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Sent to Councillor.Ross@hullcc.gov.uk and councillor.handley@eastriding.gov.uk

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Dear Cllrs Ross and Handley,

We write in response to the present 'consultation' on the Hull and East Riding 'Devolution' Deal that is being rushed through at the end of the current Parliament and, it would seem, the end of the current Tory Government.

We are also concerned about the very limited 'consultation' process that has been undertaken and the lack of any real scope to explore the underlying issues concerning our regional economy, public services and the role of devolved powers.

The economic context

We are being invited to accept this deal against a challenging backdrop for many of our constituents.

Behind all the spin, the current Government's economic plans paint a grim picture for the years ahead for working families in our area and for the funding of public services – including local government.

Even after the Chancellor's various recent decisions on benefits, pensions and tax, we still only get back £1 for every £8 in tax increases imposed since 2019/20. The highest taxes since the 1940s are contributing to the largest fall in living standard since records began in the 1950s.

Many of our constituents also have to deal with the ongoing cost-of-living crisis, rent hikes, and interest rates soaring after the home-grown economic crash in 2022 during the brief premiership of Liz Truss. Some constituents have to choose between eating and heating.

The fundamental challenge for our country is that even with these high levels of tax and max-ed out state borrowing, our economy is simply too weak to deliver the steady generational improvements in living standards that we took for granted for decades and good public services.

For example, we are seeing a crisis in NHS services, including in specific areas like dentistry, alongside falling life expectancy and the return of diseases that had largely been eliminated in the post-War decades.

This toxic combination makes the latest downgraded forecasts for UK economic growth and the current Government's plan for further years of real terms cuts in public services, including local government, very worrying. Capital investment in areas such infrastructure that underpins future economic growth is also being slashed. It is a vicious spiral of economic decline.

The experience since 2010 suggests that this combination of cuts in local services and Council Tax increases will fall most severely on the most deprived communities. We will, in effect, be seeing more devolved blame than devolved power.

Economic growth and levelling up

Chancellor Jeremy Hunt announced another plan for growth last Autumn – the Government's 12th since 2010. There were a long list of measures designed to get the economy moving and the Government has talked for the past 14 years about 'rebalancing the economy', the 'Northern Powerhouse' and 'Levelling up'.

This is where the various 'Devolution' Deals fit in – including ours around the Humber.

The Government often tell us that they accept the analysis that there will be no breakthrough on growth for the UK economy without the Humber. We agree. Ignoring the potential of the Humber means giving up on growth and giving in to decline.

This is why in order to sell the Government's 'levelling up' and devolution plans, and make the regeneration investment on offer sound bolder than it actually is, the Chancellor keeps promoting the prospect of creating 'mini-Canary Wharfs'.

This is a deliberate nod to the transformation that happened in London Docklands over the past 44 years, kick-started with the use of Enterprise Zones and a strictly temporary Urban Development Corporation (UDC) – the London Docklands Development Corporation (LDDC).

In 2012 the leading politician behind what happened in East London, Lord Michael Heseltine, wrote a report for the Coalition Government called '*No Stone Unturned in Pursuit of Growth*'. This informed the thinking behind the 'Northern Powerhouse' and 'Levelling Up'.

However, the deeds have not followed the words. As a whole, the overall package of investment now on offer to the Humber in and alongside this Devolution Deal, a decade after the Government's 'Northern Powerhouse' was launched, is simply not enough to even start the economic transformation that is needed.

Even those areas winning in the Government's Hunger Games bidding processes for small pots of 'levelling up' money find that it's not the sustained scale of investment, implied in the hype, that would really be 'transformative' and boost the UK economy.

The 'devolution deal' on offer to Hull and the East Riding is promoted with the headline-catching funding figure of £400m, but this is spread over 30 years.

That's only £13.3m a year - shared between Hull and the East Riding of Yorkshire. In response to a written question from Emma Hardy, the Government admitted that this funding was not index-linked (WPQ 11642).

Meanwhile, to illustrate the scale of this funding, the current Government's 'Economic Transformation and Integration' Deal with Rwanda comes with at least £370m from UK tax-payers over five years – averaging £74m a year. This is somewhat closer to the scale of investment that Hull and the East Riding

desperately needs. The main difference is that, unlike Hull, Rwanda has so far not had any small boat migrants sent to them.

