

# Rating Bulletin

## Budget Special

December 2025 Issue #7

## Chancellor's Budget Statement – November 2025

Some of the measures introduced by the Chancellor were not as draconian as initially feared, with some ratepayers breathing a sigh of relief, and on the face of it, are benefiting from reduced multipliers. All things being equal their liability will fall, however, the multipliers and reliefs announced by the Chancellor are only part of the rate payment equation.

Shortly after the budget speech the Valuation Office Agency released details of the Draft Rating List. This sets out their initial valuations which will come into effect on 1 April 2026. It will be against these assessments that the liability for the payment of rates will be calculated. It is important to note that the Draft List can be altered at any time up to the Revaluation, and beyond the date it comes into effect.

Finally, the Government published a further consultation paper and call for evidence on business rates and investment. We will examine each of these areas in more detail.

### Multipliers & Reliefs

In the budget the Chancellor confirmed the multipliers that will be used to calculate the annual liability from 1 April 2026. These are set out in the table shown below:

	Current position	From 1 April 2026
<b>Multipliers</b>	> RV £51,000 – 55.5p	48p
	< RV £51,000 – 49.9p	43.2p
<b>Transitional Relief</b>		+1p where no TR
<b>Retail Hospitality &amp; Leisure Relief</b>	40% on qualifying properties	RV < £51k – 38.2p RV > £51k – 43p RV > £500k – 50.8p
<b>Surcharge on Properties &gt; RV £500k</b>	Nil	2.8p = 50.8p

### Transitional Relief

Transitional Relief will apply where, following the Revaluation, there is a large increase in liability. Qualifying properties will benefit from a capped increase in liability in each of the three years of the Revaluation.

For those properties which are not subject to transition, a surcharge of an additional 1p on the multiplier will be applied to help fund transitional relief. The transitional relief parameters and maximum percentage increases are set out below:

TR Threshold	2026/27	2027/28	2028/29
Up to £20k £28k in London	5%	10% + inf	25% + inf
£20k - £100k (£28k in London)	15%	25% + inf	40% + inf
£100k+	30%	25%	25%

\*inf - inflation

**“If you have any concerns over the level of value applicable to your property, then please feel free to contact one of the team who will be happy to provide advice upon the level of value and how a challenge may be constructed.”**

**Retail, Hospitality & Leisure Relief**

Qualifying properties within these sectors currently receive a flat 40% reduction in their liability, although this is subject to an annual cash cap of £110,000 per business.

From 1 April 2026 the cash cap will be removed and qualifying properties will be subject to the following substantially lower multipliers:

- For properties with a Rateable Value less than £51,000 – 38.2p
- For properties with a Rateable Value greater than £51,000 – 43p.

To fund the relief the Government has introduced a surcharge on all properties with a Rateable Value greater than £500,000, including those in the Retail, Hospitality & Leisure sectors of 2.8p. Therefore, properties with a Rateable Value greater than £500,000 will attract a much higher multiplier of 50.8p. However, it should be noted that this is substantially lower than the current multiplier of 55.5p.

**Small Business Rate Relief**

This will continue in its present form. Qualifying ratepayers will benefit from an exemption where the assessment falls below Rateable Value £12,000. Tapered relief applies between Rateable Value £12,000 and Rateable Value £15,000.

**Empty Property Relief**

The current rules continue to apply, and it remains open to ratepayers to lawfully manage their liability. Where appropriate we can advise upon a lawful scheme.

**Higher Value Council Tax Surcharge (HVCTS) on Homes Valued at £2m or above**

This surcharge will be added to Council Tax bills in England and Northern Ireland, but it will be Council Tax in name only.

More will become clear when the consultation is published early next year, but this will be an additional layer of tax for homeowners and landlords of assets worth £2m+, who will be liable to pay the surcharge (when homes are rented out, it is renters who are usually liable to pay Council Tax). The receipts from the tax will be directed from Local Authorities straight to the Treasury. The charges will rise by CPI inflation each year after being introduced.

