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Scottish Assessors' Association

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Utilities Committee

Practice Note 5
Valuation of Local Broadband Subjects

1.0 Introduction

1.1 This Practice Note deals with the valuation of wireless telecommunications installations used in connection with a local broadband service.

1.2 The technologies used in local broadband projects vary depending on circumstances prevailing in the locality as well as what is best value for money. However, in the main, the technologies used tend to be microwave wireless transmitters and receivers attached to supporting structures. Other methods used such as direct run copper cable or fibre to the premise (FTTP) may also be used.

1.3 In identifying network infrastructure, care will need to be taken to differentiate between items known as Customer Premises Equipment (CPE), which is akin to a satellite dish on a customer's house and would be considered to be in the occupation of the householder/customer, and equipment which may be attached to a house, but is in the occupation of the operating company and used to relay the signal to other properties. The latter can usually be identified by the presence of more than 1 antennae, and possibly cables leading to an externally mounted cabinet.

1.4 The operator may also have stand-alone structures, on strategically placed sites which may have any variety of cabinets/masts/radios on them. The purpose of these being to relay signals to other core parts of a network, or to distribute out to customer sites.

2.0 Basis of Valuation

2.1 The primary method of valuation will be Comparative but, in many instances, there will be a hybrid of the Comparative and Contractors approaches.

2.2 It has been determined that the Non-Domestic Rating (Telecommunications and Canals) (Scotland) Order 1995 directs that each installation must be valued as if it existed in isolation but, for administrative convenience, the individual values may be aggregated within a cumulo valuation for each operator; the total value in the cumulo will be the aggregate of the Net Annual Value of each site.

3.0 Survey and Measurement

3.1 The total site area, if identifiable, and all surfaced areas, where present, should be determined separately. Any buildings should be measured to Gross External Area and the specifications of all rateable plant and machinery should be recorded. In particular, the following should be noted:

- Geographic location including Ordnance Survey coordinates.
- Site elevation.
- The size and nature of any compound.
- The type of supporting structure.
- The height of the supporting structure.
- The number of antennae/radios, and the number of cables.
- The type of power supply, including any battery storage, and length of spur from main supply.
- The number and size of any buildings, cabins and cabinets.
- Photographs showing the main elements.

4.0 Method of Value

4.1 The Unit of Valuation

The unit of valuation is a single installation that may be aggregated with others in the same occupation in the same local authority area so as to derive a cumulo valuation.

4.2 Level of Value

The level of value applied to an installation is determined by three factors:

(1) Site Value.
(2) Rateable Items.
(3) Equipment Accommodation.

All cost figures set out at 4.2.2 include contract size, location factor and fees, so no further adjustment is required. There is no evidence to support and, therefore, no requirement to make any adjustment for; age and obsolescence in respect of the supporting structure, any site security equipment or “stock item” cabins or cabinets. An age and obsolescence allowance may be considered for other permanent buildings. SAA Contractor’s Basis Valuations Practice Note will provide guidance in terms of age and obsolescence allowances.

4.2.1 Site Value

The following levels of value should be applied to the site as determined by the type of installation and the type and height of the mast:

Site Type	Site Value
Fixing to a Building or other structure	£100
Lightweight Structure/Pole less than 15 m ht	£100
Poles/Posts/Towers 15 m ht and over	£500

4.2.2 Rateable Items

Scaffolding types are easily and cheaply erected. In these circumstances, a nominal sum of £100 NAV should be added to the site value.

For low height supporting structures up to 10.0m height, add £390 NAV to the site value.

For poles, posts and towers over 10m height up to 15m height, add £1,100 to reflect the usual infrastructure on site.

For poles, posts and towers over 15m height up to 30m height, add £3,100 to reflect the usual infrastructure installed.

A nominal value of £200 NAV should be used where a local broadband operator installs equipment at a host installation.

For other installation types for guidance on the amount to be added in respect of the supporting structure reference should be made to SAA Valuation of Wireless Telecommunications Subjects Practice Note. Where additions are required for siteworks such as surfacing and fencing, refer to the relevant unit cost rates in the Rating Cost Guide Scotland.

4.2.3 Equipment Accommodation

Where there is modular equipment accommodation similar to the scale of that installed at mobile telecommunications installations, £900 NAV should be added to the total NAV for the installation. Where there are permanent buildings on site, then use appropriate rates/m² from the Rating Cost Guide Scotland adding £200 NAV for cable.

4.2.4 Summary of Total NAV

In summary, total NAVs will be as follows:

Description	Site Value	P&M	Total NAV
Cable Only (at shared sites)	Nil	£200	£200*1
Attachment to Building	£100		£100
Lightweight Structures (Scaffolding)	£100	£100	£200
Poles/Posts up to 10.00m ht	£100	£390*2.	£490
Poles/Posts/Towers 10.01m – 15.00m ht	£100	£1100	£1200
Poles/Posts/Towers 15.01m ht - 30.00m ht	£500	£3100*2.	£3600
Poles/Posts/Towers greater than 30.00m ht	£500	Refer to Utilities PN No 1, section 6.2.3	

*1 If a local broadband operator installs a large equipment cabin at a host installation, add £900 rather than £200.

*2 An additional £900 should be added for large equipment cabins, where present.

5.0 Fibre to the Premises (FTTP)

5.1 Backhaul to a network provider is normally achieved by way of fibre (FTTP) or leased line connections which the local broadband operator orders from an Internet Service Provider (ISP) and for which a monthly subscription is paid. Any fibre or equipment past the demarcation point is in the occupation of the ISP and should not be valued as part of the equipment occupied by the local broadband operator.

From the point of supply, the local broadband operator may deploy short lengths of fibre to distribution points in its network, or they may use wireless links. Relatively short links should be considered de minimis.

The network provider may also distribute its service to properties using FTTP, running fibre directly to properties from distribution points, usually cabinets.

5.2 Where it is found that the local broadband operator is in occupation of a significant length of fibre independently, then advice on the level of value to be applied should be taken from the Assessor for Renfrewshire.

6.0 Decapitalisation Rate

6.1 Where required, the appropriate decapitalisation rate should be applied.