ever more problematic fault lines within the economy and the community.

57. Whatever the future course, we consider that the two councils must choose to work together to address the challenges of the area as a whole, as others are increasingly doing¹⁹, which could well even-out some of the current significant differences across the area and some perceived disadvantages relative to other city regions.

Interviews

At the start of our work we invited over 40 individuals to be interviewed, of whom 20 took up our offer. Most of them considered that the Hull boundary is a challenge which warps Hull's statistical position and causes divisions. They considered that this issue needs to be depoliticised and that better collaboration is vital. However we did not come across a shared vision or ambition for the area, indicating that much work needs to be done to engage key individuals.

Our interviewees voiced differing levels of appreciation of the Hull and Humber LEP, but there was a common view that debates within the area are highly parochial, where people fight *with* each other rather than *for* each other. By contrast, the local MPs were seen as working well together and being a force for good for the Humber area.

58. At the start of our work the INLOGOV research team, which has been supporting the work of the Commission, interviewed twenty key individuals in order to gather their views and insights about how 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 is set out in *Appendix 3 - Interviewees*. The interviews were 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.
59. There was some concern that this is not a *joint* HCC/ER effort, but acceptance that the Commission will provide an independent view.
60. 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 the following:
- a. Information based on it causes understatements and misperceptions of Hull's importance regionally and nationally arising from issues which are variously statistical, political, cultural, reputational and financial.
 - b. 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.

¹⁸ See Professor Parkinson's 2015 Abercrombie Lecture at: <https://www.liverpool.ac.uk/media/livacuk/publicpolicypractice/euconference/UK,City,Regions,Policies,Performance,Prospects,Final,March,3.pdf>

¹⁹ See RSA City Growth Commission: <http://www.citygrowthcommission.com/>

61. When asked how important collaboration is and what the drivers for it are, a significant majority considered that the future for the economic region around Hull is dependent on building collaboration in order to:
- Secure economic development
 - Integrate the community
 - Work more effectively with partners, and build more productive relationships locally
 - Secure Hull and the Humber's reputation as a serious city region
 - Build trust nationally and regionally, providing government with the assurance it needs to delegate more to the area.
62. Interviewees considered the main barriers to collaboration to be:
- Historic rivalries, both between politicians and officers, being part of the local culture
 - Self-perpetuating arguments about specific local issues
 - Deeply entrenched negative patterns of behaviour
 - A lack of understanding of the benefits to local people to be gained through collaboration.
63. 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.
64. 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.
65. Turning to perceptions of Hull and the Humber we were concerned that 'parochial' was a word used by almost every interviewee. Interviewees from outside the region also expressed this viewpoint. Indeed the word 'parochial' has been so frequently used throughout our discussions that it must be regarded as a serious obstacle. Until or unless this is removed as a perception both councils will lose out in future Northern Powerhouse developments. We consider it would be a betrayal of responsibility to the electorate if local politicians did not recognise and remedy this almost universal perception.
66. An underlying message from the interviews at the early stages of our work was 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.

67. 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.
68. A key point which arose from the interviews was 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.

Boundary reviews

We considered the requirements of boundary reviews and noted that if the boundary of Hull were to be extended there would need to be a significant engagement exercise, of which the Boundary Commission has yet to have experience. However the process would be much simpler if Hull and the East Riding local authorities were simply to be merged to form a new body.

69. Our research has confirmed that some form of change may well be needed in the long-term, to reflect the reality of 'Greater Hull'. This could take the form simply of an ever closer strategic alliance, a boundary changed by a formal review or combining Hull and the East Riding. Accordingly we considered the mechanics of a possible boundary review and the following paragraphs set out the arrangements that would pertain if a boundary change were to be pursued or the necessary reviews required if the two councils combined.
70. The Local Government Boundary Commission for England (LGBCE)²⁰ 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 of the boundary between the East Riding and Hull.
71. We understand that if the boundary between Hull and East Riding were to be moved so that it changed the comparative size and make-up of the two authorities significantly, the LGBCE would regard this as a 'large scale' principal area review. 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."
72. The criteria for such a review are that it:
 - a. Has support from the authorities affected
 - b. Would promote effective and convenient local government

²⁰ See LGBCE Technical Guidance at: https://www.lgbce.org.uk/_data/assets/pdf_file/0007/10402/pabr-technical-guidance.pdf

- c. Reflects community identities and interests
 - d. Is financially viable in the short and long term.
73. 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 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. Drawing new boundary lines on a map will always be contentious and such a review could therefore be long-winded and open to challenge.
74. If, however, the two councils were to agree to be merged, using current ward boundaries to determine the make-up of the council, then an electoral review of ward boundaries, at some future point might be all that is required. Such a review would be on a much smaller scale and potentially somewhat less contentious overall.

The Commission's interim report and the response to it

We published the information mentioned previously in May 2015 in our interim report and call for evidence, which noted our regret that the East Riding has to date not felt able to participate in our independent review. At our hearing in public in July 2015 we heard submissions from ten organisations and individuals and we received 14 written responses.

Most respondents recognised the issues that we had identified and set out a wide range of views which broadly supported our views on the impact of the boundary and our economic analysis.

75. Much of the above evidence and commentary was presented in the Commission's Interim report and call for evidence. This section presents a short account of our work up to that point and subsequently.
76. Throughout, we have stressed and maintained our independence from Hull City Council, which has at times seemed to be a cause of frustration to some of its officers. We are therefore saddened that the East Riding Council declined to take up invitations to be present at Commission meetings or otherwise to respond to this inquiry because it wrongly felt our independence was in question.
77. The Commission has sought evidence from the widest possible range of sources:
- a. We set out our initial evidence base in our Scoping Paper and Literature Review, published in September 2014²¹
 - b. Over 40 key people known to be likely to have an interest in its work were invited to be interviewed, of these 20 participated as set out in *Appendix 3 - Interviewees*
 - c. Four press releases were issued in support of the Interim Report and Call for Evidence 2015 targeted at key local papers, broadcasters and websites
 - d. The Commission's Interim Report and Call for Evidence was published in May 2015 and was widely distributed to over 100 key individuals and organisations. It asked stakeholders and the public to respond to eleven key questions
 - e. A hearing in public was held on 16th July 2015, at which contributions were heard from 10 organisations and individuals

²¹ See <http://www.birmingham.ac.uk/Documents/college-social-sciences/government-society/inlogov/research/hull-commission-final-scoping-paper-literature-review.pdf>

- f. The call for evidence resulted in 14 written responses, which are considered later in this report
 - g. INLOGOV hosted web pages and a response email address, providing an independent reference source about the Commission's work.
78. *Appendix 5: Call for evidence and hearing in public* provides details of our questions and the responses received.

Responses on boundaries and relationships

79. Most respondents recognised the issues highlighted by our group of interviewees outlined above. There was some concern that the scope and number of interviewees was limited or unbalanced. A Parish Council considered that the interviewees had not answered the questions. The Hull Liberal Democrat Group considered that the report represents the reality of the relationships.
80. Further points made included those of an ERYC councillor who thought that there was a less marked distinction between councillors from the two councils and of different political persuasions than it sometimes appears. HCC was concerned that commenting on the culture of relationships was unhelpful because it could perpetuate the behaviours. The Hull Liberal Democrat Group considered that a further barrier to good relations is that Hull is perceived as being dominant, with partnership bodies appearing 'Hull Centric', and receiving more than their fair share of resources. A member of the public considered that part of the problem is that partnerships and initiatives are too short-lived.
81. Positive factors related to economic prosperity mentioned by respondents included continued co-operation, delivery of the area's economic opportunity, building on economic pride, a united industrial voice, private sector investment and longer term partnerships.
82. A member of the public considered that abandonment of a parochial Hull and Humber mentality would help. An ERYC councillor said that the LEP should be supported because it shows that major players can operate with one voice. HCC was concerned about what it perceived to be a *"need to play out a game of all authorities receiving 'fair and equitable' benefits irrespective of their respective opportunities and needs, which are often 'localised'"*. The Hull Liberal Democrat Group considered that a Combined Authority would be the best way to achieve positive change, possibly at a pan-Yorkshire level.
83. A number of factors holding Hull back were mentioned by respondents included wallowing in negativity, personalities and years of animosity, the artificial cultural barrier created by the boundary of Hull, political leadership which does not represent the interests of people who work, but do not live in Hull. A member of the public considered that looking for quick fixes rather than committing to partnership over the long term was a contributory factor and another considered *"unreasonable demands"* to be a problem. A councillor pointed out that the future does not have to mean that one council swallows the other, but people do not realise that. HCC considered that progress is held back by *"seeking to be fair and equitable across the Humber"*.
84. There were no specific suggestions for further information or data that respondents considered the commission should review.

Responses on economic issues

85. We asked for views on any further economic issues or information sources we ought to consider. We were 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. We were

grateful for the comments we received but disappointed that we did not receive firm data to evaluate.