The tax change will come into force in April 2028, after a large revaluation exercise by the Valuation Office Agency (VOA), and property values will be based on values in 2026. The consultation will focus on reliefs, exemptions and deferrals for those who can't meet the annual cost.

The move was expected to raise £600 million a year by the OBR, but they reduced this forecast by a third to £400 million due to capital values coming down in line with the new charges, pushing more properties into lower bands, and the reduced stamp duty receipts and capital gains tax (CGT) that will also result from this.

The change will also distort the market above £2 million, creating cliff-edges as properties are 'bunched' below the threshold.

**Laura DamVillena, head of residential agency, says:**

“After months of speculation, one more positive outcome is that the certainty provided by the Budget announcements will release some pent-up activity in the prime London market. Our teams are speaking to buyers, sellers and landlords who now want to take the next step, with multiple offers made since the announcement. Prime central London prices have already fallen 20% over the last decade because of a raft of rises in taxes, stamp duty and other policy moves. The Chancellor’s move will trim another margin off pricing for homes in the £2m+ bracket, homes which are mainly clustered in London and the South East as buyers factor it into their calculations. The effects of the new charges may be amplified closer to the 2028 start date, as those sellers keen to avoid the charge bring more homes to the market.”



Property value threshold £m	Higher Value Council Tax Surcharge (annual) from April 2028
£2m - £2.5m	£2,500
£2.5m – £3.5m	£3,500
£3.5m - £5m	£5,000
£5m +	£7,500

**Draft Rating List**

The Draft Rating List has been published and is available to be viewed on the Valuation Office Agency website.

The Valuation Office have provided the following statistics:

- There are 2,130,000 hereditaments in the 2026 Draft Rating List in England and Wales
- The total Rateable Value of these properties is £84.4bn compared with £70.8bn on the 2023 Rating List
- Total Rateable Values on the Local List for England and Wales increased by 19.2%
- Rateable Values in the London region saw the largest percentage increase of any region in England with an average increase of 22.3%. By contrast, the East Midlands saw the smallest percentage increase of any region with an increase of 16% on average
- The retail sector saw the smallest percentage increase of any sector across England and Wales with an increase of 9.3%.

Figure 1 shows the total rateable value (£billions) in England on the 2023 local Rating List and the 2026 Draft List for each sector. All sectors in England showed an increase in total Rateable Value in the 2026 Draft List compared with the 2023 List.

Figure 2 shows the percentage change in Rateable Value between the 2023 Rating List and the Draft 2026 Rating List for each sector as well as for all sectors in England and Wales. Across all sectors, England showed a larger percentage increase than Wales.

It is important to note that the Draft Rating List can be amended at any time, although appeals cannot be commenced through the Government’s Check Challenge Appeal route until 1 April 2026.

If you have any concerns over the level of value applicable to your property then please feel free to contact one of the team who will be happy to provide advice upon the level of value and how a challenge may be constructed.

**Business Rates & Investment – A Call for Evidence**

The Government has published a consultation paper where it asks for evidence to focus on how reforming the business rates system can be used to incentivise and secure more investment by Britain’s businesses. The document asks for evidence on the following areas:

1. To understand how ratepayers invest in their property and how business rates impact upon business making decisions relating to investment.

2. Property reliefs – the paper examines the impact of reliefs available to ratepayers and considers whether they should be changed, enhanced or removed. It considers the following areas:

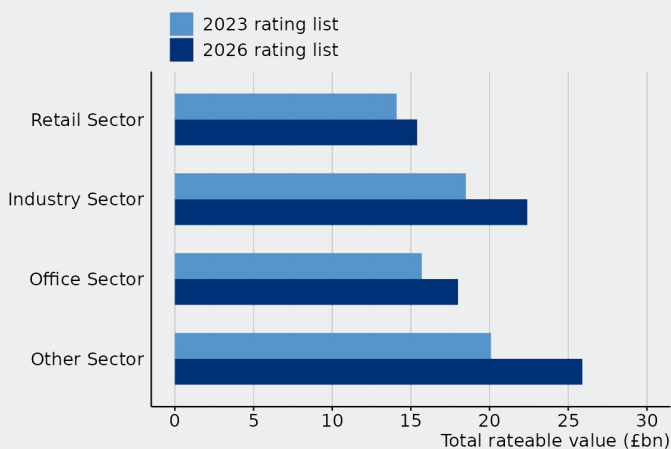
- Small Business Rate Relief
- Improvement Relief
- Empty property rates.

