

[REDACTED]

From: [REDACTED]
Sent: Friday, 03 April 2020 09:40
To: [REDACTED]
Subject: RE: Unit 4 Broadcasting House - Andy McDonald MP - Proposed lease renewal

Thanks [REDACTED]

Looking back through the file yesterday has given me another idea of how we might approach this to secure an overdue rent increase if the OMV argument fails.

In 2015/16 we were trying to bring the rent up to an amount approaching OMV to get it closer to the rents being paid by nearby tenants, as is standard practice.

However, in this case, the original rent of £4,000 p.a. wasn't based on the market rent of the property. It was adjusted to fit the tenant's budget of £7,000 p.a. to cover rent and rates for a constituency office.

Mr McDonald told us that he was limited to what he could offer on the basis of the Independent Parliamentary Standards Authority (IPSA) budget levels.

The business rates were deducted from his allowance of £7,000 p.a. to leave £4,000 p.a. available for the annual rent.

I'd expect that his allowance has increased since 2013 and that rates are no longer payable, leaving the whole allowance available to be paid as rent. However, the allowance might have been reduced when he ceased to be liable for the rates.

If the allowance has not reduced, this might not bring us up to the OMV for the Unit, but it might help us to secure an increase if senior management don't accept the argument that he should now be paying the OMV. I suspect that the argument will again be made that if he doesn't renew, the Unit will be left vacant for some time. In the current circumstances, that may well be the case as who knows when the situation will recover.

I've asked Rebecca to confirm when he stopped having to pay rates for the Unit and I'll let you know when she gets back to me.

Cheers

[REDACTED]
Principal Valuer

Valuation & Estates | Middlesbrough Council
P.O. Box 506 | Civic Centre | Middlesbrough | TS1 9GA
T: 01642 [REDACTED] | E: [REDACTED]@middlesbrough.gov.uk | W: www.middlesbrough.gov.uk

From: [REDACTED]
Sent: Friday, 03 April 2020 09:14
To: [REDACTED]@middlesbrough.gov.uk>
Subject: RE: Unit 4 Broadcasting House - Andy McDonald MP - Proposed lease renewal

Hi,

Happy to deal with this, and I totally agree with you, this should be let at a Commercial rent and we should particularly not show favour to any political side as a Local Authority.

Will seek a steer from higher up, don't want to go out with a higher rent then be made to back down, and look stupid.

Principal Valuer
Valuation & Estates

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Our values: Passionate Integrity Creative Collaborative Focussed

From: [REDACTED]@middlesbrough.gov.uk>
Sent: Thursday, 02 April 2020 18:08
To: [REDACTED]@middlesbrough.gov.uk>
Cc: David Velemir [REDACTED]@middlesbrough.gov.uk>
Subject: Unit 4 Broadcasting House - Andy McDonald MP - Proposed lease renewal

Hi [REDACTED]

Please see the e-mail (below) from [REDACTED] on behalf of Andy McDonald MP.

As you'll see, the current lease (which is excluded from ss 24-28 of the LTA) will expire on 1st June 2020, but the MP "is very keen to remain in Unit 4 on the same terms as we have since 2013" until 2024.

The original excluded Lease was for a term of 3 years from 4 February 2013 (subject to a mutual break clause on one month's notice at any time after 1 June 2015) at the rent of £3,800 p.a. for year 1, rising to £4,000 p.a. on 4/2/14 until a RR on 1/6/15.

Prior to the letting, the asking rent was £12,000 p.a. [REDACTED] and Andy McDonald were aware of that.

I couldn't justify a continuation of the rent of £4,000 p.a. from the review date but a rent increase was not implemented. After consultation with the then CEO, we proposed what we thought was a very reasonable stepped rent increase under the new lease in 2016. To cut a long story short, the MP said that he would vacate the property if we increased the rent and the view, expressed by [REDACTED] at the time, was that we should not risk "Compromising the relationship between the MP and the Council".

[REDACTED] concluded the lease renewal negotiations and terms were agreed by DA 3989 dated 27/2/16. The rent was not increased from £4,000 p.a. and this was justified on the grounds that the use is of community benefit.

My opinion about this hasn't changed over the years. I still think that the property is under-rented and the tenant has had the benefit of this for over 7 years when the original intention was that the concession would last for just over 2 years.

There is quite a lot of internal correspondence about this on file, but I can send you some of the most relevant for ease of reference if you like ?

There has been a change in the local political landscape since the current lease was entered into, so there might be a desire to head in a different direction, or not. I recall that the rental position at Broadcasting House was the subject of a fairly recent enquiry by [REDACTED], but I aren't aware of the outcome.

Of course, you might feel that a renewal on the current terms is justifiable in valuation and estate management terms.

If not, in order to try to avoid a lot of the issues which we faced at the last renewal, it might be advisable to flag this up with senior management to establish whether there is still the view that a low rent should be maintained on the community benefit grounds.

If you're happy to deal with this, I'll let [REDACTED] know that the request is receiving consideration and that you'll be in touch in due course.

Any queries/issues, please let me know.

Cheers

[REDACTED]

[REDACTED]

Principal Valuer

Valuation & Estates | Middlesbrough Council

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[REDACTED]

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