86. There was general support for the initial economic analysis and summary of the boundary issue from members of the public, an ERYC councillor, and the HCC Liberal Democrat group. A member of the public considered that the analysis needs to be placed in a wider context of English governance and not simply have an economic development and technocratic focus. Another was concerned that there was little about the impact of flooding. The Hull Liberal Democrat group would like to see analysis of further options for a Combined Authority. HCC considered our initial analysis of the economic case to be limited and the focus on perceptions of city to be flawed because the consultees do not have a deep understanding of the economic issues. It pointed us to its September submission on devolution to the Secretary of State and a report it had commissioned from Centre for Cities, which are reviewed later in this report.
87. A member of the public was sceptical that any factors locally were actually holding back investment, given recent decisions by businesses such as Siemens, whilst another thought the Commission should consider agricultural and rural industries and commercial outlets.
88. An ERYC councillor thought that it would be helpful to consider the issue of the social economy, including joint commissioning of public services and joint reciprocal agreements. Another was concerned about the areas of the East Riding that border Hull which she considered to get a poor deal from cross-border issues.
89. HCC considered that the Commission needs to reflect on the analysis which relates to where joint or combined working policy frameworks can be supportive and direct such resources to where they would have the most impact. The current governance arrangements prevent this from being optimised because they focus on the specific benefits to individual authorities rather than on the underlying economic geography of the local system as a whole.
90. A Parish council was interested to know how rural areas would benefit.
91. One member of the public thought that the Commission should await the outcome of the spending review and analyse the impact of future spending cuts. Another considered that the Commission should also look at what the involvement of Parish Councils should be.
92. HCC Liberal Democrat Group considered that the report should look at how local services are commissioned, including their relative effectiveness and efficiency, together with information about best practice with regard to localism, and how to avoid centralisation.

Devolution, business rates and other developments

Since the May 2015 election the discussions on devolution in England have accelerated. They culminated in a challenge from the Chancellor and the Secretary of State for Communities and Local Government to bid for new devolution deals by September 4th 2015, particularly focused on the idea of a 'Northern powerhouse' of which Yorkshire and the *Humber* (our emphasis) are seen as an important part.

It is clear that the devolution agenda is an iterative process. This is fortunate because it has proved difficult for local authorities in Yorkshire, other than in the Sheffield city region, to come to an agreement about what the arrangements should be. Consequently four proposals were sent to Whitehall by the given deadline, including three covering the non-Sheffield area. The only one of these that proposed a solution for the area as a whole was from Hull for a 'Greater Yorkshire' the other two offering only partial solutions. This was then taken up in a proposal, largely by the non-Leeds Combined Authority council leaders, entitled 'Greater Yorkshire, Greater Ambition'. Interest

in this option seems to have since waned somewhat. However we are aware that discussions are still ongoing and are watching with interest.

Commission members have engaged with many of the key players in these debates and have concluded that any arrangement needs to draw Hull and the East Riding, together, into an appropriate devolved arrangement that meets Northern Powerhouse aspirations. There has, however, been far too little involvement with business and the community in such discussions.

In parallel with the devolution debate, there has been significant change in local government finance, particularly the announcement that in future councils will retain 100% of business rates whilst central government grant will be phased out. Business growth thus becomes of critical financial importance for any local authority. This is of critical importance to this debate because much of business *growth* generated in Hull is likely to be outside its administrative area and in the East Riding.

The extension of the Humber Enterprise zone, which will see it more than doubling in size, is an extremely important development which further underpins the national importance of the area.

93. Devolution discussions in England have been a feature of the last year, and the Commission has been very conscious both of the extent and the speed of progress. It is not proposed to go into detail on the wider devolution proposals in this report. However we will set out the underlying principles and the proposals as they effect Hull and the East Riding particularly and Yorkshire as a whole.
94. At the point of publication of the Commission's interim report in May, we considered that a Humber Combined Authority was potentially worth pursuing. Since then there have been a number of developments arising from the policy direction being taken by the government since its election.
95. The changes that are now proposed will see much of the country, including Sheffield and Leeds, introducing Combined Authorities to take over a range of key strategic functions, including but not limited to economic development, infrastructure, planning, skills and housing. Hull and the East Riding, however, are not yet part of any such arrangements, although Hull has submitted a proposal for a 'Greater Yorkshire', and the East Riding initially submitted a proposal for a Combined Authority with North Yorkshire and York. Further details of the various proposals for Yorkshire are set out below.
96. It also became clear that the public sector financial settlement due to be announced in the 25th November spending round and Autumn statement would continue the trend of recent years and require further considerable savings, with a significant impact on many councils.
97. The Commission considers these developments to be highly relevant to its consideration of Combined Authorities as set out in its terms of reference.

Background to devolution in England generally

98. There has been an increasing momentum for devolution of powers, precipitated by the development of joint governance arrangements in many of England's conurbations, which have joined together (along with Glasgow and Cardiff) to form the Core Cities group.
99. In 2014 the Core Cities set out their position through the RSA City Growth Commission's final report *Unleashing Metro Growth*²², which concurs with the findings of the LGA, INLOGOV,

²² See: <http://www.citygrowthcommission.com/wp-content/uploads/2014/10/City-Growth-Commission-Final-Report.pdf>

CIPFA and the DCLG Transformation Challenge Panel's report (*Bolder, Braver and Better: why we need local deals to save public services*) on public service reform²³.

100. 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.
101. 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.²⁴
102. *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. A more detailed description of the powers and responsibilities of Combined Authorities may be found in *Appendix 4 – Combined Authorities*. We should highlight here that it would be highly unlikely that a local authority area could be a member of more than one Combined Authority, or indeed that one Combined Authority could be nested within another.
103. By November 2014 the Chancellor of the Exchequer had agreed a devolution deal for Greater Manchester which includes 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.
104. In July 2015, the Chancellor of the Exchequer announced that he wanted to see devolution proposals to form Combined Authorities from other interested groupings set out by early September 2015, his intention being to plan for them in the 2015 Autumn Statement. It is

²³ See: <http://publicservicetransformation.org/service-transformation-challenge-panel/the-report>

²⁴ 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

understood that the government expected about a dozen proposals to come forward, however 38 were received, including four from Yorkshire.

105. 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.

Devolution state of play

106. We will not attempt to set out in detail what is a fast-changing landscape of proposals and developments, however a Grant Thornton/ Localis report published in September 2015, 'Making devolution work' provides helpful background.²⁵

107. The report's key findings are as follows:

- a. The devolution deals agenda will be iterative and evolve over this parliament
- b. Existing deals suggest that skills, transport and economic development are the areas where a devolutionary case can be most effectively made. However, there is hesitancy around pushing for health and social care
- c. Demonstrable trust and a 'unity of purpose' across participating organisations is key in giving the Government confidence to devolve. However many places are failing to do this
- d. Fiscal devolution remains an area that many places are pursuing this parliament, but few are likely to substantially attain
- e. The importance of having non-local authority bodies onside cannot be overstated. Much of the early discussion surrounding current devolution proposals has concerned governance structures rather than outcomes
- f. Areas willing to accept a combined authority and directly-elected mayor are more likely to receive the substantial powers they want
- g. 'Me-tooism' is unlikely to succeed, so expectations of securing exactly the same as that achieved by others may well be misplaced
- h. Where there is no obvious economic geography for authorities to come together at combined authority level, mezzanine level agreements covering multiple footprints for different powers might be an option to pursue devolution
- i. Ultimately devolution proposals will be judged by the Treasury against their ability to further local and national growth and productivity agendas.

108. Most recently the House of Lords Select Committee on the Constitution has heard evidence from the LGA and Manchester as part of its Inquiry on the Union and Devolution. It heard that the current policy is to encourage areas to participate in devolution and to move at the speed of the fastest, and not wait for the slowest to be in a position to receive devolution. Lord Porter, chair of the LGA, stressed that it is incumbent on local politicians to work together and lead their areas towards shared objectives and new arrangements which will benefit their combined areas. Sir Richard Leese highlighted the need for Combined Authorities to reflect as far as possible a good 'fit' with functional economic areas.²⁶

²⁵ See Grant Thornton 'Making devolution work' <http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2015/making-devolution-work.pdf>

²⁶ At the time of writing a transcript was awaited, for a video feed please see: <http://parliamentlive.tv/Event/Index/55b54d92-3f1f-4f3b-bf8f-0ea666ecd62e>