3. The Government has concerns over the use of the Receipts and Expenditure methodology in determining rating assessments. It has asked for evidence on the basis of valuation, whether this is a reliable method of valuation and what the alternative approach might be.

4. Rating List Discussions & Transparency – the paper considers whether there is sufficient transparency within the business rates system and whether Pre-List discussions with the VOA would benefit ratepayers, if agreement on levels of value could be reached prior to the publication of a Rating List.

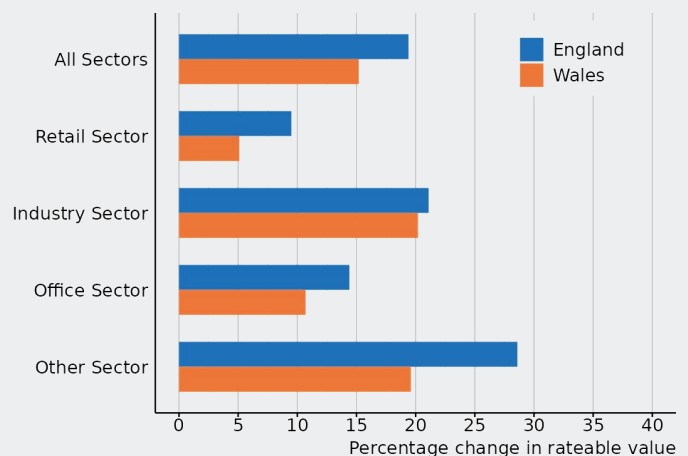
Evidence is required by 18 February and we will be responding on our clients’ behalf to the consultation.

**Figure 1: Total rateable value on the 2023 and 2026 rating lists by sector, England.**



Source: NDR Revaluation 2026 draft list (Table RVL\_4\_2)

**Figure 2: Percentage change in rateable value between 2023 and 2026 rating lists by sector, England and Wales.**



Source: NDR Revaluation 2026 draft list (Table RVL\_1\_1)



## Meet the team

### Claire Bloor

Claire joined Cluttons in 2023. Prior to joining she had worked with most of the Rating Team elsewhere in Manchester.

Claire supervises the business rates treasury function within Cluttons. She has over 20 years' experience and previously advised HSBC and numerous water utility companies on the payment of rates, ensuring that their rate payments were made accurately and in a timely manner.

She is currently studying for a Certificate in Rating via The Institute of Revenues, Rating & Valuation.

When not working she spends her time with her two small children, generally ferrying them around to gymnastics, Brownies, etc, before looking forward to a well-earned glass of wine on a Saturday night. In common with most of her Manchester colleagues she is an avid Manchester United fan.



### Laura DamVillena

Laura joined Cluttons in 2024 to head up our London Residential Agency business. Laura qualified as a Chartered Surveyor in 2010 and prides herself on long term client relationships, based on utmost professionalism. Laura brings 17 years of experience in the prime residential market, having set up and led sales teams in Hyde Park and Queen's Park for over a decade.

Laura has worked closely with ultra high net worth private clients and key London estates, including other large portfolio landlords and luxury developers. She is responsible for preparing and implementing the 'strategic vision' for Cluttons' London estate agency branches in Chelsea, Hyde Park, Islington, Tower Bridge and Wapping, managing the sales and lettings teams and driving exceptional results for our clients.

If time allows she loves to see live music and enjoys an early morning run.



## Please contact one of our team

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## And finally...

Spare a thought for the operators of Heathrow Airport whose assessment has risen from RV £210m to RV £951m. Whilst the ratepayer will receive the benefit of Transitional Relief, it is nevertheless a substantial increase, which no doubt will be passed down to travellers through increased ticket pricing.

