STATUTORY INSTRUMENTS

1989 No. 2478

RATING AND VALUATION

The Telecommunications Industry (Rateable Values) Order 1989

Approved by both Houses of Parliament

Made - - - -	*22nd December 1989*
Coming into force	*23rd December 1989*

The Secretary of State for the Environment as respects England and the Secretary of State for Wales as respects Wales, in exercise of the powers conferred on them by sections 140(4), 143(1) and 146(6) of and paragraph 3(2) of Schedule 6 to the Local Government Finance Act 1988(a), and of all other powers enabling them in that behalf, hereby make the following Order in the terms of a draft laid before, and approved by resolution of, each House of Parliament:—

PART I

PRELIMINARY

Citation and commencement

1. This Order may be cited as the Telecommunications Industry (Rateable Values) Order 1989 and shall come into force on the day after the day on which it is made.

Interpretation

2. In this Order—

"the Act" means the Local Government Finance Act 1988;

"British Telecom" means the company registered at the date of this Order by the name of British Telecommunications plc;

"Mercury" means the company registered at the date of this Order by the name of Mercury Communications Limited;

"relevant year" means any year for which a rateable value falls to be determined in accordance with this Order, and "relevant preceding year" means the year preceding a relevant year;

"the standard formula" means the formula T + U, where—

T, in relation to English telecommunications hereditaments occupied by British Telecom is £249,400,000 and in relation to Welsh telecommunications hereditaments so occupied is £13,190,000, and

U is the recalculation factor determined in respect of each class of hereditaments under Part V;

(a) 1988 c.41. Paragraph 3(2) of Schedule 6 is amended by paragraph 38(13) of Schedule 5 to the Local Government and Housing Act, 1989 (c.42).

" telecommunications hereditaments " means non-domestic hereditaments required by virtue of Part 5 of the Schedule to the Central Rating Lists Regulations 1989(a) to be shown in a central rating list; and " English telecommunications hereditaments " means such hereditaments so required to be shown in the central rating list for England, and " Welsh telecommunications hereditaments " means such hereditaments so required to be shown in the central rating list for Wales;

" year " means a chargeable financial year; and

any reference to hereditaments occupied by a person includes a reference to hereditaments which, if unoccupied, are owned by that person.

Rounding of numbers

3. Where (apart from this article) any rateable value determined under this Order would include a fraction of a pound—

(a) the fraction shall be made up to one pound if it would exceed 50p, and

(b) the fraction shall be ignored if it would be 50p or less.

Disapplication of normal basis of valuation

4. In the case of telecommunications hereditaments, paragraphs 2 to 2B of Schedule 6 to the Act(b) shall not apply, and the rateable values of such hereditaments shall be as specified in, or determined under the rules in, the following provisions of this Order.

PART II

MERCURY COMMUNICATIONS LIMITED

Rateable values

5.—(1) The rateable values of English telecommunications hereditaments and Welsh telecommunications hereditaments occupied by Mercury in the year beginning on 1st April 1990 shall be £8,608,755 and £63,769 respectively.

(2) In each year beginning on or after 1st April 1991, the rateable values of English telecommunications hereditaments and Welsh telecommunications hereditaments occupied by Mercury shall be the amounts produced by calculating in respect of each class in accordance with the formula—

$$Q + U$$

where Q is the amount specified as applicable to each class of hereditament in that year in the Table, and U is the recalculation factor determined as provided in paragraph (3).

TABLE

Rateable values from 1991

Year beginning in	*Rateable value in millions*	
	English telecommunications hereditaments	*Welsh telecommunications hereditaments*
	£	£
1991	9·831566	0·072827
1992	11·054377	0·081885
1993	12·277188	0·090943
1994, and any subsequent year	13·5	0·1

(a) S.I. 1989/2263.

(b) Paragraph 2 is amended by, and paragraphs 2A and 2B inserted by, paragraph 38(3) to (11) of Schedule 5 to the Local Government and Housing Act 1989.

(3) In this article the value attributable in any relevant year to the factor U is to be determined by calculating in accordance with the formula—

$$Q\left(\frac{k-K}{K}\right)$$

where—

Q is the amount ascertained from the Table as applicable to the class of hereditaments in question in the relevant year;

k is the length of cable used by Mercury to provide a telecommunications service in England or, as the case may be, in Wales, on 31st March in the relevant preceding year, estimated to the nearest whole kilometre, and

K is the length of cable used by Mercury to provide such a service in England or, as the case may be, in Wales, on 31st March 1990, estimated to the nearest whole kilometre.

PART III

BRITISH TELECOM: HEREDITAMENTS IN ENGLAND

Rateable values

6.—(1) The rateable value of English telecommunications hereditaments occupied by British Telecom in the year beginning on 1st April 1990 shall be £249,400,000.

(2) In any year beginning on or after 1st April 1991, the rateable value of English telecommunications hereditaments occupied by British Telecom shall be the amount produced by a calculation in respect of that year in accordance with the standard formula.

