

LOCAL GOVERNMENT NORTH YORKSHIRE AND YORK

YNYER Mobile Infrastructure Business Rate Relief

5 October 2018

1 PURPOSE OF THIS REPORT

- 1.1 The purpose of this report is to seek approval by LGNY Y to provide a National Non Domestic Rate (NNDR) holiday to mobile infrastructure providers within rural areas for a period of 7 years as we attempt to assist in rural expansion of mobile coverage.

2. REASON FOR INTERVENTION

- 2.1. According to Ofcom, eight of ten people across the countryside do not have access to 4G mobile coverage from all operators. Only 18% of people can access 4G coverage in their rural homes and businesses compared to 64% in urban areas.
- 2.2. There are varying levels of performance of the mobile voice network, and data coverage across many parts of YNYER. Some of this is due to the topography of the landscape, lack of appropriate or suitable infrastructure in the right locations to increase coverage and performance, but, equally, many locations are not commercially viable from the perspective of the Mobile Network Operators (MNO's), so do not form part of their forward investment programmes.
- 2.3. Consequently, there is a clear gap between the commercial investment plans of the MNOs and the ambition of North Yorkshire to improve mobile technology coverage to tackle disadvantage, poverty, social exclusion, health inequalities, and increase inward investment to stimulate improved economic growth and productivity. The mobile network regulator, Ofcom, in its "Connected Nations Report 2017", concluded that despite Central Government targets for coverage being met, the difference between mobile technology coverage and performance between urban and rural locations was still significant.
- 2.4. Without intervention there is a real risk of the situation worsening as future investment is targeted in urban areas to the detriment of our rural communities. This would in turn adversely affect our competitive edge, and do little to retain an economically active, highly skilled workforce resulting in an imbalanced local economy and demographic which is more reliant, in need of care and support than delivering growth and economic prosperity.
- 2.5. The Scottish Government have realised this and have introduced NNDR relief on all new mobile infrastructure in Scotland.
- 2.6. In reviewing the reasons for the MNO's not investing one of the key findings is that it is not financially viable for them to operate a mast. Reviewing the operating costs of a mast one of the main costs is business rates which are up to 40% of the annual cost.

3. MOBILE INFRASTRUCTURE AND BUSINESS RATES

- 3.1. In reviewing the business rates for mobile infrastructure there are 450 mobile infrastructures collecting £0.975m at present, this will rise to £1.95m in 2020 with the Local Government funding reforms.
- 3.2. The average business rates per mast per annum across North Yorkshire is currently £4,420 per annum.
- 3.3. We are recommending that YNYER introduce business rate relief on **new rural** mobile infrastructure for a period of 7 years. The total cost of business rate relief per mast for a 7 year period would be £30,940.
- 3.4. To improve 4G mobile coverage to the national standard it is recognised that there would need to be a significant increase in the number of mobile masts. As we move to 5G there will need to be a further increase in the amount of infrastructure to provide this service- without 4G in rural areas the County will fall further behind the national average.

4.0 RECOMMENDATIONS TO CHIEF EXECUTIVES AND LEADERS

- 4.1 We are recommending that YNYER introduce business rate relief on new rural mobile infrastructure for a period of 7 years. This is to incentivise the MNO's to improve rural coverage to a maximum of £6,000 per mast per annum.
- 4.2 This relief will only apply in the following conditions:
 - 4.2.1 The new mobile infrastructure is to support the expansion of service to rural communities presently not covered and which would not otherwise be serviced. Each application will be reviewed by the Programme Manager and where appropriate guidance will be developed working with the district councils finance departments.
 - 4.2.2 The operator of the service must provide coverage from the new infrastructure for a minimum period of 7 years.

5.0 CONCLUDING COMMENTS

- 5.1 By offering business rate relief on **new rural mobile infrastructure** it shows that YNYER see improving mobile coverage as a key enabler of economic growth and are removing barriers to improve the mobile coverage in rural areas.
- 5.2 Directors of Development are supportive of the recommendation to provide discretionary business rate relief and requested the proposal is progressed to LGNYY for approval.
- 5.3 This initiative has been adopted by the Scottish Government at the request of the Scottish Futures Trust as they look to support mobile infrastructure deployment in rural areas.

5.4 This initiative is supported by the Telecommunications Infrastructure (Relief from Non-Domestic Rates) Act 2018.

6.0 RECOMMENDATIONS

6.1 That the LGNYY Board supports and endorses the application of a 7 year business rate holiday for all new rural mobile infrastructure to a maximum of £6,000 per mast per annum across York, North Yorkshire and East Riding, providing the infrastructure is serving a rural area where there is currently no service by the operator and that the infrastructure is occupied for a minimum of 7 years.

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