



**City Hall Greens**

**Sian Berry AM  
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Non-Domestic Rates Team LGF – Local Taxation  
Department for Levelling Up, Housing and Communities  
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2 Marsham Street  
London SW1P 4DF

Sent via email to [ndr@levellingup.gov.uk](mailto:ndr@levellingup.gov.uk)

26 September 2023

Dear Sir/Madam,

**Business Rates Avoidance and Evasion Consultation**

I am writing to you to respond to this Consultation by HM Treasury and the Department for Levelling Up, Housing and Communities.

In June 2022, I published my report, London's Dead Spaces: Bringing them Back to Life, which exposed the huge range of empty publicly owned buildings and facilities across London.<sup>1</sup> My research found that 25 London councils own 442 sites which are currently out of normal use. Most of these are simply left unused, leaving gaps in their communities for an average of four years at a time.

My report included a number of recommendations (on page 9) that are applicable at a national level, with suggestions for legislation the Government could bring in. I corresponded with the Secretary of State for Levelling Up, Housing and Communities about them, which you can find published online alongside the report.

With regard to the consultation on Business Rates Avoidance and Evasion I have the following points to make relating to specific questions (as numbered):

*1. Would increasing the required duration of occupation during the 'reset period' from 6-weeks to 3- or 6-months, in your view, be effective in reducing avoidance through empty property rates?*

I support the proposal to extend the occupation period for rates exemption from six weeks to six months, which would bring England into parity with Scotland and Wales.

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<sup>1</sup> London's Dead Spaces: Bringing them Back to Life, June 2022 <https://www.london.gov.uk/who-we-are/what-london-assembly-does/assembly-members/publications-sian-berry/publication-sian-berry-londons-dead-spaces>

*12. What methods of avoidance have you encountered in the business rates system, in addition to those outlined in Chapter 1? Please include any information you have relating to the potential scale of any such activity in your answer.*

In response to my report, I have been contacted by a number of individuals and organisations concerned about the loss of business rates suffered by local authorities. One of them – Fergus Egan, a master's student at the Architectural Association – produced a report in June 2023, *Alternative Pathways for Vacant Office Real Estate*<sup>2</sup>, in which he collated all the avoidance techniques his research found:

- **No Demand Oversupply**  
If a property is not in demand, it won't generate any rental income. As a result, it may be removed from the list of taxable properties, or its tax rate may be reduced. It will be required for the property owner to prove that there is not a market need for their building and cannot be occupied.
- **Alteration and/or Modernisation Construction**  
A property can be removed from the rating list once alterations and modernisation begin if the works will produce a different property from the existing one. It cannot be removed until the works start.
- **Constructive Vandalism or "soft stripping"**  
A property owner removes elements like partitions, ceilings, lighting, or heating with no intention of making further changes or demolishing it. This is done to argue that the property is not suitable for living in and that the cost of repairs would be too high.
- **Fire or Flood Damage**  
The Valuation Office Agency (VOA) can take a property or part of a property off the rating list if it becomes unusable due to a severe factor such as fire, flood, storm, or explosion. Properties that only need redecoration due to smoke damage do not qualify.
- **Demolition**  
The current policy encourages demolition as no business rates are paid for buildings that cannot be occupied (e.g. not meeting the HSE code). Furthermore, business rates are only paid if an occupiable building is on site. As a result, a developer may demolish the entire building to avoid these rates.

*16. Do you have any suggestions on what further action could be taken to prevent evasion?*  
To prevent evasions, I suggest bringing in 'meanwhile use' as a planning use class to take the bureaucracy out of temporary changes of use for community benefit.

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<sup>2</sup> Fergus Egan, June 2023, *Alternative Pathways for Vacant Office Real Estate*  
<https://fergus.directory/tagged/no-end-state>

I very much hope this consultation will result in effective changes to the business rates system, while empowering local people, social enterprises, and charities to make use of empty spaces to provide essential support to their communities.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sian Berry', with a stylized flourish at the end.

**Sian Berry**  
**Green Party Member of the London Assembly**