



Department for Levelling Up,
Housing & Communities

Suzanne Clarke
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Local Government Finance

**Department for Levelling Up,
Housing and Communities**
2 Marsham Street
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Angie Ridgwell
By email

7 June 2023

Dear Angie,

I am writing to thank you for agreeing to be the lead reviewer for the independent review into South Tees Development Corporation and Teesworks Joint Venture. This letter formally appoints you on behalf of the Secretary of State and outlines the terms of reference for the review. You are appointed alongside Richard Paver who will act as a reviewer, focused on finance, and Quentin Baker who will act as a reviewer focused on legal and governance matters.

As you know, following accusations made in Parliament of ‘dubious dealings’ and ‘industrial-scale corruption’, the Secretary of State was approached on 16 May by Mayor Ben Houchen requesting a review and citing concerns about the damaging effects that these allegations could have on investment and job creation across Tees Valley. While the Secretary of State has so far seen no evidence of corruption, wrongdoing, or illegality, he recognises that the continued allegations of ‘corruption’ pose a very real risk to the Government’s ambitions to deliver jobs and economic growth in Tees Valley. The Secretary of State has therefore taken the exceptional decision to support the commissioning of an independent review.

The review will reflect the Government’s existing approach for assurance reviews of local authorities with general principles of economy, efficiency and effectiveness alongside answering specific questions in light of the serious allegations of corruption, wrongdoing and illegality that have been made in relation to the Teesworks Joint Venture. The Terms of Reference for the review are annexed to this letter.

The review will be provided in a written format suitable for publication and include a contents page and executive summary. In the event that any relevant evidence comes to light, the Secretary of State will reserve the right to review TVCA’s position against the Best Value powers. Once complete we will publish your final report on gov.uk.

You should complete your work as soon as practicable, given the Department expects it to be complete for the summer. You will carry out your work by meeting with key individuals within the organisations and by reviewing all documentation and representations that you believe are relevant. Your access to material and key individuals will include material that may be considered confidential from a public perspective.

To help you with your work my team will provide support in collating background information. We will also be on hand to provide any press support when managing interest that may be generated as a result of your review. Due to the independent nature of the review, we will not be supplying IT support or secretariat support, but of course we are happy to discuss options if this is required. I have enclosed terms of appointment that you will need to sign and return

My team will be available to discuss your role, the review and how you intend to proceed in more detail. If you have any questions, please get in touch at any time.

The Department will write separately to the Mayor and Chief Executive of TVCA, STDC and Teesworks.

Yours sincerely,

Suzanne Clarke

Terms of Reference: Independent Review into the Tees Valley Combined Authority's oversight of the South Tees Development Corporation and Teesworks Joint Venture

On 24 May 2023, the Secretary of State for Levelling Up, Housing and Communities wrote to Ben Houchen, Tees Valley Mayor, to confirm that he had taken the exceptional decision to support the commissioning of an independent review of the South Tees Development Corporation (STDC) and Teesworks Joint Venture. This followed allegations of corruption, wrongdoing and illegality around the operations of Teesworks and a letter from Mayor Houchen to the Secretary of State on 16 May seeking an independent review of the matter by a 'relevant body', reflecting the Mayor's concern that continued allegations would undermine confidence in the site.

The Department has seen no evidence of corruption, wrongdoing, or illegality, but recognises that the continued allegations pose a risk to the Government's and the Combined Authority's shared ambitions to deliver jobs and economic growth in Teesside. The review will include consideration of these specific allegations made in relation to the Joint Venture, and ascertaining the facts is the primary basis for the Secretary of State seeking this independent review.

As part of that process, the review will focus on the following themes, reflecting the Government's existing approach for assurance reviews of local authorities and general principles of economy, efficiency and effectiveness:

- **Governance** - e.g. sense of strategic vision and direction; adequate internal processes and scrutiny; key senior posts filled with permanent appointments; effectiveness and transparency of decision making and external scrutiny arrangements (including independent audit); relationships between organisational leadership and officers; openness to challenge; focus on improvement
- **Finance** - e.g. quality and robustness of financial management and accounting, arrangements, ability to deliver value for money with public money; effective management of financial and commercial risks.

In view of the serious allegations of corruption, wrongdoing and illegality that have been made in relation to the Teesworks Joint Venture, the Government has asked the review specifically to respond on that issue. The following specific questions / issues have been identified for the review to explore:

1. An assessment of the governance arrangements at the STDC, including how decisions are made and the transparency of those decisions.
2. An assessment of the arrangements through which the Tees Valley Combined Authority (TVCA) meets its responsibilities for effective and appropriate oversight of the activity of the STDC (the Mayoral Development Corporation responsible for the Teesworks site) and the Teesworks Joint Venture (the public-private partnership between the STDC and its partners).
3. An assessment of the processes, systems and delivery mechanism in place to deliver the expected value and benefits of the Teesworks Joint Venture?

4. An assessment of the arrangements and capacity in place to ensure that decision making across the TVCA, including STDC and Teesworks Ltd (the Joint Venture vehicle), is evidence-based (where practical), takes full consideration of value for money, and reflects an appropriate balance of risk and reward between the public and private sector.
5. An assessment of the level of confidence by which the Government have that key decisions to date in relation to the Teesworks Joint Venture have been evidence-based and taken appropriate consideration of value for money.
6. A assessment of the robustness of local systems and operations in place to guard against any alleged wrongdoing, in particular in relation to:
 - The sale of the site now occupied by SeAH Wind
 - The change in the Teesworks ownership structure in August 2021 from 50% public to 90% private
 - The extent to which correct procurement rules have been followed in relation to the site and any disposal of publicly-owned land or assets
 - The sale of land at the site to private sector partners
 - Potential conflicts of interest between various parties, and contractors carrying out remediation or other works at the site
 - The evidence of investment from private sector partners in the context of significant public investment in remediation of the site
 - The adequacy of transparency and accountability underpinning key decisions, including ongoing engagement with and reporting to HMG.
7. An assessment of the effectiveness of arrangements for external scrutiny of the STDC and Teesworks Joint Venture (including Teesworks Ltd), including independent audit, and of the relevant parties' response to any findings or recommendations from that process.