



Ministry of Housing,  
Communities &  
Local Government

**Jim McMahon OBE MP**

*Minister of State for Local Government  
and English Devolution*  
2 Marsham Street  
London  
SW1P 4DF

Lord Houchen,  
Mayor Tees Valley Combined Authority

3 April 2025

Dear Lord Houchen,

I would like to thank you for your letter of 27 September 2024, which provided a detailed update on the work that the Tees Valley Combined Authority and local partners have been doing to address the recommendations in the Tees Valley independent review. I note that, since your update, your external auditor has reported significant weaknesses in TVCA's and STDC's value for money arrangements, citing the findings from the Tees Valley review, and capacity issues in the authority's finance and risk & assurance teams.

The government has committed to resetting the relationship with local government and by extension combined authorities alike. This means working in good faith, and in partnership to deliver better outcomes for local people. That relationship is important at all times, but more so when improvements are needed. I can assure you and members of the combined authority this commitment remains firm.

I recognise the volume of work that has been undertaken to develop and implement your action plan responding to the recommendations of the independent review and external scrutiny reviews. I particularly welcome the establishment of the independent panel, chaired by Rob Whiteman and supported by the Local Government Association, to provide external support and challenge as your authority and local partners implement the changes needed. I would like to see your engagement with the independent panel strengthened and embedded into the authority's ways of working.

Having carefully considered your response to the Tees Valley independent review and the external auditor's recent assessment finding weaknesses in value for money arrangements, I have concluded that I require further assurance. Specifically, I require assurance of how your action plan will be implemented and embedded over time, to ensure it has the necessary impact on governance, culture and relationships. To provide me with that assurance and to secure continuous improvement, I am issuing your authority with a Best Value Notice. We believe this to be proportionate and forward looking. In summary, the Notice requests that your authority engages regularly with the department; provides us with a clear and

cohesive strategy for improvement across all the recommendations given to your authority, which includes milestones and measures of impact; and strengthens the capacity, scope and role of the external LGA panel.

Your letter of 27 September 2024 described the ambition you have for the Teesworks site, and we are very keen to see positive outcomes for the residents of Teesside.

The government remains of the view that, while the independent Tees Valley review was thorough within its terms of reference, it was by nature not designed to answer all the questions raised, instead to focus on the governance and finance elements of the Best Value regime. The residents of Tees Valley cannot afford to live under a shadow of uncertainty for any longer, and investment in the region demands full confidence from both the public and the private sector. I hope that this process will offer the opportunity for a reset, providing the foundations for future investment into the area oriented towards the public good, underpinned by good governance, transparency, and accountability. Authorities must demonstrate robust financial management, effective decision-making, and meaningful engagement with communities to uphold Best Value principles.

The focus now must be to ensure that the improvements needed are not only secured but also sustained, embedding a culture of continuous improvement and responsible stewardship in line with statutory Best Value obligations.

You will recall that the January 2024 review also made two recommendations for government, and I am determined to see these resolved. As such my department will publish guidance clarifying the governance, oversight and legislation of Mayoral Development Corporations. I am writing separately to you and other mayors of combined and combined county authorities about this guidance. A further recommendation covers issues around landfill tax and public sector land remediation - this is being considered, and a response will be provided in due course.

As you know, this Government is committed to working in partnership with the Combined Authority to deliver growth, our number one national mission. I want to reassure you that it is my firm intention that taking the steps I set out in this letter will support this critical task, by providing the clarity needed to reinforce confidence in the region. As you know, we are backing growth in the region through its Freeport and are finalising development of the Tees Valley Investment Zone, building on the £21.7 billion of funding over 25 years allocated to Net Zero clusters in Teesside and Merseyside. We will build on this going forward through the development of your Local Growth Plan, underpinned by the new powers unlocked through the English Devolution White Paper, and by engaging closely to identify the region's key sectoral strengths in developing our Industrial Strategy. I look forward to your continued support as we work on all these elements together, so that the authority can continue its journey towards further devolution.

My officials are writing separately to the TVCA Chief Executive about the Best Value Notice and the Notice will be published on GOV.UK. I will write to local and parliamentary stakeholders informing them of my decision to issue a Best Value Notice in line with usual practice. I look forward to receiving updates on your progress.

Yours sincerely,

**JIM MCMAHON OBE MP**

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