

EXECUTIVE NOTE

THE NON-DOMESTIC RATING (TELECOMMUNICATIONS AND CANALS) (SCOTLAND) AMENDMENT ORDER 2006 SSI/2006/557

1. The above instrument is made by The Scottish Ministers, in exercise of the powers conferred by section 6A of the Valuation and Rating (Scotland) Act 1956. The instrument is subject to the negative resolution procedure. The instrument will amend Article 2 of the Non-Domestic Rating (Telecommunications and Canals) (Scotland) Order 1995.

Background

2. Under current Scottish rating law it is the local loop unbundling operator who should be rateable occupier of a fully unbundled local loop and not BT. However there is a need to consider in greater depth the best way to deal with the rating treatment of these assets particularly as there are different views over who should be deemed the rateable occupier of these loops in the longer term. There are also practical issues for the Scottish Assessors and concerns have been raised by telecommunications providers with the current arrangements. We need to find a way to address these issues pending a long term solution. This Order will bring the rating treatment of fully unbundled local loops in Scotland into line with the temporary position currently adopted in England and hence provide clarity and a period of stability for the telecommunications industry. The effect of the order is to make BT the rateable occupier of all fully unbundled local loops in Scotland until 31 March 2008 and avoid separate entries having to be made in Scotland's 32 local valuation rolls for each rateable occupier of each local loop. The Order will come into force on 1 January 2007.

Medium to Longer Term Objective

3. The Executive is committed to issuing a further consultation on proposals for a long term solution to the rating problems of local loop unbundling as soon as practicable and in tandem with the Department for Communities and Local Government in England and the Welsh Assembly Government.

Policy Objective

4. The purpose of this instrument is to provide for the treatment of fully unbundled local loops as being in rateable occupation by British Telecommunications plc rather than individual local loop unbundling operators until 31 March 2008

Consultation

5. A letter explaining the purpose of the consultation was issued with a copy of the draft Order by email to 147 consultees on 13 July 2006 seeking responses within one calendar month by close of business on 13 August 2006. Fourteen responses were received, and of these responses, five were substantive. All fourteen responses unanimously welcomed our proposal to make BT the rateable occupier of the local loop until 31 March 2008.

Financial Effects

6. There are no significant financial implications resulting from this Instrument

Presentation

7. Pre-consultation agreement was reached with BT on the content of the consultation letter and draft Order. Post-consultation agreement was reached with UKCTA to consider the definition of the local loop for rating purposes as part of the discussions at UK level on the longer term solution to local loop unbundling. UKCTA are concerned that the definition of the local loop for rating purposes is too wide (includes poles and masts as well as copper wire) leading to a higher rateable value than would otherwise be the case if there was a narrower definition.

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