CLUTTONS

Rating Bulletin

February 2025 Issue #4

Welcome to the latest in our series of Rating Bulletins.

In this month's edition we will be confirming the rate poundages, transitional relief and other reliefs that may be available to you when calculating your liability from 1 April 2025.

We will also be reviewing the Government's discussion paper 'Transforming Business Rates' published alongside the Budget in October 2024.

Rate Liability – 2025/26

Billing Authorities will be gearing up to provide ratepayers with rate demands to coincide with the new rate year which commences on 1 April 2025. Ratepayers are entitled to pay their liability by way of statutory instalments commencing on 1 April 2025. Failure to make payment in line with the instalments may mean that the facility is withdrawn and the full amount could become payable.

We set out overleaf details of the rate multipliers which will be adopted in England, Wales and Scotland. Further information is provided in relation to the main reliefs that are available although this is not an exhaustive list.

In Northern Ireland business rates are collected by Land & Property Services based upon multipliers which are set at local and regional levels. If you have any properties in Northern Ireland please contact us directly and we can provide you with further guidance.

Rate Liability – 2025/26

England

England	2024/25	2025/26
Business Rate Multiplier Properties with RV > £51,000	54.6p	55.5p
Properties with RV < £51,000	49.9p	49.9p

Transitional Relief
Maximum Annual Increase in rates payable:

	Small	Medium	Large
2025/26	+25%	+40%	+55%

Small: RV less than £20,001 (£28,001 in London)
Medium: RV £20,001 (£28,001 in London) and RV £100,000
Large: RV greater than £100,000

Reliefs

Retail, Hospitality & Leisure Relief – Qualifying properties will be entitled to a maximum of 40% relief (reduced from 75%) subject to a cash cap of £110,000 per business from 1 April 2025.

Improvement Relief – Qualifying improvements completed after 1 April 2024 may be entitled to 100% relief. Please contact us for advice upon how to benefit from and maximise the relief available.

Empty Rate Relief – Following the physical vacation of a property, 3 months relief will be granted (6 months in the case of a warehouse, factory or store). Various strategies are available to manage the liability once the relief expires.

Cross Rail Supplement – All properties in London pay a supplement of 2p where the Rateable Value is greater than £75,000.

City of London – A surcharge of 1.8p is made on all properties except where the Rateable Value is below £51,000 where it is 1.6p.

Scotland

Scotland	2024/25	2025/26
RV > £100,000	55.9p	56.8p
RV £51,001 - £100,000	54.5p	55.4p
RV < £51,001	49.8p	49.8p

	Small	Medium	Large
2025/26	112.5%	75%	37.5%

Small: RV less than £20,001
Medium: RV £20,001 and RV £100,000
Large: RV greater than £100,000

Reliefs

Business Growth Accelerator – New properties and the value of improvement may benefit from 12 months relief.

Fresh Start Relief – Qualifying businesses occupying long-term empty properties may be entitled to a 100% business rates discount for their first year in those premises, provided the Rateable Value is below £100,000 and the property had previously been empty for at least 6 months.

Hospitality Relief – Will apply to properties with a Rateable Value below £51,000 where 40% relief will be allowed subject to a cash cap of £110,000 per business. The relief increases to 100% in the Islands.

Wales

England	2024/25	2025/26
RV for all properties	56.2p	56.8p

	All properties
2025/26	No transitional relief

Reliefs

Retail, Hospitality & Leisure Relief – Qualifying properties will benefit from 40% relief subject to a cash cap of £110,000 per business.

Improvement Relief – As England.

Empty Rate Relief – 3 and 6 months relief as in England, subject to the property being occupied for a 26 week period immediately beforehand.

Transforming Business Rates – A Government Discussion Paper

The Government published a discussion paper setting out its long-term ambitions for business rates alongside the Autumn budget. In its election manifesto the Labour Government had expressed a desire to replace the current business rates system. The discussion paper makes no mention of abolishing the system. It emphasises their desire to protect the High Street and to permanently lower business rates for Retail, Hospitality & Leisure properties from 1 April 2026.

