Department of Levelling Up, Communities and Housing
Business Rates Revaluation 2023: The Central Rating List

Response from Mobile UK

November 2021

Introduction

1. Mobile UK welcomes the chance to submit a response to the Department of Levelling Up, Communities and Housing’s consultation on whether all mobile telecom operators should be included on the central rating list.

Summary of main points

- Mobile UK does not support the transfer of assets to the central rating list
- The estimated forecast of 1 million small cells is very much exaggerated
- The Government’s ambition is to be a world leader in 5G. In order to deliver the necessary connectivity, mobile operators will have to invest significant sums. A predictable, supportive and fair Business Rates regime must support this investment.

Mobile UK’s Response

2. The UK’s mobile operators, in aggregate, invest between £2bn and £3bn in new network each year. Over the last thirty years or so, operators have upgraded from the analogue first generation to 2G, to 3G, to 4G (plus intermediate upgrades) and are now rolling out 5G.

3. While, in their early life, mobile phones were regarded as a luxury item, over time mobile phones have come to be seen as a necessity and the underlying mobile networks as part of our Critical National Infrastructure. Never was this more clearly shown than during the periods of Covid-19 lockdowns, where it has been estimated that mobile connectivity preserved £205bn of the economy.

4. Throughout this period, mobile operators have continued to extend the capacity and geographic footprint of networks. Because of the need to build contiguous cellular networks2, and the relative scarcity of suitable sites (particularly on urban rooftops), mobile operators have faced unsustainably rising demands for rental payments (for example, up to £40k per annum for rooftop spaces that have little or no alternative use). And once an operator has occupied a site, it was open to have additional payments extracted when capacity was added, even when the landowner was not delivering any added value.

5. In recognition of the premium/ransom rents faced by operators and, the vital nature of mobile infrastructure to the UK’s future prosperity and in light of the marginal business case for investing in mobile networks, the Government’s policy has been to ensure that all disincentives to invest in 4G and now 5G are removed. For example, in pursuit of this objective, the Government

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2 In simple terms, mobile networks are built on a ‘cellular’ system, with the transmission from a tower representing a cell. The cells need to be contiguous so that calls can be handed over from cell to cell as the user loses signal from one and picks up the signal from the next tower.
reformed the Electronic Communications Code.

6. With respect to Business Rates, what mobile operators need to support investment is a system that is predictable with reasonable certainty and that is fair.

7. Changing the basis of valuation at this time, we believe, would not deliver this. It risks unforeseen consequences. The consultation indicates that the mast sharing regulations would be revoked as part any process to move to a central list. Although, this would be logical, such a move does require advance notice and could be a further source of unforeseen consequences, as this is potentially a sensitive commercial issue, where operators are sharing masts.

8. It is also relevant to point out that the estimate of 1 million small cells is very much wide of the mark and that the number of small cells deployed will be much smaller. They will be used tactically to complement the macro network; mobile operators will be able to provide confidentially more accurate estimates. We do not believe, in any event, that a move to the central list would lead to administrative simplicity. The forecast number of small cells is not a sufficient reason to switch to the central list.