



Llywodraeth Cymru  
Welsh Government

OPEN CONSULTATION

# Consultation on the non-domestic rates revaluation 2023: central rating list

We are seeking views on changes to the central list for non-domestic rates (also known as business rates) from 1 April 2023.

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## Introduction

A revaluation of non-domestic properties usually takes place every five years. The Welsh Government issued a **written statement** in August 2020, announcing that the next revaluation would be in 2023 to factor in the economic impact of the Coronavirus pandemic.

The main purpose of revaluation, and the associated setting of the multiplier, is to adjust the liability of properties relative to others within the non-domestic rates (NDR) tax-base. This ensures the rates liability is spread fairly between ratepayers and is based on up-to-date rental values. At each revaluation, all properties are assigned a new rateable value. The multiplier is then reset by the

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Welsh Government to ensure the NDR tax-base can broadly generate the same level of funding after revaluation as before. All the revenue raised from non-domestic rates in Wales is used to fund local government services and revaluation helps to ensure that a stable funding stream is maintained for this purpose.

Preparations are underway for new rating lists to be introduced in Wales from 1 April 2023. The Valuation Office Agency (VOA) is responsible for compiling and publishing the new rating lists and will ensure every non-domestic property is assigned a new rateable value, based upon its estimated annual rental value as at the Antecedent Valuation Date (AVD) of 1 April 2021. The VOA is independent of the Welsh Government.

Most units of property liable for NDR, called hereditaments, are included on rating lists held by billing authorities (the 22 principal local authorities in Wales). The hereditaments appear on the list in the area in which they are located. Hereditaments which cross more than one area appear on the list for the billing authority which it appears to the Valuation Officer contains the largest part by value.

In addition to local rating lists, there is a central rating list for Wales which contains hereditaments which, by their nature, are unsuitable for including in local lists (for example utility networks). The central rating list can be viewed on the VOA's [website](#). Hereditaments included on the central rating list do not appear on local rating lists. The NDR bills for central rating list hereditaments are paid directly to the Welsh Government, whilst the NDR bills for hereditaments on local rating lists are paid to the relevant billing authority.

The criteria that the Welsh Government considers to be the relevant for deciding whether hereditaments appear on the central rating list are set out in Annex 1.

This consultation seeks views on changes to the central rating list for the 2023 revaluation. It does not extend to the assessment of the rateable value of hereditaments or matters such as the rateability of plant and machinery and reliefs.

This consultation applies to Wales only.

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# Proposed changes to the central rating list for the 2023 revaluation

There are a number of hereditaments currently shown on the local rating lists which may be more appropriately included on the central rating list, in line with the criteria in Annex 1. The Welsh Government is considering moving certain hereditaments to the central rating list for the start of the next rating list, on 1 April 2023.

## Telecommunications networks

There are 15 telecommunications (telecom) networks currently assessed on local rating lists in Wales, with an approximate rateable value of £7.5 million. The majority of the rateable value in this sector relates to properties occupied by companies providing telecom services on large networks, which are likely to span numerous billing authority areas. The Welsh Government therefore proposes moving those large telecom networks to the central rating list for the 2023 revaluation. The Welsh Government will consider whether the ratepayer is included on the [Register of persons with powers under the Electronic Communication Code](#), as these companies may be more likely to operate across local authority borders and more appropriately included on the central rating list. We estimate that telecom companies operating networks of this nature cover the majority of rateable value in this sector.

The other fibre networks on local lists are typically small private fibre lines providing a dedicated service to a business or other undertaking (such as a bank or university), known as private circuit leased lines. Small networks of this nature are considered to fall outside the scope of the central rating list and the Welsh Government therefore proposes that these hereditaments remain on local lists.

## The mobile telecom sector

Currently, mobile telecom operators pay NDR in one of two ways. Some mobile

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telecom operators are on the central rating list and receive one NDR bill for their whole business. They therefore pay one bill for their fibre network, operational buildings, masts and other operational sites.

Other mobile telecom operators appear on local rating lists. They pay individual bills for:

- their contiguous fibre networks, together with buildings, masts and other sites connected to that fibre. Such networks are assessed on a single local rating list (the list which appears to contain the largest part of the network by value); and
- their non-contiguous sites, primarily mast or similar sites, which are connected via another operator's fibre network or by wireless means. Such sites are assessed individually on the local rating list where they are located.

With the rollout of 5G, this approach is unlikely to be fit for purpose. 5G will mean the deployment of potentially very large numbers of 'small cells', only a few of which will be connected with and occupied by a network (most will be connected wirelessly or via a third-party network). We do not expect these small cells to fall within any of the existing central rating list assessments. Without changing the way mobile telecoms are rated, 5G rollout is expected to lead to a significant number of small value hereditaments being recorded on local rating lists. Such an outcome is not sustainable for the NDR system and would create considerable administrative burden for the 5G operators, billing authorities and the VOA.