The Chancellor confirmed the following within the Budget which are discussed within their paper:

- An intention to introduce lower multipliers for Retail, Hospitality & Leisure properties with a Rateable Value under £500,000 from 1 April 2026.
- An intention to fund any relief to these sectors via a higher multiplier on properties with a Rateable Value above £500,000 which includes the majority of large distribution warehouses including those by online giants.
- Providing support for Retail, Hospitality & Leisure properties from 1 April 2025 albeit reducing the current relief from 75% to 40%.
- Protecting the smallest properties by freezing the Small Business Rates multiplier from 1 April 2025 at 49.9p.

In addition to protecting the High Street, the aim is to encourage investment and to create a fairer system. Measures under consideration, which require feedback on are:

- The efficacy of improvement relief which was introduced in April 2024.
- The relative importance of business rates and other tax factors when businesses are making decisions.
- The impact of losing Small Business Rate Relief on any expansion to a second property.
- The efficacy of empty property relief.

The Government has indicated a commitment to tackling avoidance and evasion. It is likely that there will be a further consultation paper on empty rate relief, despite the fact that the Government amended the empty rate legislation (by amending the reset period from 6 weeks to 13 weeks) from 1 April 2024. It has indicated commitment to making further progress to tackle avoidance and will publish

a consultation on adopting a 'general anti-avoidance rule' for business rates in England.

The Government is now committed to three yearly Revaluations, and has indicated that it will work with businesses to assess the potential cost and benefits of shortening the gap between the antecedent valuation date and valuations coming into effect. It will also consider increasing the frequency of Revaluations whilst also assessing the delivery considerations of this approach.

The Government has put in place legislation requiring the provision of relevant information including details of occupiers and lease events to be provided within statutory time periods. It has indicated that the information duty will begin rollout from 1 April 2026, and this will be phased to ensure that the system works as intended. The information duty will be formally activated and mandated for all by 1 April 2029. A link to the discussion paper is set out here:

Comments on the Government's proposals are required by 31 March 2025. ***"We will be responding on behalf of clients. Whilst we welcome some of the proposals we are concerned that the Government has replaced the current 75% relief for qualifying businesses under the Retail, Hospitality & Leisure Schemes down to 40%. This means that many ratepayers will see a massive increase in their liability as a consequence of this change from 1 April 2025."***
Gareth Buckley, Head of Rating

We are concerned that the Government's proposal to introduce a permanent lower multiplier for Retail, Hospitality & Leisure premises is to be funded through a higher multiplier for larger businesses which have a Rateable Value of over £500,000. Not only will this affect occupiers of warehouses, factories and offices, it will also impact businesses which the Government suggests it is intending to assist within the Retail, Hospitality & Leisure Sectors.

The Government is in the process of enacting the Non-Domestic Rating (Multipliers & Private Schools) Bill. When enacted, the Government proposes that qualifying Retail, Hospitality & Leisure properties may benefit from a multiplier which is up to 20p below the multiplier that is set for all properties. However, this will be funded by reserving the right to increase the multiplier on all properties above Rateable Value £500,000 by up to 10p.

Far from actively reforming the business rates system the Government continues to tinker with the system, which will lead to the burden of liabilities shifting to those ratepayers occupying larger properties.

Revaluation 2026

On 1 April 2026 the Revaluation will come into effect. All commercial properties will be revalued to reflect their rental value as at 1 April 2024.

In making their assessments the Valuation Office will have regard to rental evidence at or around that date.

"We anticipate that prime distribution warehousing and high bay warehousing will see some of the highest increases in liability across all sectors. On average, assessments could increase by up to 30% within this sector."
Chris Severs, Rating Partner

We anticipate that retail assessments will on average remain fairly static although there will be some locations where rents have fallen, and consequently we expect assessments to fall in line with the rental evidence. Similarly, stronger locations will have seen some growth which will be reflected within the assessments.

Offices present a similar picture to retail although there will be prime locations where assessments could increase by up to 25% whilst other regional centres will see lesser growth.

