

British Property Federation press release – 5 November

Chief whip undermines Mandelson as ‘bombsite Britain’ row escalates

In a move set to embarrass Lord Mandelson, Labour’s chief whip Nick Brown has broken ranks over taxing empty properties, by admitting the ‘bombsite Britain tax’ is having ‘destructive’ consequences for business.

Only last week, Mandelson said the tax was “good news for tenants” even though it hits those properties earning no income. He added: “I don’t think now is the time to bring back relief, as I believe this can benefit small businesses.”

Nick Brown has disagreed and his Newcastle constituents are seeing first hand the destructive effects of firms laying people off and shelving new regeneration schemes because of empty rates. Meanwhile properties are being demolished by firms no wishing to go bankrupt paying rates on them. This has given it the ‘bombsite Britain tax’ tag.

“I do think the government could look at granting relief,” Brown said. “We are in a position where people are pulling buildings down, which is an unintentional but destructive consequence of this, and the way to avert that is to grant relief.”

British Property Federation chief executive, Liz Peace, said: “Let’s hope more MPs listen to the views of the government’s enforcer and press for an end to the destruction being caused by empty rates.”

Brown had recently met with fellow MPs John Cummings and Chris Mullin, who helped free the Birmingham Six. Mullin was one of the first Labour backbenchers to rebel over empty rates.

Chris Mullin, who is MP for Sunderland South, recently told Labour’s deputy leader, Harriet Harman, that empty rates were devastating regeneration in his area.

“Businesses in Sunderland are already demolishing premises rather than pay the tax. The Pallion Engineering company, which is based in an old shipyard in Sunderland, faces an increase from £55,000 to £277,000 in a single leap, which will of course put it out of business and mean that the 200 people working there will lose their jobs.

Mullin has stressed that unless the government moves swiftly “we shall have a disaster on our hands.”

He added: “I am aware of several companies in Sunderland who may be forced out of business unless common sense prevails. No one is going to develop new business premises on a speculative basis if they have to pay the full business rate regardless of whether or not they can find a tenant.”

From April this year businesses have had to pay full business rates on empty buildings, even if they have no tenants or have only recently been completed. Shops and offices now get just three months’ relief while industrial properties get six months. Before April, shops and offices paid 50% rates while industrial properties paid nothing.

Over 120 MPs have signed Commons motions calling for empty rates to be scrapped.

Halifax MP Linda Riordan was the first to place an early day motion. She said: “Locally, we have been hit very hard by empty rates. It is vital for the people of Halifax that full rate relief for empty property is applied immediately. We cannot afford to loose more jobs or see the vital regeneration of our communities hindered any more than it has been because of the global economic problems. I warmly welcome Nick Brown’s support for the reintroduction of relief.”

MPs, councils and businesses the length and breadth of the country have backed the British Property Federation’s campaign. Anyone affected is being advised to write to their local MP and email info@emptyrates.com with information about their plight.