The situation in Yorkshire

109. Four proposals for devolution were submitted to government in September 2015:
- Sheffield City Region²⁷, including Barnsley, Doncaster, Rotherham and Sheffield
 - West Yorkshire (Leeds City Region) including Leeds City Council, the North Yorkshire District Councils of Craven, Harrogate and Selby, City of York Council and Leeds City Region Enterprise Partnership.²⁸
 - Hull City Council, proposing a 'Greater Yorkshire'²⁹
 - YNYER LEP, covering the East Riding, North Yorkshire and York³⁰
110. North Lincolnshire Council and North East Lincolnshire Council are part of a devolution proposal covering the ceremonial county of Lincolnshire.
111. Simultaneously there were discussions of a Greater Yorkshire proposal, in line with Hull's. The proposals are described in a document, *Greater Yorkshire, Greater Ambition*,³¹ which includes the following councils: Bradford, Calderdale, Craven, City of York, East Yorkshire, Hambleton, Harrogate, Hull, Kirklees, North Yorkshire, Leeds, Richmondshire, Ryedale, Scarborough, Selby, Wakefield.
112. *Greater Yorkshire, Greater Ambition* sought to seek a range of outcomes including to:
- "Transform public service delivery through strong and transparent leadership and governance and by a commitment to work together to provide high quality services to our residents in a fiscally responsible way.*
 - Increase productivity by raising skills and aspirations among our workforce and supporting the development of key industrial sectors including sustainable energy, advanced manufacturing and engineering, traditional service industries and new digital industries, biotechnology and agritech industries.*
 - Increase the rate of house building to meet the needs of our growing population, support economic growth and provide affordable high quality housing for everyone in the region.*
 - Invest in transport and communications infrastructure which provides faster connectivity between cities, global gateway ports and airports to ensure that Greater Yorkshire sits at the heart of the Northern Powerhouse."*
113. The Commission has since been following debates on a range of options, each with different merits relating to the Leeds City Region, Greater Yorkshire and other combinations. Members of the Commission have had informal discussions with a range of individuals locally and regionally. At the time of writing the following is clear:

²⁷ See https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/465340/Sheffield_devolution_deal_02102015.pdf

²⁸ See: [http://www.westyorks-ca.gov.uk/uploadedFiles/Content/News/Articles/Leeds%20City%20Region%20devolution%20submission%204th%20Sept%202015%20\(3\).pdf](http://www.westyorks-ca.gov.uk/uploadedFiles/Content/News/Articles/Leeds%20City%20Region%20devolution%20submission%204th%20Sept%202015%20(3).pdf)

²⁹ See <http://www.hullcc.gov.uk/pls/portal/docs/PAGE/HOME/COUNCIL%20GOVERNMENT%20AND%20DEMOCRACY/ABOUT%20HULL%20CITY%20COUNCIL/REGIONAL%20DEVOLUTION/DEVOLUTIONDOCUMENT%20INDD.PDF>

³⁰ See: <http://www2.eastriding.gov.uk/EasySiteWeb/GatewayLink.aspx?allid=617986>

³¹ See: <https://www.harrogate.gov.uk/cpi/Documents/2015-Greater-Yorkshire-Devolution.pdf>

- a. There is widespread recognition that something needs to be done to draw Hull and the East Riding into an appropriate devolved arrangement which reflects Northern Powerhouse aspirations
 - b. There is as yet no commonly held view within the different local authorities of what that might be
 - c. There has been little discussion with businesses or in wider civil society about what might be the right thing to do for Hull and the East Riding as co-dependent areas. And there is a real opportunity to better exploit the determination and goodwill that exists to arrive at a solution which has a depth of support.
114. In line with our terms of reference we have considered the question of economic activity and devolution of funding to any proposed Greater Yorkshire Combined Authority. A useful parallel may be drawn from the Sheffield City Region proposals which were signed in October 2015. Notably these include the following:
- a. *“Funding that is allocated to the SCR LEP, now and in the future, will continue to be allocated on the basis of the existing overlap formula.” (para 55)*
 - b. *“Additional funding or budgets that are devolved as a result of this agreement will go to the SCR Combined Authority” (para 56).*
 - c. *“Under the Mayor model, it is not expected that the role of the LEP or private sector be lessened.” (para 58)*
115. In other words there is an expectation that the LEP(s) will retain significant influence and that the Combined Authority will be the focus of some pooled business rates and budgets. Whether this will extend to the business rate devolution referred to in paragraph 123 remains to be seen, however it seems that entering a Combined Authority may well make the boundary question a second order issue after ensuring that Hull’s importance as a major player in the economy is widely recognised.
116. We should also mention that in the responses to our call for evidence there was concern from two respondents about elected Mayors, however one saw the need for some form of nominated spokesperson to speak for the area in question.

Hull devolution proposal and Centre for Cities report

117. Hull’s proposal for a Greater Yorkshire devolution deal was partly based on work it commissioned from Centre for Cities, published in December 2015, to review the geography of jobs across the Humber local enterprise partnership (LEP) area, compare this to other cities in the UK and set out what this is likely to mean for the future economic performance of the area in support of ambitions for a Greater Yorkshire.³²
118. The report showed that Hull city centre unsurprisingly draws most of its workers from the Hull functional economic area. The report states that:
- a. *“42 per cent of Hull city centre workers lived outside of Hull local authority in 2011*
 - b. *This reach tends to be limited to the North Bank of the Humber, with very little commuting seen from Lincolnshire*
 - c. *One in three workers in Hull city centre lived in the East Riding, compared to just 2 per cent from the South Bank – the pull of Hull city centre does not reach very far into the South Bank.”*

³² See <http://www.centreforcities.org/wp-content/uploads/2015/12/15-11-05-Geography-of-Humber-Economy-Briefing-Note.pdf>

119. The report considers that this data *“suggests that while the LEP spans the whole Humber area, the North Bank and South Bank currently operate as two distinct economies. These patterns are reflective of the east-west transport links and the historic county boundaries which still appear to have a bearing on commuting patterns across the Humber LEP”*.
120. The Commission notes that it is clearly true from the data that was presented that there is little commuting between the North and South banks of the Humber. However it does not follow that the pattern of employment and travel *necessarily* reflects the sum total of the pattern of the economy currently, let alone the possible future economy. The report does not consider the business supply chain in the Humber nor the interdependence or concentration of companies. So it would therefore be wrong from the data presented to conclude that there are separate North and South bank economies.
121. Furthermore, we would point out that the data used for the report is from 2011, which pre-dates significant reductions in the toll on the Humber Bridge in April 2012, which were aimed at boosting economic activity. Humber Bridge traffic figures for private cars show an increase from 5.6m in 2010/11 to 6.5m in 2013/14 (17%). We consider that this is a significant change which would have had an implication for the study’s findings had it been able to use more up to date figures.³³
122. The report also notes that most job creation in the Hull functional economic area has been outside the city centre and indeed outside Hull, this is presented in map form and it is not possible here to set out firm numbers for this. However we note that the report’s focus is principally on this central area and does not concern itself with the economy of ‘Greater Hull’. For the purposes of the Commission’s work the report therefore provides a limited analysis which perhaps points the way to other questions but does not allow us to draw firm conclusions.

Business rates

123. At the 2015 Conservative Party Conference, the Chancellor of the Exchequer announced that councils would be enabled to retain 100% of Business Rates growth, rather than the current 50%, and that general central government grants would be phased out, with the intention of making areas self-supporting. The measures are likely to limit Councils’ ability to increase business rates, but allow flexibility to reduce them to attract business. However those councils in Combined Authorities with a mayor are likely to be allowed to increase business rates by a small amount in consultation with the business community. Further detail featured in the Autumn Statement on 25th November 2015, as discussed below in paragraphs 126 to 131.
124. Moreover, research undertaken for the Commission shows that the total rateable value of business rates for the East Riding is £197.2m, of which £112.5m is in the Hull postcode area, which maps reasonably well onto the Hull functional economic area as shown earlier in this report. The greatest development flexibility is within the Hull postcode area but outside the city council’s boundary. The chancellor’s proposals therefore change the game and raise the importance of this for local public finances, and even more importantly for responsibility for how strategic planning happens.
125. Hull City Council is concerned that a further implication arises of a ‘hollowing out’ effect, where successful businesses move out into the East Riding, taking their business rates with them, at least partly because there isn’t the land in the City to enable them to expand. The council considers that if Hull were to collect business rates from its functional economic area this would change the game and this may assist in tackling deprivation. However it is also not

³³ See http://www.humberbridge.co.uk/explore_the_bridge/bridge_history_and_detail/traffic_figures.php

clear what the implications might then be of a change from its position as a ‘top-up’ authority for business rates, which could see the overall level of financial support drop.

Autumn Statement³⁴

126. The Autumn Statement confirmed the agreed devolution deals, with elected Mayors, for Sheffield City Region, the North East, the Tees Valley, Liverpool City Region and the West Midlands. It did not, however, address any other issues relating to devolution deals in Yorkshire other than relating to the Sheffield City Region at this stage. Nor did it confirm the devolution arrangements proposed by Lincolnshire.
127. Interestingly, the document mentions the ‘Northern Powerhouse’ 19 times and confirms in a footnote that for its purposes ‘the North’ consists of the following government regions: North East, North West, and Yorkshire **and the Humber** (see p.10, our emphasis).
128. This inclusion of the Humber was particularly emphasised by the extension of the Humber Enterprise Zone. Already the largest enterprise zone in the country, the chancellor’s announcement confirmed that it would more than double, including key areas for development and infrastructure on both the North and South banks of the Humber.³⁵ We consider this announcement to be of great importance and of significant weight in our conclusions. See *Appendix 6 – LEP press release on Humber Enterprise Zone extension*.
129. The statement also included specific mentions of the powers and opportunities being developed with the Sheffield City Region, including developing it as a Nuclear Centre of Excellence (along with Manchester and Cumbria), co-design with DWP of new approaches to welfare and extension of transport powers. The Commission anticipates that similar developments would eventually be part of devolution arrangements in Yorkshire more widely.
130. In the light of the above we have concluded that the Autumn Statement brings nothing new to our discussions.
131. The Commission would, however like to take the opportunity warmly to welcome the spending review’s £1m grant towards Hull City of Culture 2017 and congratulates all those who have lobbied for such support.

