



National Audit Office

Comptroller and Auditor General
Gareth Davies

Darren Jones MP
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**The UK's independent public spending
watchdog**

Telephone +44 (0)20 7798 7777
Email gareth.davies@nao.org.uk

Our ref GF 1684 23
Date 19 May 2023

Dear Mr Jones,

SOUTH TEES DEVELOPMENT CORPORATION AND TEESSIDE REDEVELOPMENT

Thank you for your letter of 16 May 2023 asking me to launch an inquiry into issues reported at Teesside Freeport which would inform the Committee's inquiry into the performance of investment zones and freeports in England.

As you may be aware, I do not have the statutory power to conduct examinations of individual local authorities and associated bodies. I can agree to carry out such work following a request by a Minister. This would require an agreement between the Minister and the relevant bodies to be examined, under [Section 6\(3\)\(d\)](#) of the National Audit Act 1983. I have not received a Ministerial request to consider undertaking such work.

Yours sincerely

GARETH DAVIES



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Dear Mr Jones,

SOUTH TEES DEVELOPMENT CORPORATION AND TEESSIDE REDEVELOPMENT

I have seen your tweet saying that Ministers have refused to give the NAO sign off to carry out work on Teesworks. That is not an accurate summary of my previous letter to you. We have not been asked to undertake work on this matter and have no power to do so without being asked by Ministers. There has been no refusal.

Yours sincerely

GARETH DAVIES

From: JONES, Darren
Sent: Friday, May 19, 2023 9:00:17 PM
To: C&AG
Subject: Re: Letter from the C&AG - Teesworks (GF1684 23)

Dear Eleanor —

Thank you for the clarification.

Before I share any further information, can I make sure I'm clear on what has happened.

My understanding is as follows:

1. Mayor Houchen requested the NAO undertake an audit.
2. My Committee requested the NAO undertake an audit.
3. The NAO discussed the requests with the Department.
4. The NAO wrote to me to confirm that a Ministerial request is required but that you have not had that request. The NAO therefore rejected the request of my Committee.

My interpretation of your letter, on that basis, is that the NAO required the Minister to agree to my and Mayor Houchen's request for an audit to be undertaken.

Your letter therefore concluded that an audit, as my Committee requested, could not be undertaken.

Your letter was definitive and presumably would not have been sent had you thought that the Minister might request the audit. You presumably concluded that the request was not forthcoming and so decided to write to me to inform me of that.

Please can you confirm that, in the NAOs discussions with the Department this week, it was made clear to the Department that these requests had been made and that a Minister was required to request the NAO to undertake the audit for that to happen?

I require a clear answer to my question, please. The semantics of whether a Minister said "no" (a refusal) or merely didn't say "please audit" (a request) is unhelpful to me and the public. I must know whether a Minister is blocking the request of my Committee, irrespective of how he or she is doing it.

I won't be providing anymore information to the public until this is clarified and require a response no later than 11AM on Monday, please.

Darren

Darren Jones MP
Chair, Business and Trade Committee
Member of Parliament, Bristol North West



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Our ref GF 1684 23
Date 22 May 2023

Dear Mr Jones,

SOUTH TEES DEVELOPMENT CORPORATION AND TEESIDE REDEVELOPMENT

Thank you for your email of Friday evening seeking clarification on the position in relation to your request that the NAO carries out audit work on the issues covered by recent reporting on Teesworks.

The starting point is that I have no power to audit individual local authorities or other local bodies. I am therefore not able to respond positively to your request. Local authorities of course have their own independent external auditors.

The National Audit Act 1983 includes provision (section 6(3)(d)) for a Minister and an authority or body to enter into an agreement that expands the scope of my statutory examination powers to encompass the entities covered by the agreement. If such an agreement were in place, I would consider whether to undertake an examination in the way I do for all potential NAO examinations, taking into account the significance of the issue and the other priorities for NAO resources.

This process safeguards my independence in that I cannot be directed to carry out work by a Minister in a way that might divert NAO resources from matters directly in my remit. It is not for me to initiate the process, as this is a matter for the parties to the agreement.

This provision is rarely used, most recently in 2018 when my predecessor agreed to a request to carry out a review of various matters relating to the Motability charity and a time limited agreement under section 6(3)(d) of the National Audit Act was put in place.

When I wrote to you last week I was seeking to clarify the arrangements that would need to be in place for me to undertake this work, and to confirm that I have not received a request at this time. I do not know whether such a request will be forthcoming.

I understand that Ministers are considering their response to the request from the Mayor of Tees Valley for an NAO review. I have held discussions with officials to clarify the procedure I have set out above and to communicate the requests I have received, including from your Committee.

I hope that this further explanation is helpful.

Yours sincerely

GARETH DAVIES