

## **Legislative Consent Memorandum**

### **Telecommunications Infrastructure (Relief from Non-Domestic Rates) Bill**

1. This Legislative Consent Memorandum is laid under Standing Order (“SO”) 29.2. SO29 prescribes that a Legislative Consent Memorandum must be laid, and a Legislative Consent Motion may be tabled, before the National Assembly for Wales if a UK Parliamentary Bill makes provision in relation to Wales for any purpose within, or which modifies the legislative competence of the National Assembly.

2. The Telecommunications Infrastructure (Relief from Non-Domestic Rates) Bill (the “Bill”) was introduced in the House of Commons on 4 July 2017.

The Bill can be found at:

<https://services.parliament.uk/bills/2017-19/telecommunicationsinfrastructurerelieffromnondomesticrates.html>

#### **Policy Objective(s)**

3. The UK Government’s stated policy objective is to support investment in new fibre broadband infrastructure and future 5G communications through the provision of a new 100% non-domestic rates relief for new full-fibre infrastructure. This relief will be provided for a five-year period from 1 April 2017. The relief can be backdated to 1 April 2017 for eligible infrastructure.

#### **Summary of the Bill**

4. The Bill is sponsored by the Department for Communities and Local Government.

5. The key provisions of the Bill provide the framework for the introduction and operation of non-domestic rates relief for hereditaments used for the purpose of telecommunications.

#### **Provisions in the Bill for which consent is required**

6. Clauses 1 to 3 of the Bill amend Part 3 of the Local Government Finance Act 1988 (“the 1988 Act”) (non-domestic rating) to introduce a new relief for hereditaments used for the purpose of telecommunications which are shown on non-domestic rating lists.

7. Clauses 1 and 2 amend Part 3 of the 1988 Act to provide a new formula for calculating chargeable amounts for hereditaments shown on local non-domestic rating lists wholly or mainly used for the purpose of facilitating the transmission of communication by any means involving the use of electrical or electromagnetic energy. The amendments made by these clauses give the Welsh Ministers, in relation to Wales, powers to prescribe further conditions that must be met for the relief to apply, these regulations are subject to the negative procedure.

8. Clauses 1 and 2 also provide the Welsh Ministers, in relation to Wales, with powers to set the level of the relief by prescribing the amount of relief

in regulations. Regulations may also impose duties or confer powers on valuation officers, these are subject to the negative procedure.

9. Clause 3 provides for the same provisions in respect of the central rating list so that telecommunications hereditaments on the central rating list are also eligible for this relief.

10. Clause 4 introduces the Schedule to the Act which makes consequential amendments to both the 1988 Act and the Business Rate Supplements Act 2009. Regulations under this section that amend or repeal any provision of primary legislation are subject to the affirmative procedure. Any other regulations are subject to the negative procedure.

11. As detailed in paragraphs 7 and 8, the provisions include powers for Welsh Ministers to make subordinate legislation specifying conditions which must be met in order for the relief to apply, the amount of relief which is applicable, and the functions of the valuation officer in relation to ascertaining rateable values of eligible hereditaments.

12. Consent is required for these provisions because they fall within the legislative competence of the National Assembly for Wales insofar as they relate to the subject of “local government finance” within paragraph 12 of Part 1 of Schedule 7 to the Government of Wales Act 2006.

### **Reasons for making these provisions for Wales in the Telecommunications Infrastructure (Relief from Non-Domestic Rates) Bill**

13. It is the view of the Welsh Government that it is appropriate to deal with these provisions in this UK Bill for reasons of timing and coherence. It is considered important that Wales has fibre relief parity with England in order to secure investment in new fibre broadband infrastructure in Wales. The interconnected nature of the relevant Welsh and English administrative NDR systems, and the cross-border operation of the VOA as an agency of HMRC, means that it is effective and appropriate for provision for both the Wales and England administrations to be taken forward at the same time in the same legislative instrument.

### **Financial implications**

14. The Bill contains provisions which will allow for changes to the chargeable amounts paid upon hereditaments wholly or mainly used for the purposes of facilitating the transmission of communication by any means involving the use of electrical or electromagnetic energy. This will reduce the nondomestic rates collected from hereditaments eligible for this relief.

15. This policy was announced in the Chancellor’s Autumn Statement 2016 and consequential funding has been provided to Wales which can be used to replace any non-domestic rates revenue foregone.

**Conclusion**

16. It is the view of the Welsh Government that it is appropriate to deal with these provisions in this UK Bill for reasons of timing and coherence. This includes the need to provide parity with England to ensure investment in fibre infrastructure in Wales is not adversely affected. The interconnected nature of the relevant Welsh and English administrative systems also supports provision being taken forward at the same time in the same legislative instrument.

**Mark Drakeford AM**

**Cabinet Secretary for Finance and Local Government**

**July 2017**