Discussion and Conclusion

We consider Hull and the East Riding to be one system, but it is being governed by two, often opposing, controlling minds. Opportunities for optimal decision making have been lost and historic rivalries have been perpetuated. There has also been too little involvement of business, the community and other parts of the public sector in crucial debates about strategies for the future. We also believe that the time has come to chart a new course and that there is considerable goodwill to make this happen.

Underpinning our conclusions is an outward looking view which sees Hull having a leading role in the Northern Powerhouse which reflects its real size when viewed as ‘Greater Hull’ and its strategic importance to international trade, infrastructure and environmental technology. We consider that local government needs to take a lead, but to do it in partnership with its stakeholders and build a common strategy for the future.

³⁴ See Autumn Statement 2015 Blue Book at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf

³⁵ See DCLG press release at: <https://www.gov.uk/government/news/the-new-enterprise-zones> and <http://www.humberlep.org/humber-enterprise-zone-to-more-than-double-following-spending-review/>

We consider that the current city boundary is a barrier to this because it fragments efforts to look outward and forward and to foster growth. There is no option to do nothing, and whilst simply joining up officer administrations in the two councils might save some money it would change no strategies. Similarly, moving the boundary to reflect 'Greater Hull', even if it could be brought about, would lead to a diminished and almost certainly unsustainably smaller East Riding, and a halfway house would be of no benefit to either authority. Indeed the referendum held by East Riding showed that moving it would attract public opposition.

We have therefore concluded that the only logical option to resolve completely the boundary issue would be to merge the two local authorities. This would also make it far easier to join up economic development and infrastructure strategies and develop more effective arrangements for health and social care commissioning. Furthermore, complete *removal* of the boundary would overcome public opposition to redrawing it. We recognise, of course, the political realities that make this logical solution a probable non-starter in the immediate future.

We were required to consider ways in which local government in Hull and the East Riding might better meet the goals of being effective, efficient and accountable. Here we cannot ignore the Government's push for devolution to Combined Authorities, and the benefits that will flow from this, as well as the need for the area to play a leading role in the Northern Powerhouse. We note that Hull is the only major Northern city not in a Combined Authority and regard it as vital that this is addressed immediately. Hull cannot be allowed to miss out on the opportunities available.

In considering this issue we have concluded that it is critical that Hull and the East Riding are both included in the same Combined Authority because they are a single economic, social and environmental system. This would also allow the worst aspects of the boundary issue to be resolved at the Combined Authority level.

We also remain convinced that the region's interests would be best served by a Combined Authority for the Humber (involving North and North East Lincolnshire). This would recognise the growing economic significance and potential of the Humber as the 'energy estuary' and Gateway to Europe for the Northern Powerhouse. This is reflected in the thinking behind the extension of the Humber Enterprise zone. It would enable the region to punch its weight in greater Yorkshire arrangements consisting of three (or possibly four) Combined Authorities and in the development of the Northern Powerhouse. Political animosities have stood in the way of progress on this option in the recent past. If at all possible they should be addressed and the possibility of a Humber Combined Authority brought back onto the table. We believe that appropriate consultation with business and a full public debate would make it possible and this is reflected in our recommendations.

The Commission considers that it would be very damaging for the city and region if Hull became part of the West Yorkshire Combined Authority without the participation of the East Riding. This would neglect the economic significance of the Humber, leave Hull as a small, junior partner and only worsen the problems caused by the existing boundary. It would be equally damaging if the East Riding became part of another Combined Authority without Hull. Also, given the pooling arrangements that are likely to pertain, this would mean that much of Hull's future growth and the finance it generates, would accrue to a grouping from which it was excluded. We therefore consider that this option should be very strongly resisted.

Whatever the eventual result, we believe that it will greatly benefit Hull and the East Riding to develop new outward-looking values to underpin the work of all the interested stakeholders, the community, businesses and public services and to set the direction of leadership for the future. We consider that this will demand leadership, humility and determination from politicians in the two councils to make it happen. It is essential that the long-term needs of the population should take precedence over the relatively short-term pressures of local politics. We have set out some suggested values and criteria for the future as a possible starting point.

Starting point – overcoming history

132. We have shown in the preceding sections that the two areas of Hull and East Riding are in fact a single system and should develop as such. In effect they have one heart but are of two minds, yet it is clear that one cannot exist without the other.
133. It is also clear that, in the past, the local authorities responsible for Hull and the East Riding have missed some crucial opportunities to work closely together to benefit this whole system over which they jointly preside, and that there is limited opportunity for local residents, businesses and others to hold them accountable for this deficit.
134. Historic rivalries, self-perpetuating arguments about local issues, and negative behaviours, must be overcome. Already, years of petty sniping have severely damaged the possibility of a Hull and Humber combined authority, including both the North and South banks. The continued failure of Hull and the East Riding to work together is damaging the possibility of a Greater Yorkshire combined authority. Hull, indeed, risks being missed out of all the possible arrangements
135. We have been particularly alarmed that there has been no joined-up involvement of stakeholders from business, the community and the rest of the public sector in devolution discussions. We consider such engagement essential to understand local views and to present a common voice to government. In effect the discussions and alliances that have been pursued so far by local politicians have excluded the very people that provide their mandate.
136. We consider that no further studies should be commissioned relating to the Hull boundary, unless they are informed by a clear statement of need, concerned with implementation of change and publicly endorsed by both councils working in partnership with their communities. Assembling more and more evidence does not substitute for getting on with the difficult business of getting on with each other and making good change happen!
137. The Hull and East Riding councils are not alone in needing to work with their communities properly in such debates. We support the government's insistence that any proposals should show a broad base of local engagement before they can succeed. We have therefore included specific suggestions in relation to this and recommended an appropriate way forward to which we offer our assistance.

Taking a positive, outward-looking stance

138. The Commission considers that to dwell further on the current state of affairs would be unconstructive and would perpetuate the negativity that we have noted elsewhere in this report. Instead, we want to focus on the good things that could be done by the two councils working closely and productively together. Our discussions, conclusions and recommendations flow from this positive stance, which we hope will also be taken up by the two councils and their partners.
139. Underpinning our conclusions is an outward-looking view, which takes as its foundation the Humber's international role as a major port, a key staging post in vital trading routes from Eastern Europe, through the Baltic and Scandinavia to Ireland and the Americas. It is the starting point of East-West infrastructure in the Northern Powerhouse, and the focus of innovation in environmental technology. This presents huge opportunities to strengthen Hull's importance and contribution to the UK and to build a strong community which can make the most from the future.
140. We consider that this area is at a decisive moment in its history, which is understood extremely well by those in business and fully appreciated by local residents. We want to see

all local efforts focused outwards on the goal of making the most of this opportunity for Hull as the leading city in the sub-region, for the East Riding and for the Humber as a whole.

141. We also consider that local government must take responsibility for development and stewardship of such an outward-facing stance, by virtue both of its statutory duties with regard to community well-being and infrastructure planning, and its democratic mandate. However, local authorities should not see themselves as sole leaders, exercising command and control over future change, the world is too complex for that. Rather, they should see themselves as the conveners of leadership which is widely distributed between partners in the private, voluntary and public sectors and channelled towards achieving agreed common aims. We have set out some criteria in our recommendations for some of the values and behaviours which we believe should underpin such work, however it is crucial that these are developed and agreed by all partners.
142. Whatever the future shape of devolved arrangements, we therefore 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 about the Humber's economic future and the development of change strategies to address opportunities and challenges together. A first step may be to look more closely at what other councils have achieved together in relation to these types of joint working in order to support the case for change.
143. With this in mind, the remainder of this section reviews our terms of reference and the conclusions that we have drawn, these then underpin our recommendations.

Reflecting on the Commission's terms of reference

144. The first part of our terms of reference asked us to consider:

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

145. We believe that the current boundary has a significant impact on Greater Hull's ability to play its part fully in the development of national, regional and sub-regional strategies. We consider that drawing it more widely would enable a far better deployment of economic, social and environmental resources in support of growth and well-being. The current boundary fragments these and huge effort, which is sometimes turned against itself, is required to deploy them strategically for the greater good.
146. Such a change, however, must remove the problem, not just shift it and/or create an unsustainable 'rump' of the remainder of the East Riding. It should also be desirable from the point of view of residents and feasible in terms of what the Boundary Commission would allow.
147. We have 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

148. Circumstances have not permitted a full assessment of all of the functions of local government in the area in line with a literal interpretation of this clause³⁶. 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. We have therefore appraised the five possible structural outcomes identified in the terms of reference, along with a 'do nothing' option for completeness.

³⁶ 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.