How does our Deal Compare?

In terms of the ability to transform our regional economy, how does the £400m on offer to Hull and East Riding over 30 years measures up to what went into East London over a much shorter period – the original Canary Wharf that Ministers refer to?

In its temporary period of existence between 1981 and 1998, the LDDC received state subsidy of £1.86 billion. Inflation-adjusted from 1981, that equates to some £6.8bn now.

For every £1 of public money, £4 of private investment was also attracted and billions more came into London Docklands after the LDDC exited, for projects such as Crossrail.

What is being offered to us around the Humber barely compares to this.

Even if the £13.3m a year funding went to the two local authorities, rather than to the new Elected Mayor, it would not even scratch the surface of restoring the Government cuts of £111m a year to Hull City Council since 2010 or avoid the structural deficit for 2025/26 that the local authority faces.

Notably, one bit of local decision-making we have seen is Hull's Lib Dem-led Council clobbering residents with another Council Tax increase of 4.99%, the maximum-allowed by law without a local referendum. This tax hike is even higher when police and fire precepts are added.

If the funding on offer is not enough to even avoid our local authorities having to raise local taxes and make further cuts in services over the next few years, by definition we are not going to see anything like the scale of investment that will transform our sub-regional economy.

To claim that the funding that comes with this Devolution Deal is in line with or even slightly better than that going to other areas of the North, even if true, is to miss the whole point of what we thought we were attempting to achieve in transforming the North and adding to UK economic growth.

The only funding certainty offered by this Devolution Deal is the certainty of years of further cuts in the most deprived and left behind communities, alongside little genuine progress on economic regeneration.

A new Labour government elected towards the end of this year will be committed to a fairer distribution of funding for more deprived areas of the country than we have seen since 2010; to longer term funding settlements that will help local authorities plan ahead; and to having less emphasis on bureaucratic bidding processes for pots of funding.

However, that government will inherit a stagnant flat-lining economy and extremely challenging public finances. There will be intense lobbying from every corner of the country where local authorities and other public services face a funding crisis.

For all these reasons, we would caution against Hull and East Riding leaders sending any signal to central government over the next year that we somehow believe that the paltry funding attached to this Devolution Deal is in any way adequate for our area.

The Humber's Transport Challenge

Part of the hard sell behind this Devolution Deal is the recent revival of the promise of Hull rail electrification. We all know that poor transport links hold back economic development around the Humber.

These plans, flagged by the Prime Minister at the Tory Conference last October, supposedly to be funded from savings achieved by Rishi Sunak's decision to unilaterally cancel the Northern leg of HS2, are subject to a Business Plan and, it would appear, are purely illustrative. In other words, still a matter of 'if', not 'when'. Ministers are refusing to give even a target start date for rail electrification works to commence.

We are therefore surprised that local authority leaders appear to be so trusting of these reannounced pledges from a Government who blocked a privately-financed rail electrification scheme in 2016, and then ruled it out for decades in the 2021 Integrated Rail Plan.

As MPs, we are asking why the Humber and the wider North has to accept the still uncertain prospect of better East-West rail links, at some unspecified point in the future, coming at the expense of dropping better North-South rail services. London and the South East get both.

To illustrate the scale of public and private investment that is truly transformative, in East London £500m went into building Canary Wharf Crossrail station alone. This is more than the £400m promised to Hull and the East Riding over 30 years - an amount that will be eroded in value by inflation.

Canary Wharf Crossrail was also just one part of the £18.8bn spent on the South East's Crossrail scheme - now called the Elizabeth Line.

In Hull meanwhile, we are apparently meant to be grateful at the possibility of finally seeing Hull Paragon Station's toilet and waiting room facilities being improved, following the botched 'improvement' works in 2018.

To add insult to injury, some of the funding earmarked for the Northern Leg of HS2 was recently diverted to mending potholes in London.

Our Devolution Deal apparently comes with some £15m for transport infrastructure. It should be noted that the cost of rail electrification for Hull was estimated to be some £100m, even at 2013 prices.

A greater regional role for franchising bus services might also be welcome, but not without the funding to make much difference.

Is it Real Devolution?

The current Government's attitude to 'devolution' was also shown by the Prime Minister cancelling the Northern leg of HS2, causing significant damage to economic regeneration prospects in the North, without even consulting the current Northern Elected Mayors. We are surprised that this evidently does not sound any notes of alarm for Hull and East Riding's council leaderships.