The Welsh Government is reviewing how hereditaments in the mobile telecom sector should be assessed to accommodate 5G. We have considered whether 5G sites can be assessed for NDR separately from the rest of the telecom sector (for example, by creating a single hereditament for all small cells operated by a company within one billing authority area) but consider this is neither practical nor desirable because:

- we do not think it would be possible to isolate for NDR 5G equipment, infrastructure and networks from the existing telecom system; and
- 5G is expected to form part of integrated telecom businesses, making valuation of 5G in isolation challenging.

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The Welsh Government proposes to prescribe a single hereditament for each mobile telecom operator covering their operational rateable equipment (such as their masts, poles, towers, fibres and their sites) and moving them to the central rating list for the 2023 revaluation. Each mobile telecom operator will then pay one NDR bill for Wales for all of their operational rateable land and equipment.

If this approach were to be taken, the Welsh Government would need to identify the companies operating mobile telecom networks which would be designated on the central rating list. It would also need to consider what changes may be needed to the regulations governing the central rating list. The Welsh Government will work with the UK Government and the telecom sector and individual companies to resolve these matters.

Moving the mobile telecom sector onto the central rating list will not mean that any plant and machinery which is currently non-rateable would become rateable (or the reverse).

## **The Non-Domestic Rating (Telecommunications Apparatus) (Wales) Regulations 2000: ‘the mast-sharing regulations’**

In 2000, the Welsh Government made regulations to provide that telecom masts which host the equipment of several mobile telecom operators should be treated as one assessment with the NDR liability paid by the site host. The mast-sharing regulations apply as follows:

- where an operator appears on the central rating list, any rateable land and equipment which they occupy at the site is included in their central rating list assessment; whereas
- where an operator appears on the local rating list, any rateable land and equipment which they occupy at sites is included in the rating assessment of the mast host. If they are the mast host, they pay the rates for the whole mast.

The mast-sharing regulations were made to improve the administration of the

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NDR system and remove a potential barrier to encouraging mobile providers to share masts. However, most masts or similar sites are likely to be operated by companies which, if the Welsh Government decides to proceed with the proposals in this consultation, would be moved to the central rating list. We would expect most masts or similar sites and most mast-sharers currently assessed on local rating lists to be deleted from 1 April 2023 and be included in new central rating list assessments.

The mast-sharing regulations could create uncertainty as to the valuation of the new central rating list assessments. The Welsh Government, therefore, proposes repealing the mast-sharing regulations, with effect from 1 April 2023.

There may still be some companies operating masts which will continue to appear on the local rating list. However, the **Electronic Communication Code** now provides that mast-sharing is an established right and, as such, we do not expect repealing the mast-sharing regulations to create any new barrier to future mast-sharing.

## Railways

In England, Network Rail and a few other regional railways (such as London Underground) are already recorded on the central rating list for England. The UK Government is considering whether to move the Channel Tunnel Rail Link (HS1) onto the central rating list.

In Wales, although no comparable networks currently exist, there is the possibility of the development of regional Metro services that cross multiple billing authority borders. These may come into existence during the course of the 2023 rating lists and it is appropriate, for purposes of clarity, that they be designated on a consistent basis with railways elsewhere in the UK. The Welsh Government, therefore, proposes that any such networks would be included on the central rating list.

Should local rail services, such as tram systems, be developed and be based primarily within one billing authority area, it is envisaged that these would be classified on the local rating list.

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## Next steps

The Welsh Government will make its final decisions, in light of the responses to this consultation, with a view to making any necessary changes to the regulations during 2022 and the changes taking effect from 1 April 2023. This will allow the VOA to prepare the draft rating lists for 2023 on the basis of the amended regulations and enable bill-payers to make any necessary administrative changes. The Welsh Government will make final decisions in consultation as necessary with individual ratepayers on a case-by-case basis.

## Consultation questions

### Question 1

What are your views on the proposed treatment of telecom networks with regards to the Central Rating List?

### Question 2

What are your views on the proposed treatment of the mobile telecom sector with regards to the Central Rating List?

### Question 3

What are your views on proposals to repeal the mast-sharing regulations?

### Question 4

What are your views on the proposed treatment of railway systems with regards to the Central Rating List?

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## Question 5

The Welsh Government would like your views on the effects these proposals would have on the Welsh language, specifically on:

1. opportunities for people to use Welsh; and
2. on treating the Welsh language no less favourably than English.

What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

## Question 6

Please also explain how you believe the proposals could be formulated or changed so as to have:

1. positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language; and
2. no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

## Question 7

We have asked a number of specific questions. If you have any related points which we have not specifically addressed, please use this space to record them.