Options we have discounted

149. It is not an option to *do nothing*. Hull needs to act and provide leadership and a mature uncomplaining voice to this discussion. That means building a position which is accorded far more credibility than has hitherto been the case. We have seen some positive signs that this is beginning, with a more outward facing stance being taken by the council, which we applaud.
150. *Merger of the officer administrations of Hull and East Riding councils, which would facilitate achievement of the three key goals*: According to a PWC report for HCC, which the Commission has seen, there might be savings to the councils from such a model. The Commission was unconvinced by the figures in the report and considered that it failed to demonstrate greater capacity to secure growth. In any case such a solution would struggle to address the underlying strategic and fiscal issues because it would not change the boundary, or strategic frame in which the two councils are working.
151. *Extending the City boundary to encompass either the city travel to work area or the contiguous built up area*: This was originally two separate options, which we have combined because our conclusions are the same. This option addresses many of Hull's concerns and would enable it to play a fuller part in the Northern Powerhouse. However for the reasons set out above we consider that it would probably leave a potentially unsustainable 'rump' and does nothing beneficial for the East Riding.
152. Moreover such a change would inevitably lead to a long winded boundary review and would be unlikely to be entertained by LGBC without joint agreement. Subsequent breaking up of East Riding systems and structures would be painful and the Commission is unconvinced that this option is at all feasible, unless the remaining part of the East Riding were to join fully with another council.

Options that we believe should be considered

153. *Combining the existing Hull and East Riding Councils into one local authority*: We consider that this would provide a much better fit to the 'Greater Hull' area than at present in many ways, as outlined above. It would provide a local authority with the critical mass sufficient to have impact on national agenda and would leave no 'rump', with attendant sustainability issues. Interestingly some of our respondents suggested this, in different ways, which means that exploration of public support for this option might be worthwhile.
154. Merger of the two authorities would be a less technically challenging proposition overall. Any boundary review would be lighter and relate to the size of wards and number of councillors, although careful attention would need to be paid to achieve a political balance that would be trusted. However this is a big change which would require more political leadership and brokering than might be mustered. Political balance would need careful negotiation and a new organisational culture would need to be built out of the two existing councils. However as our analysis as shown, this could potentially be done speedily and on the current ward boundaries if there was a will, without the Council being far out of kilter with others that already exist.
155. The advantages of this option to residents would need to be clearly presented and the name of such a new area would be critical. However it appears obvious to us that a solution which includes the words 'Hull' and 'East Riding' would be the only way forward and that anything that feels to residents like the old Humberside would not gain traction.
156. Other linkages, for example with Health, would need very careful exploration, however this could be simpler in the long run. And it would be important to establish some form of community council(s) for the Hull City area in order to provide local focus and a parallel voice to those of the parish and town councils in the East Riding.

157. *Keeping the two existing Councils but having a Combined Authority for certain functions, e.g. planning, tourism and economic regeneration:* This had support from respondents to the Commission and in particular would enable much more impressive progress on the April 2014 joint planning agreement. We consider this is worth pursuing further in parallel with our preferred option relating to the boundary issue in order to secure additional devolution of responsibilities (See para. 10 for short summary of the joint plan).
158. Up until the Chancellor's announcements in July 2015 Combined Authorities looked feasible on a much smaller footprint than is now the case. An East Riding/Hull Combined authority might now be seen as being too small, however it is still worth exploring the possibility of Hull and the East Riding entering a larger CA based on the Humber. We certainly believe that neither Hull's interests nor the East Riding's would be served by entering into any CA which does not include both councils. Appendix 4 – Combined Authorities provides a table outlining Combined Authority sizes for comparison, including some of those proposed for Yorkshire.
159. Based on the evidence received from interviewees, respondents to the call for evidence and national developments, it is the Commission's view that Hull and East Riding should together seek to join a Combined Authority 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.
160. The Commission 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 the path will be clearer, thanks to those that have travelled beforehand.
161. Hull is the only major city within the Northern Powerhouse area not currently part of a Combined Authority. We consider it vital that this is remedied speedily.
162. It will be important to think through a timescale carefully, and equally vital to proceed speedily. The Commission recognises that the Manchester deal reflects a 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.
163. At the time of writing it seems that the Combined Authority options for Hull, if at all, are:
- a. Part of a 'Greater Yorkshire' but excluding South Yorkshire
 - b. Part of 'West Yorkshire' along with the East Riding
 - c. Part of 'West Yorkshire' without the East Riding
 - d. Part of a Humber Combined Authority

The Commission's Conclusions

164. 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 and that the most logical solution to the problem would be to seek a way of merging the two authorities into a new strategic organisation.

165. An immediate priority to build towards this significant change is to develop single policies, strategies and operational management plans for the whole of the Hull and East Riding area. This would require bravery and foresight on the part of politicians and communities in both areas to overcome previous rivalries. We acknowledge that this would be hard to achieve in the short to medium term.
166. Perhaps this issue is of lesser significance anyway given the debates that have arisen on devolution, Combined Authorities and wider economic matters. A Combined Authority of which both Hull and East Riding were members might dissipate the tensions surrounding the boundary debate.
167. A vital *economic* question is whether or not the four Humber councils are able to play a successful role as part of the broader Northern growth initiative and what form that takes. 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 Humber region. They could yet form a Combined Authority, if there was the will locally to do so. Although a relatively small unit within the Northern Powerhouse the economic significance of the unit could enable it to punch above its weight.
168. In the light of this, and especially of the recent initiatives on devolution taken by government, and the extension of the Humber Enterprise Zone, we consider the best solution would be a Combined Authority for the Humber based on LEP boundaries, reflecting its economic significance as a trade route and 'energy estuary'. Such a solution would give a strong voice to Hull and the East Riding in discussions with the Sheffield, West Yorkshire and, possible, North Yorkshire Combined Authorities, and place the area in a stronger position in the Northern Powerhouse. We are very much aware that this is an unlikely outcome, given historical baggage. However we consider that it could be achieved if local politicians, particularly in Hull City Council, are able to engage constructively with their neighbours going forward.
169. We recognise that there is now a distinct possibility that Hull will become a partner, without the East Riding, in the West Yorkshire Combined Authority. This is a poor outcome because it neglects the economic significance of the Humber, leaves Hull as a small, junior partner and cements the boundary problem further. This would be a particularly poor outcome if the East Riding then joins the North Yorkshire Combined Authority, taking the 'Greater Hull' business rates with it into a different pool and splitting the economic development and infrastructure planning further away from Hull.
170. We therefore urge further consideration both of the merger of Hull and the East Riding into one organisation and a Combined Authority centred on the Humber before it is too late.
171. However in the event of a wish to join the West Yorkshire arrangements, with or without the East Riding, before any decision is made to do so we urge detailed attention to:
 - a. How the potential of the Humber as an economic asset can be realised
 - b. How Hull can ensure it best benefits from the West Yorkshire connection, so that it can grow into a senior partner
 - c. How Hull can begin to work positively with the East Riding on issues impacted by the current boundary
 - d. How the functional economic area of Greater Hull can be better managed as a whole system under any future arrangements

- e. Ensuring more discussion with and the participation of other stakeholders particularly business and the community, to present a common voice to government
- 172. 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."*
- 173. The Commission considers that whatever devolution deal is concluded, there will be further work for Hull and the East Riding to do to co-operate to overcome the effects of the boundary on Hull's viability and efficiency more generally. In particular their Combined Authority partners will expect constructive relationships to be developed for the future, especially if there is some element of business rate pooling agreed as part of the eventual deal.

Principles for a positive path

- 174. Our recommended way forward requires leadership, humility and determination from local politicians in the two councils to make it happen. In order to help this process we would like to suggest a number of principles against which any proposals for changes to local government arrangements, and devolution, could be considered. These have emerged from our research, the interviews conducted and the feedback, both verbal and written, that we have received. Here are some suggested 'principles'. We are sure there may well be more, which could be identified through a joint change process.
- 175. The opportunities offered by devolution are significant and we cannot afford to miss out. This means (see b. below) becoming part of a Combined Authority that provides the means for local authorities to work together on broader, strategic issues, such as economic development and transport, while retaining the traditional powers of local authorities locally albeit perhaps on a merged basis. The following are therefore criteria which we believe should be use to weigh various options going forward. Any future arrangements must:
 - a. Respond to the government's requirements for devolution to Combined Authorities e.g. an elected mayor; size; corresponding to a functional economic area; having the potential to develop new markets; forward looking; a product of effective local leadership involving the public, private and voluntary sectors; having an identity; possibly providing a political balance
 - b. Make sense in terms of what might be delegated e.g. economic and fiscal powers, business support budgets, transport, housing investment, health, training budgets
 - c. Clearly respond to the Northern Powerhouse agenda, for example enabling Hull to work well with other northern cities to provide a gateway to Europe, contributing to an east-west trade corridor
 - d. Avoid adding extra bureaucracy or cost. They should draw upon the existing resources (politicians and employees) of local authorities but combined so that a broader, more strategic focus can be taken when required. They must not lead to another 'Humberside' or equivalent
 - e. Reflect the localism agenda in full. Just as some of the roles of local authorities will be combined and distributed upwards, so others should be devolved to district, parish and city 'area' units. Subsidiarity should apply, that is decisions should be taken as close to the relevant action as possible
 - f. They should also deal effectively with the problems posed by Hull's tightly drawn geographical boundary and contain mechanisms to ensure a fair and equitable distribution of devolved resources which reflect Greater Hull's importance and potential

- g. Ensure local politicians rise to the challenge, work together and provide effective leadership, recognising the enormity and significance of the decisions they are about to take. In doing so it is vital that they think and act regionally, nationally and internationally, encouraging and engaging in dialogue with business and the community about possible arrangements and avoid any perceptions of “an elite stitch-up”

Recommendations

Our recommendations seek an outward-looking, clear and positive way forward which fully engages local partners and stakeholders. We have sought to keep them to a minimum in order to aid prioritisation and repeat them below in full.

