



2026 REVALUATION, 2026/27 MULTIPLIERS AND THE BUDGET PACKAGE

A quick guide on the impact of the revaluation, the new 5 multiplier system and the package of reliefs to support businesses.

2026 REVALUATION

The VOA updates the rateable values of non-domestic properties in England and Wales every three years.

Rateable values are largely based on the amount of rent a property can command on the 'antecedent date'.

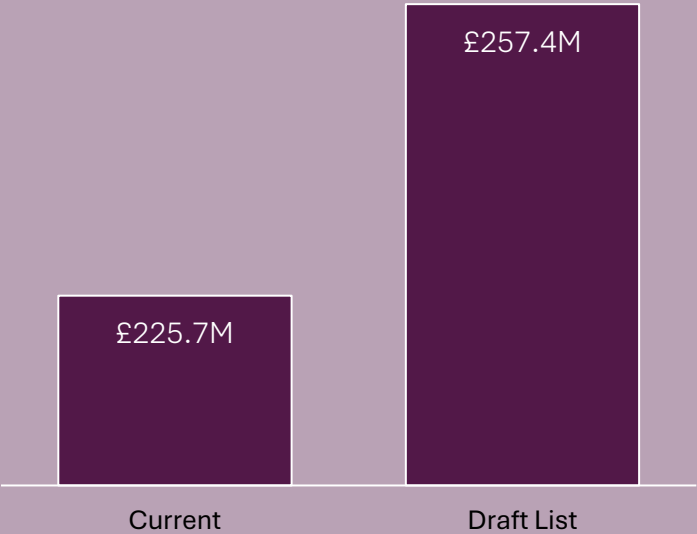
The antecedent date, or effective date, for the 2026 rating list is **1 April 2024**.



THE GOVERNMENTS PROPOSED CHANGES TO THE LOCAL RATING LIST

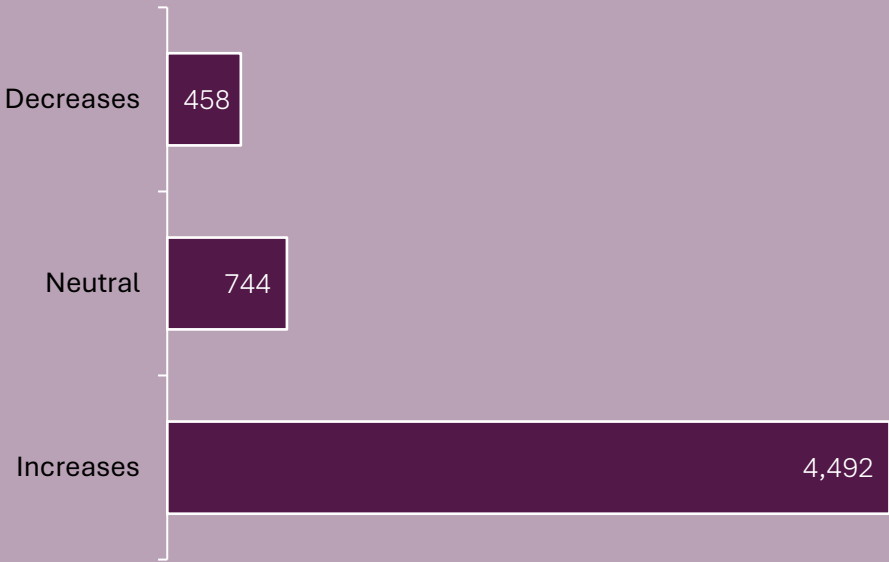
Analysis of the Valuation Office Agency’s **2026 Draft Rating List**:

The total rateable value across the database is projected to rise by **£31.7** million – or **14%**



The average increase for London Boroughs is around **22%**.
The average increase for England is around **19%**.

79% of hereditaments in Richmond are expected to see an uplift in their rateable value.

