EXPLANATORY MEMORANDUM TO THE

CENTRAL RATING LIST (ENGLAND) REGULATIONS 2005

2005 No.551

1. This explanatory memorandum has been prepared by The Office of the Deputy Prime Minister and is laid before Parliament by Command of Her Majesty.

2. Description

These Regulations make provision in relation to the designation of persons to appear on the central rating list for England and prescribe the description of hereditaments in relation to those persons.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None.

4. Legislative Background

These Regulations are made under the powers in sections 53(1), (2), (4), (4A) and (5), 64(3), 65(4) and 143(1) and (2) of the Local Government Finance Act 1988.

5. Extent

This instrument applies to England only.

6. European Convention on Human Rights

Not applicable.

7. Policy background

7.1 Since 1990, a central rating list has existed for England containing large network properties which would not sit comfortably on local rating lists. The central list has contained the following types of properties:

(i) electricity companies (the electricity distribution and transmission networks remain on the central list but power stations were returned to local lists in 2000),

(ii) the gas network (formerly British Gas but now Transco plc),

(iii) the water companies (clean water supply only as sewers are exempt),

(iv) other long distance pipelines (such as for oil),

(v) railways,

(vi) large communication networks (mainly British Telecom), and

(vii) the British Waterways Board.

7.2 In December 2004 ODPM issued for consultation draft Regulations implementing the central list for the 2005 rating list. The proposals largely replicate the existing regulations but with some exceptions:

(i) customer meters on the electricity and gas networks would be treated as occupied with the network to which they are attached irrespective of their ownership, and

(ii) gas distribution networks which are sold outside the National Grid Transco group would be shown separately on the central list.

7.3 ODPM received 10 responses to the consultation exercise. Most of these were from ratepayers on the central list and contained detailed comments in respect of their own properties. Where appropriate, their points have been reflected in the Regulations. However, the following more general points were also made:

(i) the Energy Networks Association restated their view that meters should not be rateable but accepted that, if they are to be rateable, then the approach adopted by the draft Regulations was the most practicable, and

(ii) the UK Competitive Telecommunications Association (UKCTA) argued that the 4 telecom networks on the central list would be protected from Business Improvement District (BID) supplements whereas the networks on local rating lists may be subject to a BID levy. Therefore, they asked for protection from BIDs for the networks on the local rating lists.

7.4 The rating of meters was considered in 2002 and their rateability was put beyond doubt by section 66 of the Local Government Act 2003. The government has no plans to remove meters from rating.

7.5 ODPM has not provided for any exemptions from BIDs for particular classes of properties or ratepayers. It will be for the BID proposer to justify why particular types of properties such as telecom networks should be included in a BID area and how those ratepayers would benefit from the BID scheme.

7.6 However, ODPM does not anticipate BIDs being framed so as to capture telecom networks because BIDs have to be supported by a majority of ratepayers and the majority of rateable value (RV) from those voting. The inclusion of communications networks would bring a large amount of "no vote" RV into the BID vote. Therefore, ODPM does not believe that the issue described by the UKCTA will arise in practice.

7.7 These Regulations also ensure that BT will continue to be treated as the occupier of all local loops (the last stretch of wire between the BT exchange and the customer) irrespective of whether such local loops have been licensed (or "unbundled") to other operators. This provision will apply up to and including 31 March 2006 only. ODPM will undertake a consultation exercise on the rating of "unbundled" local loops with a view to identifying a long term solution for 1 April 2006 onwards.

8. Impact

A Regulatory Impact Assessment has not been prepared for these Regulations as they impose no new costs or savings.

9. Contact

Rob John at the Office of the Deputy Prime Minister, Local Government Finance Division 4, Zone 5/H2 Eland House, Bressenden Place, London SW1E 5DU, telephone: 020 7944 4223, or e-mail: rob.john@odpm.gsi.gov.uk can answer any queries regarding the instrument.