



Department for Levelling Up,  
Housing & Communities

**Sarah Healey CB**  
*Permanent Secretary*

**Department for Levelling Up,  
Housing and Communities**  
4th Floor, Fry Building  
2 Marsham Street  
London SW1P 4DF

[www.gov.uk/dluhc](http://www.gov.uk/dluhc)

Email: [PSPerm.Sec@levellingup.gov.uk](mailto:PSPerm.Sec@levellingup.gov.uk)

24 May 2023

Gareth Davies  
Comptroller & Auditor General  
*By email*

### **Review of South Tees Development Corporation**

Dear Gareth

I am writing further to our helpful meeting on 18 May at which we discussed your willingness to undertake, if asked, a review of the South Tees Development Corporation (STDC) given ongoing speculation around commercial arrangements which form part of the Teesworks project. As you know, the Mayor had indicated to government that he would welcome a review undertaken by a relevant body.

Ministers were extremely grateful for your indication that you would be willing for the NAO to step outside its normal role to help in this case. The Secretary of State considered the proposal. It is not, however, the NAO's role to audit or examine individual local government bodies and its powers would not normally be used for that purpose. Ministers do not think it would be appropriate to expand so significantly the role of the NAO by asking you to lead this inquiry.

Nonetheless, we would welcome the NAO updating its review of Government's funding arrangements for STDC. I would be happy to discuss this further.

Given the importance to Teesside of addressing this matter, the Secretary of State has decided to support the commissioning of an independent review to consider the specific allegations made and Tees Valley Combined Authority's oversight of the STDC and Teesworks joint venture. As set out above, this is not because the Department considers that there is evidence to recommend such a review, but to answer the Mayor's understandable request.

The Secretary of State will appoint a Panel, in line with established practice, to undertake an independent, external assurance review.

Since serious allegations of corruption, wrongdoing and illegality have been made, the Secretary of State will ask the Panel to address these accusations directly, and to report on the governance arrangements at STDC including how decisions are made, as well as looking at the value achieved for the investment of public money on the site. Detailed terms of reference will be published shortly. Any interested party, including Members of Parliament, will be invited to make representations to the Panel as part of their evidence gathering. The report and any recommendations will of course be published in line with usual practice.

Yours sincerely,

**Sarah Healey**