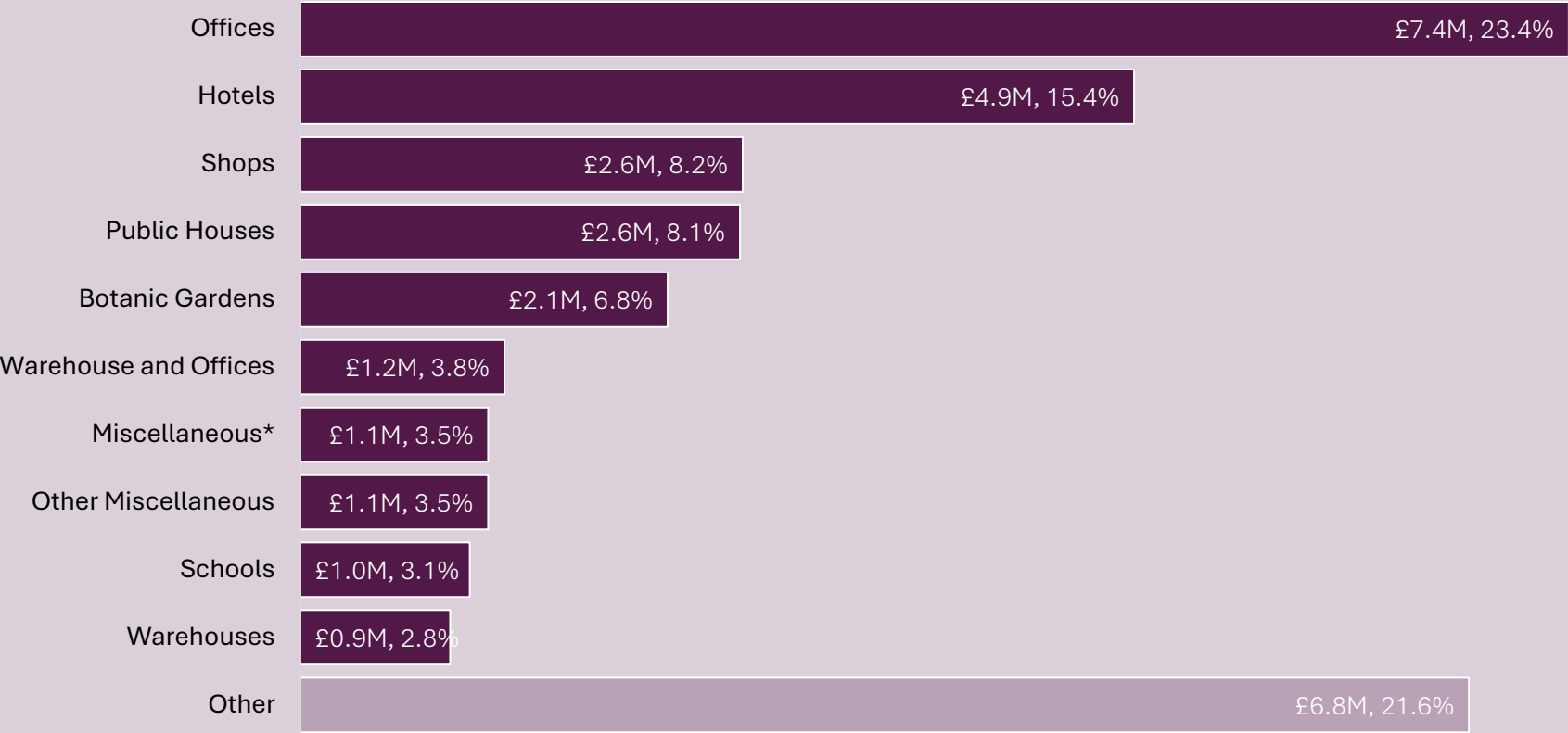


WHY IS THE GOVERNMENT INCREASING RATEABLE VALUES?

The 2026 rating list has an antecedent date of **1 April 2024**

The 2023 rating list has an antecedent date of **1 April 2021** – rental values and income at this time were greatly affected by the pandemic which means for businesses like offices, hotels, and public houses - their values will now be set much higher.

Across 87 unique property descriptions, the top 10 categories account for **78.4%** of the total uplift in rateable value.