- 176. In other circumstances we would have proposed individual and joint recommendations for the two councils. However the Commission has regretfully noted the East Riding’s concerns about its independence, concerns which we do however trust have been alleviated by our approach, findings and conclusions. We therefore request that the East Riding reads and notes this report which is presented independently and in good faith, and considers participating in ongoing dialogue from this point.
- 177. Alongside the press launch, the Commission proposes to hold an urgent roundtable event to present this report to key players as a starting point for the discussions that we believe are so necessary before further decisions can be made. We look forward to seeing as many as possible contributing on the day and to further discussions in the future.
- 178. Our recommendations are as follows:
 - a. At all times take a positive approach which reflects Hull and the Humber’s national and international importance, contribution and potential
 - b. Develop agreed new values which reflect a positive political culture and assertive and constructive leadership between and within HCC and the East Riding. Values which encourage an outward-looking stance shoulder to shoulder in support of each other and the Humber area as a whole
 - c. Together, publicly assert that of the Hull and East Riding are two parts of a single economic, social and environmental system which needs leading and managing as one unit
 - d. Address the boundary issue through constructive discussions and close working with the East Riding, based on an agreed joint position statement about Hull’s role, importance and boundary as the starting point for wider discussions on an agreed route towards leading and managing the whole area as one system
 - e. Seek out and develop willing partners from across the business, community and public sectors. With them arrive at an agreed action plan for a way forward which accords with priorities for Hull and responds to the government’s requirements for devolution to Combined Authorities and sensible strategies for new powers, whilst seeking to reduce bureaucracy
 - f. Play a full part in the Northern Powerhouse agenda, for example enabling Hull to consciously try to work well with other northern cities to provide a gateway to Europe, contributing to an east-west trade corridor. Be a clear leading voice for the Humber in the Northern Powerhouse, building the right to speak for it through positive relationships of trust

- g. Engage with business across both council areas to develop agreed economic priorities for the Hull and East Riding area and invite them to help to drive the debate about the future possibilities for its place in the North. Work together to help business to develop a clear and authoritative voice in order to ensure a united case for devolved arrangements can be made to government
- h. With the 'South Bank' authorities, make the most of the wider Humber Economic opportunity, whatever is decided. We consider that this is best done through a Humber Combined Authority
- i. Avoid entering the West Yorkshire Combined Authority without the East Riding. This way forward neglects the economic significance of the Humber, leaves Hull as a small junior partner and only worsens the problems associated with the existing boundary. Similarly the East Riding should avoid entering any Combined Authority without Hull. The interconnectivity of the two areas needs to be recognised as key to the future.
- j. Be highly active and positive in whatever Combined Authority is decided going forward and ensure that both Hull and the East Riding are both part of it
- k. Learning from the Humberside and Yorkshire Forward experiences, ensure that any new arrangements harness broad support and share resources appropriately
- l. Share power locally and devolve as appropriate to town, parish and city 'area' units.

Appendix 1 – The Commission and its members

179. The Commission has met on 13 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
180. 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

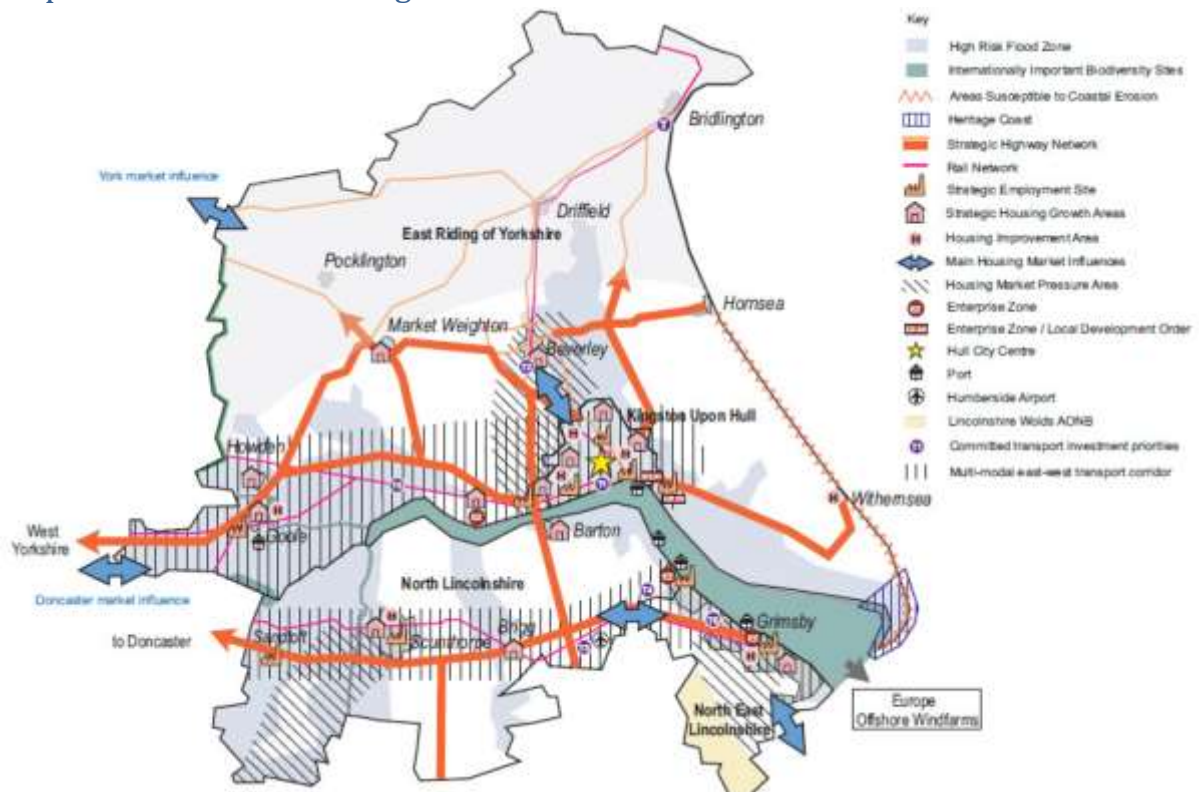
181. Whilst we recognise that many will be familiar with the local authority boundaries in Yorkshire and the Humber the following maps and sources may be of assistance.

Map A: Yorkshire and the Humber Local Government area



Source: Local Government Yorkshire and Humber website

Map B: Humber LEP Strategic Economic Plan



Source: Humber LEP Strategic Economic Plan (2014)

Map C: Hull functional economic area and populations



The figures overleaf were drawn from this map and used in calculations in the report

Name		Population
East Riding wards not in Hull Functional Economic Area		
Beverley Rural	ER	14320
Bridlington Central and Old Town	ER	10849
Bridlington North	ER	13166
Bridlington South	ER	14784
Cottingham North	ER	8730
Cottingham South	ER	8919
Driffield and Rural	ER	15199
East Wolds and Coastal	ER	14334
Goole North	ER	10711
Goole South	ER	10099
Howden	ER	4865
Howdenshire	ER	14888
Pocklington Provincial	ER	16102
Snaith, Airmyn, Rawcliffe and Marshland	ER	9725
Wolds Weighton	ER	15943
Total		182634

East Riding wards not in Hull Functional Economic Area		
Dale	H	17874
Hessle	H	15000
Mid Holderness	H	13836
Minster and Woodmansey	H	16240
North Holderness	H	10158
South East Holderness	H	14893
South Hunsley	H	9871
South West Holderness	H	14473
St Marys	H	15828
Tranby	H	9794
Willerby and Kirk Ella	H	13578
Total		151545

East Riding of Yorkshire total		334179
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Appendix 3 - Interviewees

182. Over 40 key people were invited to be interviewed on a politically balanced and wide-ranging basis, of whom 20 took up the offer as follows:
- 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 4 – Combined Authorities³⁷

Legal basis

183. 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.
184. 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.
185. 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.
186. 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.

Combined Authorities comparator table

187. The following comparator table below shows that, if it were pursued, the Greater Yorkshire proposal would be the largest Combined Authority currently under consideration and has already seen serious interest from the government.

Yorkshire	5.3m
Scotland	5.3m
Greater Yorkshire (not including South Yorkshire)	3.7m
Wales	3.1m
Greater Manchester	2.4m
West Yorkshire	2.2m
Nottinghamshire & Derbyshire	2.1m
North East	1.9m
Sheffield City Region/ South Yorkshire	1.8m
Liverpool	1.5m
Hull, East Riding, North Lincolnshire and North East Lincolnshire	0.9m
Hull and East Riding	0.6m
Cornwall	0.5m

³⁷ See Parliamentary Briefing <http://www.parliament.uk/briefing-papers/SN06649.pdf> for a highly accessible description

Appendix 5: Call for evidence and hearing in public

188. The Commission sought responses to the following questions:

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?*

189. A detailed analysis of the responses to the questions and minutes from the hearing in public is available on the Commission's web pages at: www.xxxxxxxxxxxxxxxxxxxxxxx

190. The following paragraphs provide a summary of the main points, which have themselves been summarised for paragraphs xx-xx in the main report.