PART IV

BRITISH TELECOM: HEREDITAMENTS IN WALES

Interpretation

7. In this Part—

(a) in any formula—

B is the figure applicable in relation to the relevant year for the purposes of paragraph 5(3) of Schedule 7 to the Act;

C is the figure applicable in relation to the relevant year for the purposes of paragraph 5(4) of Schedule 7 to the Act;

I is the figure for the retail prices index for September in the relevant preceding year;

R is the recalculation factor applicable to Welsh telecommunications hereditaments under Part V in respect of the relevant preceding year;

RV is the rateable value of Welsh telecommunications hereditaments in the relevant preceding year;

U is the recalculation factor determined in relation to Welsh telecommunications hereditaments under Part V; and

(b) "intermediate year" means any year beginning on or after 1st April 1991 and ending no later than the end of the year in which the rateable value of Welsh telecommunications hereditaments first falls by virtue of article 9 or 10 to be determined in accordance with the standard formula; and

any reference to Welsh telecommunications hereditaments is to such hereditaments occupied by British Telecom.

Rateable value in 1990/1

8. In the year beginning on 1st April 1990 the rateable value of Welsh telecommunications hereditaments is the amount determined in accordance with the formula—

$$\frac{£6,391,432}{M}$$

where M is the non-domestic rating multiplier for that year applicable to those hereditaments in pursuance of paragraph 2 of Schedule 7 to the Act.

Rateable value in 1991/2

9.—(1) In respect of the year beginning on 1st April 1991, where a calculation in respect of Welsh telecommunications hereditaments in accordance with formula 1, that is to say—

$$RV \times 0{\cdot}87\left(1 + \frac{I-B}{C}\right) + U$$

produces an amount greater than that produced by a calculation in accordance with the standard formula, the rateable value of that class of hereditaments shall be the amount calculated in accordance with formula 1.

(2) Where the calculation under paragraph (1) in accordance with formula 1 produces an amount equal to or less than that produced by a calculation in accordance with the standard formula, the rateable value of those hereditaments in that year shall be determined in accordance with the standard formula.

Rateable value in 1992/3 and subsequent intermediate years

10.—(1) Where—

(a) in respect of the year beginning on 1st April 1991 the rateable value of Welsh telecommunications hereditaments has been determined in accordance with article 9(1), and

(b) in respect of a subsequent intermediate year a calculation in respect of those hereditaments according to formula 2, that is to say—

$$(RV-R) \times 0{\cdot}87\left(1 + \frac{I-B}{C}\right) + U$$

produces an amount less than that produced by a calculation in accordance with the standard formula, the rateable value of that class of hereditaments shall be the amount calculated in accordance with formula 2; and in any other case it shall be the amount calculated in accordance with the standard formula.

Rateable values in post-intermediate years

11. In respect of any year beginning after an intermediate year, the rateable value of Welsh telecommunications hereditaments shall be an amount produced by a calculation in respect of that year in accordance with the standard formula.

PART V

BRITISH TELECOM: ANNUAL RECALCULATION OF RATEABLE VALUES

Recalculation factor

12.—(1) In relation to each class of telecommunications hereditaments occupied by British Telecom, the recalculation factor in respect of any relevant year shall be—

$$T\left(\frac{p-P}{P}\right)$$

where—

T has the value attributed by article 2;

p is the estimated number of distribution points in England and Wales on 31st March in the relevant preceding year, and

P is the estimated number of distribution points in England and Wales on 31st March 1990.

(2) In this article, " distribution point " means the point within the telecommunications network operated by British Telecom at which circuits are divided or sub-divided for distribution from a telephone exchange to individual customers or groups of customers.

Chris Patten
21st December 1989 Secretary of State for the Environment

Peter Walker
22nd December 1989 Secretary of State for Wales

EXPLANATORY NOTE

(This note is not part of the Order)

Under paragraph 3(2) of Schedule 6 to the Local Government Finance Act 1988, the Secretary of State may by order provide in the case of non-domestic hereditaments to be shown in the central rating lists for England and Wales that the normal rules of valuation for rating contained in paragraphs 2 to 2B of that Schedule shall not apply, and instead their rateable value shall be such as is specified, or determined in accordance with rules set out, in the order.

Telecommunications hereditaments occupied (or, if unoccupied, owned) by British Telecommunications plc ("British Telecom") and Mercury Communications Limited ("Mercury") are required to be shown in the central rating lists by virtue of the Central Rating Lists Regulations 1989 (S.I. 1989/2263). This Order provides (article 4) that paragraphs 2 to 2B are not to apply to such hereditaments, and that their rateable value is to be as specified in or determined under the rules set out in the Order.

Part II (article 5) specifies rateable values of Mercury's telecommunications hereditaments in England and in Wales up to and including the year 1994–5, adjusted by reference to changes in the length of Mercury's cable for years after 1990–1.

Part III (article 6) specifies the rateable value in the year 1990–1 of British Telecom's telecommunications hereditaments in England, and provides for its variation in subsequent years in accordance with a standard formula, which takes account of changes in the number of distribution points in England and Wales.

Part IV provides for determination of the rateable values of British Telecom's telecommunications hereditaments in Wales. Article 8 provides that in 1990–1 their rateable value is to be £6,427,138 divided by the non-domestic rating multiplier applicable for that year in relation to Wales under Schedule 7 to the Act. In subsequent years this amount is progressively reduced, and adjusted as provided in Part V by reference to changes in the number of distribution points in England and Wales, until the amount produced by this formula equals or is less than the amount produced in respect of that year by adjusting the amount of £13,190,000 by reference to such changes. Thereafter (article 11) the rateable value is calculated each year by making a similar adjustment.

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