*National Archives, National Measurement Office, Laboratory of the Government, etc

REVALUATIONS BEFORE AND AFTER THE PANDEMIC

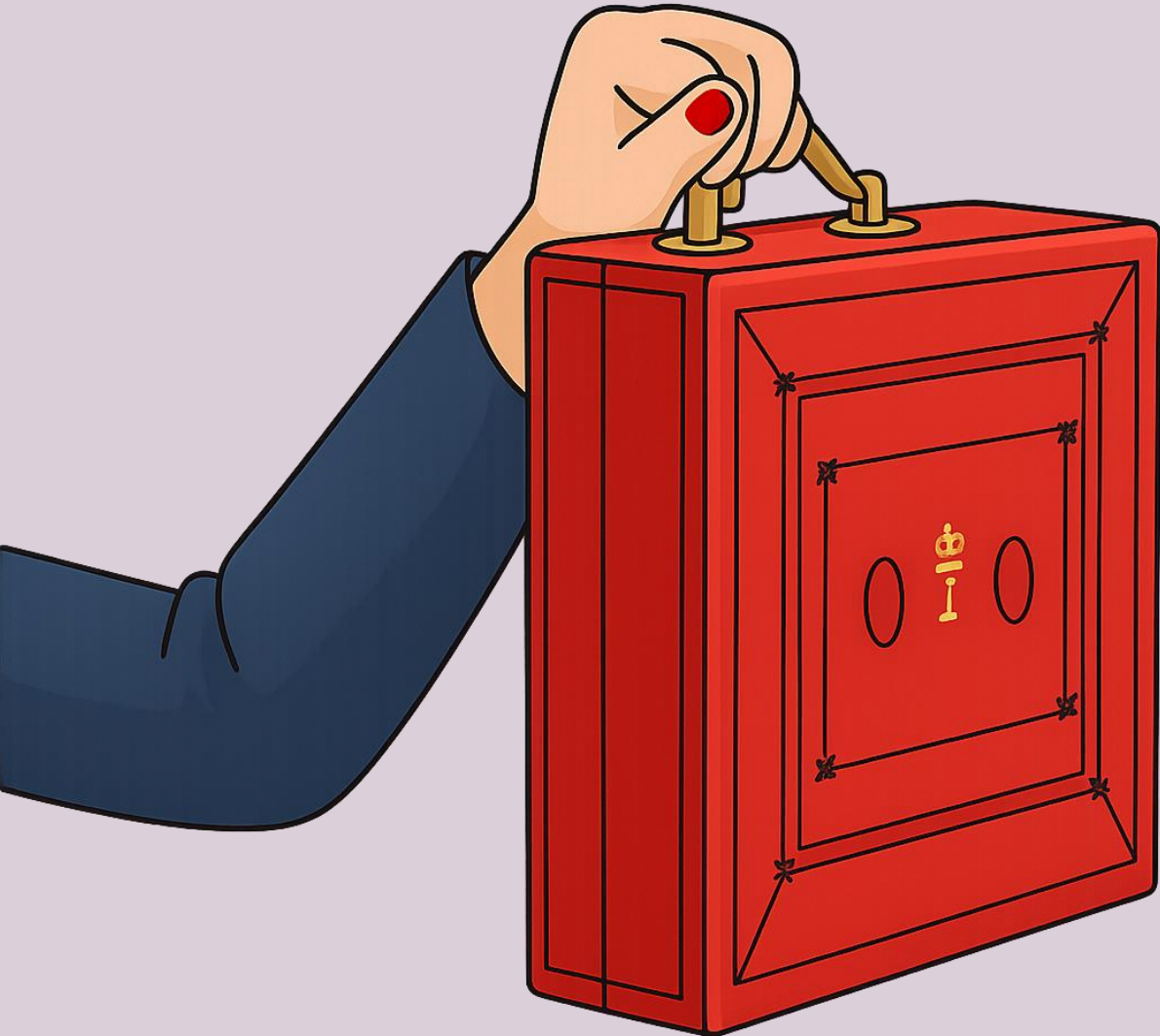
The rating list is normally updated every three years, but the 2020 Revaluation was deferred due to the pandemic. As a result, the 2023 Revaluation reflected changes in the property market over a much longer period - from 1 April 2015 to 1 April 2021.

The table below shows the percentage change in rateable values between each rating list. The selected property types highlight the intrinsic link between rental values and rateable values and demonstrate how the post-COVID recovery in business rates has a lagged effect, with the full impact only emerging several years later.

	Hotels	Museums	Offices	Public Houses	Restaurants	Shops
2023 Revaluation 2017 to 2023	-31%	-74%	+19%	-19%	-6%	-8%
2026 Revaluation 2023 to 2026	+117%	-14%	+14%	+33%	+9%	+5%

THE BUDGET 2025

At the Budget on 26 November 2025, the Chancellor announced a new 5 multiplier system and several measures to support businesses. These reforms aim to create a fairer, modern business rates system that encourages investment and helps protect the high street.