Hull Commission – summary of feedback from call for evidence – draft report paragraphs 15 September 2015 Overview

191. There were 13 responses as summarised below from the following:

- Mr Stephen Dale
- Hull City Council
- Cllr Joyce Korczak Fields (HCC)

- Mr Jeremy Wood
- Mr George McManus
- Cllr Geraldine Mathieson (ERYC)
- Millington cum Givendale Parish Council
- Stamford Bridge Parish Council
- Hull City Council Liberal Democrat group
- Cllr Ros Jump (ERYC)
- Dr Simon Lee (In a personal capacity)
- Mr Barry Fleetwood
- Mr Gordon Thurston

Breakdown of respondents

- Members of the public: 6
- Councillors: 3
- Parish Councils: 2
- HCC
- HCC Liberal Democrat Group
- NB: ERYC was prompted about the review but declined to comment and sought to dissuade its councillors from contributing

General points

192. Members of the public criticised HCC for lack of vision and ineffectiveness, and considered it to be held back by party political considerations. Whereas those commenting on ERYC considered it to be a competent organisation. The view was expressed that there is minimal co-operation between the councils, despite claims to the contrary and that Hull and the East Riding are falling behind because of narrow party political and officer point scoring between the two councils. 1
193. Members of the public expressed a range of views in general terms about the boundary issue. These included that:
 - a. The two councils should work together without changing the boundary
 - b. The boundary should be extended to the East and West of the City
 - c. A single council for much if not all of Hull and the East Riding should be considered
 - d. Hull should be incorporated into a larger ERYC
 - e. A Combined Authority should be sought, but a review of the boundary is also essential
194. A councillor had concern that Hull could be marginalised if devolution is on too big a scale, with any proposal needs to being built on wide consultation. She considered that any combined authority should not become an extra layer of bureaucracy
195. HCC considers that neither the formal city boundary nor the current built up area of Hull reflect the city's true economic reach, and the LEP boundary represents an artificial economic zone. It has also overstated the LEP's contribution and did not point out in the report that HCC is the only council in the LEP which is not a member of another LEP. This latter point was also been made by the Hull Liberal Democrat Group.
196. A member of the public was concerned to see Parish councils kept in the future
197. A councillor considered that good marketing and communication will be essential whatever the eventual outcome.

198. There were two general comments about the Commission itself. A member of the public wondered if it had been overtaken by events. In its preamble to its response, HCC considers that the Commission has strayed from its brief and should not have considered the form of governance from the area. Instead it should have amassed more evidence of the effect of the boundary on economic development. HCC also considers that the Commission should also have demonstrated a greater degree of urgency. It should make use of an independent economic resource, such as the centre for cities to continue to build this case. HCC was also concerned that the Commission was placing undue weight on comments made by contributors to the hearing in public, which it considered to be irrelevant, parochial or business views.

Question i) *What is your opinion of our analysis of the background? Are there any other key points you would like to make*

199. There was general support for the analysis from members of the public, an ERYC councillor, and the HCC Liberal Democrat group
200. A member of the public considered that the analysis needs to be placed in a wider context of English governance and not simply have an economic development and technocratic focus. Another was concerned that there was little about the impact of flooding. There was criticism of partiality from a parish council although no reason for this was given. There was concern from the Liberal Democrat Group at the time taken to get to here, from an ERYC councillor that the voice of business and the voluntary sector seems to have been missed.
201. The Liberal Democrat group would like to see analysis of further options for a Combined Authority
202. HCC considers the analysis of the economic case to be limited and the focus on perceptions of the city to be flawed because the consultees do not have a deep understanding of the economic issues.

Question ii) *Do you recognise the picture painted by our interviewees? What is your view?*

203. Most respondents recognised the picture painted. There was some concern that the scope and number of interviewees was limited or unbalanced. A Parish Council considered that the respondents had not answered the questions. The Hull Liberal Democrat Group considered that the report represents the reality of the relationships.
204. Further points made included those of an ERYC councillor thought that there was a less marked distinction between councillors than it sometimes appears. HCC was concerned that commenting on the culture of relationships was unhelpful because it could perpetuate the behaviours. The Hull Liberal Democrat Group considered that a further barrier to good relations is that Hull is perceived as being dominant, with partnership bodies appearing 'Hull Centric', and receiving more than its fair share of resources. A member of the public considered that part of the problem is that partnerships and initiatives are too short-lived.

Question iii) *What in your opinion best helps Hull and the Humber to prosper?*

205. Positive factors mentioned by respondents included continued co-operation, delivery of the area's economic opportunity, building on economic pride, a united industrial voice, private sector investment and longer term partnerships.
206. A member of the public considered that abandonment of a parochial Hull and Humber mentality would help
207. An ERYC councillor said that the LEP should be supported because it shows that major players can operate with one voice

208. HCC was concerned about what it perceived to be a “need to play out a game of the all authorities receiving ‘fair and equitable’ benefits irrespective of their respective opportunities and needs, which are often ‘localised’”.
209. The Hull Liberal Democrat Group considered that a Combined Authority would be the best way to achieve positive change, possibly at a pan-Yorkshire level

Question iv) And what is holding it back?

210. Factors mentioned by respondents included wallowing in negativity, personalities and years of animosity, the artificial cultural barrier created by the boundary of Hull, political leadership which does not represent the interests of people who work but do not live in Hull. A member of the public considered that looking for quick fixes rather than committing to partnership over the long term was a contributory factor and another considered “unreasonable demands” to be a problem. A councillor pointed out that the future does not have to mean that one council swallows the other, but people do not realise that.
211. HCC considered that progress is held back by “seeking to be fair and equitable across the Humber”

Question 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.

212. A member of the public was sceptical that any factors locally were actually holding back investment, given recent decisions by businesses such as Siemens, whilst another thought the Commission should consider agricultural and rural industries and commercial outlets.
213. An ERYC councillor thought that it would be helpful to consider the issue the social economy, including joint commissioning of public services, joint reciprocal agreements. Another was concerned about the areas of the East Riding that border Hull which she considered to get a poor deal from cross-border issues.
214. HCC considered that the Commission needs to reflect on the analysis which relates to where joint or combined working policy frameworks can be supportive and direct such resources to where they would have the most impact. The current governance arrangements prevent this from being optimised because they focus on the specific benefits to individual authorities rather than on the underlying economic geography of the local system as a whole.
215. A Parish council was interested to know how rural areas would benefit.
216. No respondents provided further hard economic evidence as part of their submission.

Question 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?

217. One member of the public thought that the Commission should await the outcome of the spending review and analyse the impact of future spending cuts. Another considered that the Commission should also look at what the involvement of Parish Councils should be.
218. The two ERYC councillors expressed an objection to any consideration of an elected Mayor, although one suggested some form of nominated independent spokesperson.
219. HCC Liberal Democrat Group thought that the report should look at how local services are commissioned, including their relative effectiveness and efficiency, together with information about localism best practice and how to avoid centralisation.
220. HCC did not suggest any further information sources the Commission should consider

Question 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.

221. Options proposed included:

- a. A North Humber Authority as a sub-region to a Yorkshire Assembly
- b. Hull, the East Riding, North Lincolnshire and North East Lincolnshire
- c. A whole Yorkshire assembly or parliament

222. An ERYC councillor considered a Pan-Humber CA to carry too little weight but that the area risks being a poor relation in anything larger.

223. Both Parish Councils considered that a Combined Authority to be undesirable because it would be detrimental to the East Riding

224. HCC considered that this should not have been a matter for the Commission but that it should have focused on the economic case.

225. HCC Liberal Democrat Group wanted to see a wider range of options considered

Question 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.

226. A member of the public and the two Parish Councils wanted to retain the status quo. Whilst an ERYC councillor and the Liberal Democrat Group would like to see a Combined Authority. The Hull LibDem Group also wanted to see an exploration of how Hull and ERYC could work more closely together.

Question 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?

227. Generally respondents thought the road map was clear. A member of the public said that it looked like an 'elite stitch-up', however, whilst another thought that it was not necessary for the city to take the lead.

228. An ERYC councillor considered that the 'blue light' services and hospital Trusts should be involved along with voluntary organisations and transport providers.

229. The Hull Liberal Democrat Group would like to see a suggested timescale set against it and was concerned about the passage of time. It also wanted to see some indication of the form of agreement and a stage setting out who would form the Combined Authority.

230. A Parish Council opposed the idea of a road map.

Question x) Are there any other organisations which should be included in the process towards a Combined Authority?

231. Again, the 'blue light' services and health were mentioned, along with the electorate as a whole, Parish Councils, higher education, the LEP, and the East Riding LSP.