The public 'consultation' on this deal between local authority leaders and the current Government has lasted around eight weeks. This compares to the full year Hull City Council previously devoted to consulting on bus lanes.

Genuine devolution evolves from the grassroots, not from Whitehall.

It devolves more power to local communities from central government than it takes up to the new sub-regional layer of government. It seems that the powers being devolved to the new Elected Mayor for Hull and East Yorkshire will be more limited than seen in many other devolution deals.

Real devolution would be shaped through extensive local engagement to fit the economic geography and needs of our urban, rural and coastal communities – not follow a rigid off-the-shelf, one-size-fits-all Whitehall blueprint.

There is no perfect model of local democracy and devolution ought to be a means to an end - of creating a more prosperous local economy - not an end in itself.

Local innovation is always a positive, as is a powerful figurehead, but in the context of the tough budgetary decisions that are in prospect over the next few years, it is fair for local people to question why we need what might be perceived as yet another talking shop for politicians and another layer of government?

It is also reasonable to ask why local people in Hull and the East Riding are not getting a real say in a referendum on whether they want a new extra layer of government, costing £2m to set up, in return for such limited local decision-making powers and investment.

It should be noted that in the early 1980s East London was never required to jump through the Whitehall hoops of making permanent changes to local governance before having several decades of far greater public and private investment than is being offered to the Humber now. So why should we?

Indeed, city-wide and borough Elected Mayors in London came some 20 years after this Docklands investment first started. Indeed, in the early years of London Docklands the Thatcher Government actually removed the regional layer of government in London when the Greater London Council (GLC) was abolished in 1986.

For us in East Yorkshire over the past decade, 'Devolution' has been more of an excuse to block the investment we need – not a catalyst for it. That will not change under this Devolution Deal.

A better alternative

A better offer could be less than a year away.

Keir Starmer is committed to a Taking Back Control Bill, offering devolution, if communities want it, shaped by local people and tailored to our geography and economic needs.

There is also a clear Labour commitment to back the builders and to remove the blockages to the North and the Humber fulfilling our economic potential.

As we have seen in various parts of the country, lasting regeneration on a scale that boosts the national economy takes decades. A new era of construction, alongside investment in people, skills and the jobs of the future, can at least help to break the vicious circle of managed decline hanging over the UK.

It would also be wrong to say that there has been no positive economic news over the past 15 years for Hull and the East Riding. Areas such as our digital economy are a great hope for the future, although this has largely been achieved through local efforts and enterprise.

In 2013, Hull won the competition to be UK City of Culture 2017, after failing to attract this status in 2009.

In 2014, Hull finally made the breakthrough in attracting Siemens, kickstarting the Humber Energy Estuary.

While this has all been great news, these positive developments have not added up to the scale of regeneration we need, as we seek to replace the jobs lost from Hull's former maritime industries.

As Hull's MPs, we work cross-party and with the local business community for jobs and regeneration in our region - be it on transport, attracting Siemens, City of Culture, cutting Humber Bridge tolls, upgrading flood defences and much else.

We want the best for Hull and the Humber. Why?

Because our country needs it too - not least with the trade and industrial challenges we face.

As we can see from the examples we mention from elsewhere in the country, genuine and lasting regeneration that helps boost the country's economy takes decades - not one or two Parliaments.

Upgrading infrastructure and getting well-paid jobs and spending power into a local economy creates a virtuous circle for further investment in housing, retail, leisure and services – but this doesn't happen overnight.

A new era of construction can at least help us to break out of the vicious circle of decline hanging over the UK.

That's why we should not meekly accept this made-in-Whitehall, top-down, 'one-size-fits-all' deal offered in the final months of this failing Government.

Some who should know better locally appear to be content with this grossly inadequate Deal. We, however, cannot support doing Hull and the East Riding long-term economic damage for the sake of short-term party political expediency.

We want to see the Hull and Humber area have a real fresh start and not let the politics behind this 'Devolution Deal' get in the way.

Yours sincerely,



Rt Hon Dame Diana Johnson DBE, MP for Kingston upon Hull North



Emma Hardy, MP for Kingston upon Hull West and Hessle



Karl Turner, MP for Kingston upon Hull East