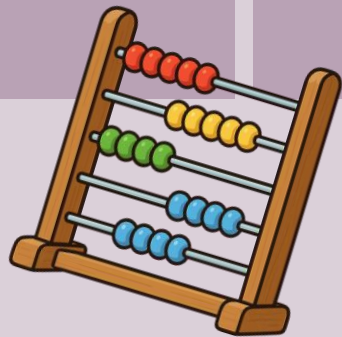
5 MULTIPLIER SYSTEM

There are currently **2** multipliers:

SMALL BUSINESS Rateable Value < £51,000 49.4P	STANDARD Rateable Value > £50,999 55.5P
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From 1 April 2026 there will be **5** multipliers:

SMALL RHL Rateable Value < £51,000 38.2P	SMALL NDR Rateable Value < £51,000 43.2P	STANDARD RHL Rateable Value <> 43.0P	STANDARD NDR Rateable Value <> 48.0P	HIGH VALUE NDR Rateable Value > £500,000 50.8P
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WHAT DOES A SMALL, STANDARD, OR HIGH VALUE PROPERTY LOOK LIKE?

The rateable value of a property influences the multiplier used to calculate the annual charge. The examples below illustrate the types of premises that may typically fall into the categories of small, standard, or high value business rates hereditaments.

The notional charge is included to demonstrate the gross rates payable for 2026/27.

SMALL

Coffee Shop, London Road:

Rateable Value £23,000



Rateable Value x Small RHL Multiplier

$£23,000 \times 0.382 = £8,786$

STANDARD

Twickenham Fire Station:

Rateable Value £129,000



Rateable Value x Standard Multiplier

$£129,000 \times 0.480 = £61,920$

LARGE

The Civic Centre:

Rateable Value £1,470,000



Rateable Value x High Value Multiplier

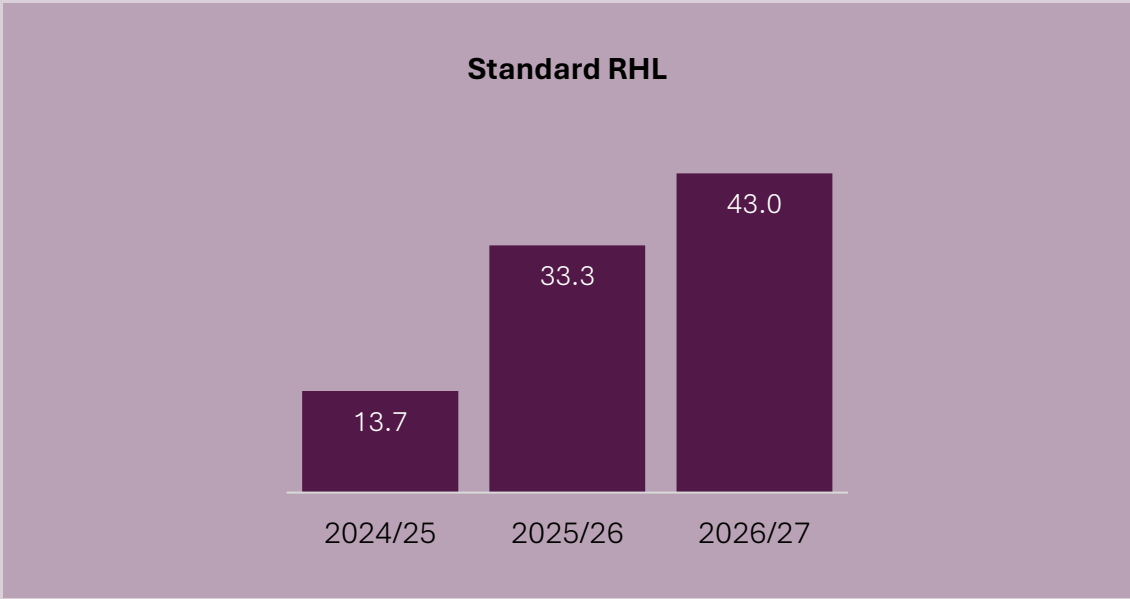
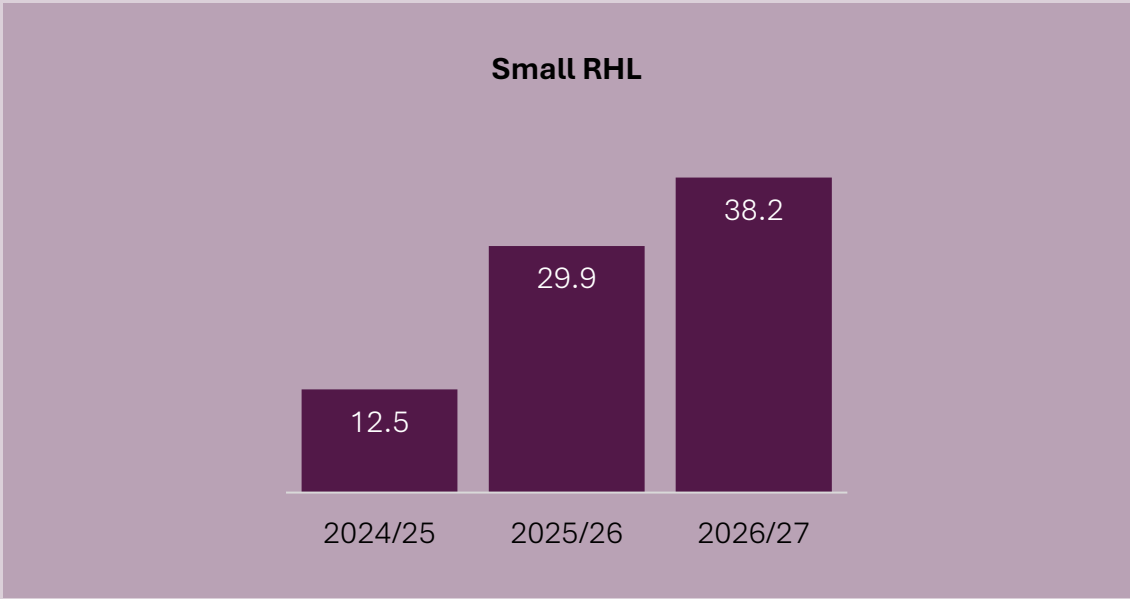
$£1,470,000 \times 0.508 = £746,760$