## How to respond

Submit your comments by 15 April 2022, in any of the following ways:

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- complete our [online form](#)
- download, complete our [response form](#) and email [LGFR.Consultations@gov.wales](mailto:LGFR.Consultations@gov.wales)
- download, complete our [response form](#) and post to:

Non-Domestic Rates Policy Branch  
Welsh Government  
Cathays Park  
Cardiff  
CF10 3NQ

## Your rights

Under the data protection legislation, you have the right:

- to be informed of the personal data held about you and to access it
- to require us to rectify inaccuracies in that data
- to (in certain circumstances) object to or restrict processing
- for (in certain circumstances) your data to be ‘erased’
- to (in certain circumstances) data portability
- to lodge a complaint with the Information Commissioner’s Office (ICO) who is our independent regulator for data protection.

Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please [tell us](#).

For further details about the information the Welsh Government holds and its use, or if you want to exercise your rights under the UK GDPR, please contact:

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Data Protection Officer  
Welsh Government  
Cathays Park

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Cardiff  
CF10 3NQ

Email: [Data.ProtectionOfficer@gov.wales](mailto:Data.ProtectionOfficer@gov.wales)

## Information Commissioner's Office

Information Commissioner's Office  
Wycliffe House  
Water Lane  
Wilmslow  
Cheshire  
SK9 5AF

Telephone: 01625 545 745 or 0303 123 1113

Website: [ico.org.uk](https://ico.org.uk)

## UK General Data Protection Regulation (GDPR)

The Welsh Government will be data controller for any personal data you provide as part of your response to the consultation. The Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. Where the Welsh Government undertakes further analysis of consultation responses, this work may be commissioned to be carried out by an accredited third party (eg a research organisation or a consultancy company). Any such work will only be undertaken under contract. The Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part

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of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation. If your details are published as part of the consultation response, these published reports will be retained indefinitely. Any of your data held otherwise by the Welsh Government will be kept for no more than three years.

## Further information and related documents

WG Number: WG44296

Large print, Braille and [alternative language](#) versions of this document are available on request.

## Annex 1: Central Rating List Criteria

### Introduction

Under the Local Government Finance Act 1988, Welsh Ministers have the power to designate hereditaments to the central non-domestic rating list. Any changes will be informed by the following criteria:

- The nature and use of the property;
- The size and geographical spread of the property; and
- The suitability or otherwise for assessment of the property on local non-domestic rating lists.

These criteria remain the basis on which suitability for listing on the central rating list is assessed. Typically, properties meeting these criteria are likely to be used for infrastructure or utilities; be considered to be networks; and or be

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administratively difficult to assess as single entities.

## **Criterion a: the nature and use of the hereditament**

The central rating list is used for networks. Although there is no specific definition of a network, they are typically:

- cables for electricity and communication
- pipelines for water
- gas and other materials
- railways
- certain items associated with those networks (for example electricity and gas meters).

Generally, the occupiers of network hereditaments are statutory undertakers, but that is not always the case. Statutory undertakers are companies or other bodies with legal powers to undertake works, such as install electricity cables or dig up the road, in order for them to fulfil their statutory function (usually the provision of a utility such as water and gas). Occupiers may be considered similar to statutory undertakers in other circumstances, such as where they are involved with the provision of a utility and they have to comply with certain regulatory conditions set by a regulator.

## **Criterion b: the size and geographical spread of the property**

Networks can vary in size and not all merit assessment on the central rating list. In some cases, it will be clear that they belong on local lists, perhaps because they are contained entirely within a single local list boundary or because they have a small rateable value. For larger networks, the Welsh Ministers must decide at what point they belong in the central rating list. In doing this, it is appropriate to look at the overall size and spread of the property and how it fits within the local lists system. However, some assessments with small rateable values may still span several rating list areas. Therefore, the Welsh Ministers

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may consider only moving assessments whose rateable value is more than a particular level, so as to ensure the use and number of ratepayers on the central rating list remains proportionate.;

Although the number of lists over which the property crosses would form part of this consideration, in many cases it will not be possible to determine precisely how many rating lists are crossed by a network because of the administrative practices of the occupier.

## **Criterion c: the suitability or otherwise for assessment of the property on local non-domestic rating lists**

As non-domestic rates is a local tax, if a hereditament can reasonably be assessed on the local list then it should stay on the local list.

The rules for properties which cross rating list boundaries provide for them to appear in the list which the valuation officer believes contains the largest part of the rateable value. In most cases this will provide a reasonable outcome. A property is unlikely to span more than one boundary and, therefore, in that normal case, at least half of the rateable value of the property will be within the area of the local authority which contains the full rating assessment.

However, where hereditaments cover large areas and many local authorities, the largest part of the rateable value falling within an area may still only be a small proportion of the total rateable value of the property. As a result, the rateable value which is attributable to a local list area in which the property is assessed may be small in comparison to the total rateable value of the rating assessment. This means that it may be difficult to identify a single local rating list on which assessment of a network would be a reasonable outcome.

Furthermore, networks most appropriately included on the central rating list may be contiguous units of property, for example in a telecom network where data is transmitted throughout the network as part of a single operation. An attempt to accurately capture the rateable value of the networks for each local rating list would create artificial assessments unrelated to the actual business.

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