As ever, values will be dependent upon location and quality of the property. We can provide you with estimates of liabilities and some guidance as to the possible impact upon your portfolio's liability from 1 April 2026.

We understand the Draft Rating List will be published towards the end of September 2025. This will coincide with the Autumn budget, when details of the multipliers to be adopted and any transitional relief schemes will be announced.

"We expect that a guillotine may be introduced to curtail the submissions of challenges to current assessments. We urge ratepayers, if they have not already done so to consider their assessments. We will be happy to provide an overview upon any assessments and the likelihood of successfully challenging those assessments. It is important that the current 2023 assessments are kept to a minimum to maximise relief from any future transitional relief scheme."
Gareth Buckley, Head of Rating.

"I am expecting an increase in rateable values for the 2026 Revaluation in the region of 20% for Grade A offices in the City Core. As there will be many offices with Rateable Values over £500,000, this will mean a double whammy with the multiplier for these potentially being increased by up to 10p as well following the Governments recent proposals. All in all, the cost of business rates is likely to increase hugely just when business's can least afford it."

Mike Hampton-Riddington, Rating Partner

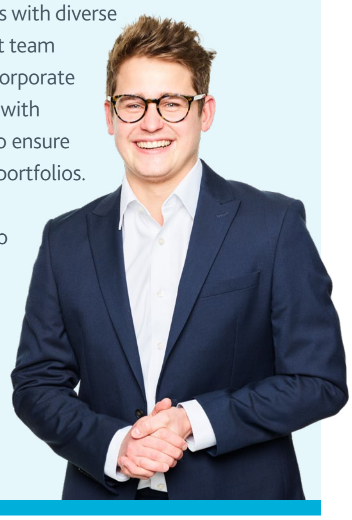
Meet the team

Mike Hampton-Riddington

Mike is a Partner and Head of Rating South having joined in 2014. He specialises in London offices, infrastructure and leisure properties, in particular private members clubs and hotels. Mike has over 30 years experience working in business rates, originally starting in the Valuation Office Agency before moving into private practice. He was elected to the Rating Surveyors Association Committee last year by his peers. Mike enjoys playing golf and is a long suffering Stoke City supporter.

Alex Cardoe

Alex Cardoe heads up the Occupier Management team and is account manager across a number of occupier clients with diverse asset portfolios. The Occupier Management team manages leasehold portfolios on behalf of corporate occupier clients. The team align themselves with clients to understand their business needs to ensure the smooth management of their property portfolios. The team proactively manage the data and estates, using our bespoke Cluttons Portal to visualise their property data, creating real insights upon which key decisions can be made. The team regularly review payments required by clients to ensure lease compliance, and seek operational savings when challenging service charge budgets and other liabilities.



Please contact one of our team.

Gareth Buckley
National head of rating
07891 810 253
gareth.buckley@cluttons.com

Michael Hampton-Riddington
Head of rating – South
07525 632 580
michael.hampton-riddington@cluttons.com

Ryan Jones
Head of rating – North
07725 372 930
ryan.jones@cluttons.com

And finally...

The RICS has recently published an updated Red Book UK Supplement addressing the governance of valuations for regulated purposes in the UK. The latest update focuses on the introduction of mandatory rotation of valuation firms and new governance arrangements for the commissioning and receiving of valuation reports. With few exceptions, the policy is limiting the length of time for which a valuation firm can provide recurring valuations. The valuer must confirm that the period for which their valuation firm has valued the asset(s) for the same regulated purpose does not exceed ten years and will not have exceeded ten years by the end of the current contract.

Our experienced team of valuers value commercial and residential property assets across London and the rest of the UK. To check whether this policy applies to your organisation please contact **Richard Moss** on 07725 960453 or richard.moss@cluttons.com.

List of valuation services

- Secured lending valuations
- Accounts valuations
- Development appraisals
- European valuations
- Expert witness
- Leasehold enfranchisement
- Taxation and insurance
- Strategic property advice
- Debt advisory
- Property due diligence
- Mergers and acquisitions
- Audit review
- Charities Act valuations
- Viability