WHY ARE PUBS AND OTHER HOSPITALITY SECTOR BUSINESSES CONCERNED ABOUT THE CHANGES?

Legislation allows the government to set the RHL multiplier up to 20p less than the standard - the Chancellor has arranged them at 5p lower for 2026/27. The RHL multiplier is therefore **11%** lower than the standard multiplier.

The temporary schemes in previous years discounted the liability for RHL type properties at a higher level - **75%** in 2024/25 and **40%** in 2025/26.

The graphs below demonstrates the value of the business rates multiplier (pence) for previous years inclusive of RHL relief:



Increasing rateable values and less assistance for RHL properties means these businesses are facing the prospect of higher bills in 2026/27 – approximately 1,400 businesses in LBR are in this category.

To limit the impact the government is providing support via relief schemes.

BUDGET PACKAGE

The Chancellor also announced that the government would provide a package of measures to support businesses in England, worth an estimated £4.3 billion over the next five years.

TRANSITIONAL RELIEF

To support ratepayers facing large bill increases at the revaluation the government is introducing a redesigned Transitional Relief scheme worth £3.2 billion.

Transitional relief limits how much a bill can increase from 2025/26 to 2026/27. Small properties are restricted to 5%, medium 15% and large 30%.

TRANSITIONAL RELIEF SUPPLEMENT

A 1p supplement to the relevant tax rate for ratepayers who do not receive Transitional Relief or the Supporting Small Business scheme to partially fund Transitional Relief.

This will apply for one year from 1 April 2026.



SUPPORTING SMALL BUSINESS RELIEF

Bill increases for businesses losing some or all their small business rates relief or rural rate relief will be capped at the higher of £800 or the relevant transitional relief caps from 1 April 2026.

The 2026 SSB relief scheme has been expanded to ratepayers losing their RHL relief.

A HIGH VALUE BUSINESS RATES MULTIPLIER

For properties with rateable values of £500k and above at 2.8p above the national standard multiplier.

EXTENDING THE SMALL BUSINESS RELIEF GRACE PERIOD

Increasing the grace-period from one to three years, meaning businesses will now remain eligible for small business relief on their first property for three years after expanding into a second property.

ADDITIONAL SUPPORT FOR PUBS

The government has listened to the concerns raised by this sector regarding increases to their business rates liability and will now provide a further 15% relief for 2026/27.

Live music venues will also benefit from this scheme.

