



Department for Levelling Up,
Housing & Communities

Dehenna Davison MP

*Parliamentary Under-Secretary of State for
Levelling Up*

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2 Marsham Street
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Andy McDonald MP
House of Commons
London
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17th May 2023

Dear Andy,

Thank you for your letter of 10th May to the Chief Secretary about arrangements at the South Tees Development Corporation (STDC), and the Teesworks joint venture. I am replying as the matter falls partly within this department's responsibilities, as well as the Department for Business and Trade. I also note you have also raised Teesworks in the House of Commons recently, including to make claims of 'dubious dealings' and 'industrial-scale corruption.'

As government has set out previously, we have seen no evidence of corruption, wrongdoing, or illegality. The mayor and the Combined Authority are working tirelessly to level up the area of Teesside, including by supporting economic growth and high-quality job creation. Private sector investment and a joint venture was always a core part of the business case for the site, and the National Audit Office's review found that government funding has been used as intended and the changed arrangements with the joint venture has not altered the case for this funding.

Funding for the South Tees Development Corporation is governed by a Memorandum of Understanding, and all provisions of this were met, including securing appropriate funding clearance and oversight within Government. The Development Corporation and Combined Authority's 2021/22 external audit will be published in due course, with the accounts publicly available. The leadership of the Combined Authority are committed to transparency and scrutiny, inviting the National Audit Office to conduct a full review. As you know, the National Audit Office does not directly investigate local authority spend (including that of a Combined Authority). This Government is establishing the Office for a Local Government (Oflog) so as to improve the accountability for performance across the sector, including overspending.

We will as a government continue to monitor spend and delivery of the site, and Tees Valley Combined Authority has judged that the joint venture presented value for money. Independent audits of the STDC's accounts have not raised any concerns around that judgement, or the management of the organisation.

Teesside Freeport was the first operational Freeport and is putting the region at the forefront of green energy. It is estimated to bring a £3.2 billion boost to the economy and predicted to create more than 18,000 highly skilled jobs. There is an inevitable risk that continued

unfounded questions serves to dampen investment in the area, including at the Freeport, threatening job creation, and damaging levelling up.

You will be aware the mayor yesterday wrote to the Secretary of State giving his full support for an independent review, to which the department will reply shortly.

I would be happy to meet you, alongside my officials and other ministerial colleagues, to discuss how the Government funding has been used to support the development of the South Tees Development Corporation site, and to review any evidence you would like to present as to date we have not been provided nor are we aware that you have produced any evidence since making your claims.

With every good wish,

A handwritten signature in black ink that reads "Dehenna". The signature is written in a cursive, flowing style.

DEHENNA DAVISON MP