232. A Parish Council considered that there should be a wider look at the relationship with North Yorkshire Council. Another Parish Council considered that the East Riding should be consulted, which indicates that it will be important to emphasise that efforts have been made but that the Council has declined to contribute.

233. The Hull Liberal Democrat Group would like to see a wider range of people consulted and to know that there was cross-party support for any solution.

Question 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

234. A member of the public thought the university could provide more support to local government in the area.
235. An ERYC councillor considered that there needed to be more factual information about what the councils are doing so that people can hold their councils to account and get involved in local politics, including webcasts of council meetings and in particular of planning meetings.
236. Hull Liberal Democrat Group wanted to see more about what the two councils could share and commission together. It wanted the Commission to look at how power could also be localised. It was concerned that the Commission is under the influence of the Hull Labour group and should seek views from other political parties, it was particularly concerned about the make-up of the interviewee list.

Appendix 6 – LEP press release on Humber Enterprise Zone extension

“Humber Enterprise Zone to more than double following Spending Review

Posted on November 26, 2015

Category: [News](#) Tags: [Business Rates](#), [Energy Estuary](#), [Enhanced Capital allowances](#), [growth](#), [Humber](#), [Humber Enterprise Zone](#), [Humber EZ](#), [Infrastructure](#)

The Humber Enterprise Zone, already the UK's largest enterprise zone (EZ), is to more than double in size, expanding to include additional employment land in all four areas of the region following a successful bid by the Humber LEP and local authorities.

The Chancellor set out in the Spending Review and Autumn Statement the creation of 26 new or extended Enterprise Zones.

The Humber LEP worked with its local authority partners, and in consultation with neighbouring LEPs, to identify packages of land that met the requirements of a new bid for EZ sites submitted in September with the aim of accelerating the development of new employment land to meet the continuing needs of the rapidly growing renewables sector as well as ensuring the region continue to meet the needs of the established ports, logistics and chemicals sectors in the changing economic climate.

The Humber's successful EZ extension bid will see 14 new sites covering 750.6ha added to the existing Enterprise Zone, which comprises 16 sites totalling 484ha. This brings the total Humber Enterprise Zone to 1,238ha (3,059 acres) across 30 sites, recognising the progress made to date and the size of the opportunity around the Humber.

Businesses that locate on the new sites will be entitled to a business rate discount or enhanced capital allowances for investment in plant and machinery. Local authorities will retain 100 per cent of the business rate growth for 25 years, which is able to be used to fund development required on the EZ sites.

The extension package delivers a total estimated uplift in land values of £219,995,055 and estimated business rate retention of £280,412,394. The total value of business incentives offered by the package is £122,036,092 (£99,000,000 in ECAs, £23,036,092 in BRDs). The extension to the zone is therefore potentially worth over £622m to the local area – before private investment from companies moving on to the sites is taken into account.

The extension comprises four packages of sites:

- Northern Lincolnshire Ports, Logistics and Renewables Corridor takes in employment land adjacent to Humberside Airport, which is experiencing rapid growth as a heliport, and six sites near the ports of Grimsby and Immingham along the South Humber Bank that are part of the South Humber Industrial Investment Plan – a major investment programme.

The EZ investment in this area also links up with projects using £11.4m of Local Growth Fund (LGF) as part of the Humber's Growth Deal to improve access via road and rail and £30m from North East Lincolnshire Council for the 15-year South Humber Industrial Investment Plan.

- M62/A63 Corridor – Melton and Goole to develop employment land around the Port of Goole and enhance the ports and logistics offers with the creation of an intermodal terminal as well as develop employment land at Melton.

These EZ sites will also link into the Goole 36 investment from the Homes and Communities Agency and

ERDF in a £16m port link road scheme and the £22.5m investment from DfT in a Grade Separated Junction (GSJ) to access the employment land at Melton.

- The City of Hull sites cover approximately 80 hectares across four distinct areas in Hull's City Plan. These four areas comprise of: The city centre for professional and technical services allied to the energy, digital and tourism sectors; the Birds Eye/Priory Park developments in the West for professional and technical services as well as logistics operations, in the East at Queen Elizabeth Dock and one immediately opposite for the renewable energy industry or the logistics sector and The River Hull Heartlands to stimulate investment in improving the quality and availability of office and industrial space in the city underpinning the central economic role of the city in the Humber.

These EZ sites link in with private sector investment including RB, Siemens and the University of Hull as well as more than £100m of city centre regeneration projects including investment in the city's Old Town, a bridge over the A63 Castle Street and flood defence work in the city and surrounding region, several of which have been supported by the LEP.

- Able Logistics Park in North Lincolnshire, 497.5 hectare Greenfield site, will be sequentially developed to support the renewables growth sector. The park's proximity to the deep water quays offers unrivalled workflow efficiencies.

This investment links in with the £15m EZ Capital Grant secured through the LEP to accelerate development of the Able Marine Energy Park and Growth Deal LGF allocation for £13.32m investment in a flood risk strategy for Lincolnshire Lakes to enable the development of 3,500 new homes.

Lord Haskins, Chair of the Humber LEP said:

"This major expansion of our Enterprise Zone underlines the Humber's important role in the Northern Powerhouse and recognises the considerable progress the Humber LEP, local authorities and private sector partners have made in recent years in driving the growth of our economy.

"It will help to attract further investment to our area, support existing businesses to expand, and facilitate the creation of new jobs. It complements the investments the partners are already making across the area and will further contribute to the growth of the Humber as the UK's energy estuary."

Hull City Council Leader, Councillor Stephen Brady, said:

"We welcome the news about the expansion of the city's key Enterprise Zones and we are delighted that the Government has recognised the unique role that Hull is playing in terms of attracting inward investment and boosting employment levels in order to not only strengthen our local economy, but the UK's economic growth as a whole.

"Hull is in the midst of regeneration plans taking place throughout the city centre, designed to create a legacy that has tangible benefits to the city and its residents, and we know that investment into these key areas is imperative to securing a prosperous future and helping to create much-needed jobs for the area.

"This means that with our UK City of Culture 2017 status and our ambitious plans to deliver world-class facilities such as the Hull Venue and Cruise Terminal, coupled with the combined ABP and Siemens investment, Hull's core investment potential will be recognised on an international stage."

Councillor Ray Oxby, leader of North East Lincolnshire Council, said:

"We are delighted to have been awarded nearly 200 hectares of Enterprise Zone across a number of sites between Grimsby and Immingham, as it will provide a huge incentive for new businesses to locate here and for existing businesses to expand.

"This is a tremendous boost for the South Humber Industrial Investment Plan (SHIIP), which is a major plank in our programme of strategic economic investment in our area. Enterprise Zone status will not only help enable large scale growth in a number of the LEP's priority sectors, including ports and logistics,

chemical processing, renewables and the inter-related supply chain, but will also lead to the creation of thousands of new jobs, ensuring that our growth opportunities are realised.

“Crucially, this administration is determined to provide the right environment for development, one that businesses see as a place where they can and want to invest and today’s announcement will enhance the area’s offer greatly.”

Councillor Stephen Parnaby OBE, leader of East Riding of Yorkshire Council, said:

“We welcome the announcement to expand the Humber Enterprise Zones to cover our strategic employment sites at Goole and Melton on the M62/A63 corridor.

“Expanded Enterprise Zone sites in this ‘cluster’ will enable us to better meet the needs of the rapidly growing renewables sector and its supply chain, based upon the continuing successful delivery of Green Port. At the same time, it is essential that the region continues to meet the needs of the established ports, logistics and manufacturing sectors in a changing economic context.

“We look forward to receiving more details from the government in due course, and to working with our partners in the Humber LEP (Local Enterprise Partnership) to maximise the benefits this expanded Zone will bring.”

Councillor Liz Redfern, leader of North Lincolnshire Council, said:

“I am pleased that the Government continues to invest in our area and recognises its huge potential.

“The expansion of the Enterprise Zone is fantastic news and will help attract more businesses and jobs to the area. Already we have a thriving business economy in North Lincolnshire. We are pleased to retain our share in Humberside Airport as investment continues to grow including the recent opening of BAE Systems Training Academy, the new Hilton Hotel and Bristows.

“North Lincolnshire also boasts major developer Able UK that is progressing well with plans to build a marine energy park on the largest enterprise zone in the UK for the supply and manufacture of wind turbines to huge offshore wind farms. This is without doubt a World class centre for renewable energy.

“These developments are creating thousands of jobs and act as a catalyst in attracting other businesses to invest and see for themselves the great potential North Lincolnshire and the wider Humber region has to offer.”

Existing zone

To date the Humber EZ has seen 118 construction jobs and 171 employment positions created with 18 companies located on EZ sites, including E.ON, Vestas, RES, North Sea Services, Beaumont Morgan, Neill and Brown, East Coast construction, CLS offshore, Middlegate Shipping, Nippon Goshei, Marsden Technologies, Cablesan, Supercraft and Black Cat Group.

Much of the job creation activity to date has been centred on Humber Enterprise Park at Brough, Marfleet Environmental Technology Park in Hull and the Port of Grimsby. Construction is underway at Able Marine Energy Park and Green Port Hull which will see totals rise significantly.”

Source: Humber Local Enterprise Partnership 26th November 2015