BUSINESS RATES RELIEF – TRANSITIONAL ARRANGEMENTS

To phase in large increases in the rateable value, the Government funds Transitional Relief. This limits the amount a ratepayer's bill can increase in year one.

WHAT ARE THE TRANSITIONAL LIMITS?



WHAT IF THE RATEABLE VALUE HAS DECREASED?

It is possible for the rateable value to stay the same or decrease following revaluation. In these cases, the ratepayer must pay a supplement that contributes towards the funding for transitional relief; adding 1p per pound of rateable value to their business rates liability.



SUPPORTING SMALL BUSINESS RELIEF

Any ratepayer losing some, or all of the following reliefs, will be eligible for supporting small business relief (SSB) in 2026/27 –

- Retail, hospitality and leisure relief
- Small business relief

SSB limits the amount the annual bill can increase by - £800 or the relevant transitional relief caps.

The scheme is a temporary measure, phasing in over 3 years the full increase of the amount payable.

Charities and Community Amateur Sports Clubs, who are already entitled to mandatory 80% relief, are not eligible.

WHAT IS THE CALCULATION?

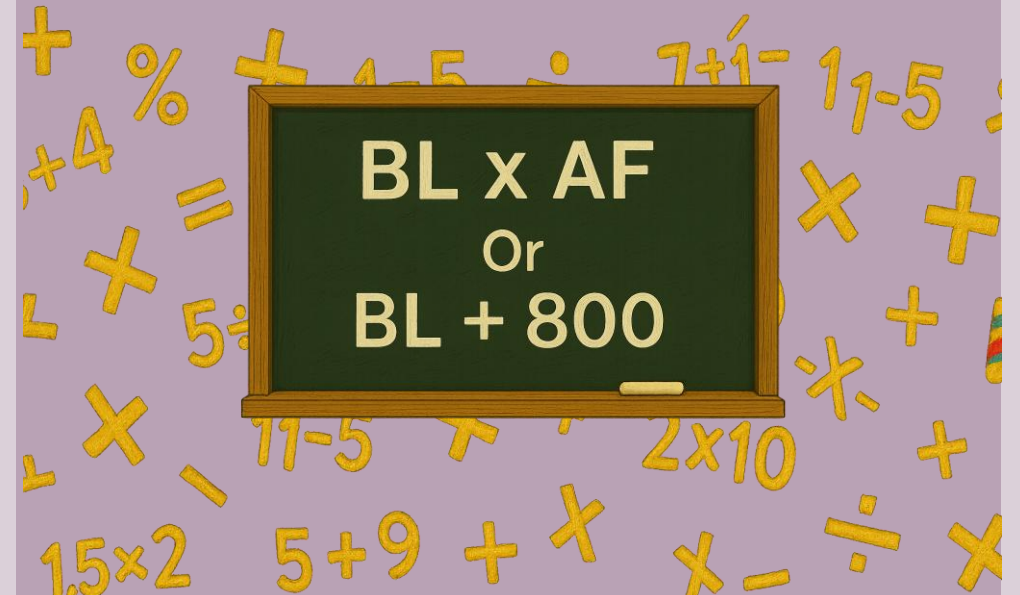
The baseline (**BL**), which is the rateable value on 31 March 2025 x whichever multiplier applies for that hereditament, less the reliefs detailed above.

The appropriate fraction (**AF**), which is the same AF we use for transitional calculations, i.e. the most the bill can increase.

Small:	0.105 (5%)
Medium:	0.115 (15%)
Large:	0.130 (30%)



BILLS WILL RISE BY WHICHEVER IS THE GREATEST



CASE STUDY: A PUBLIC HOUSE

The rateable value of this property has increased from £50,000 to £110,000 following the revaluation.

2025/26

- Rateable Value: **£50,000**
- Notional Charge: $£50,000 \times 49.9 = £24,950$
- RHL @ 40% = £9,980

2025/26 NET LIABILITY

£14,970

2026/27

- Rateable Value: **£110,000**
- Notional Charge: $£110,000 \times 43.0 = £47,300$

2026/27 GROSS LIABILITY

£47,300

The business received RHL in 2025/26 and is therefore eligible for supporting small business relief.

SSB will limit the increase to either £800 or the 2025/26 base liability plus the transitional limit, whichever is greatest. For this large property, the limit is 30%.

- $£14,970 \times 30\% = \textbf{£4,491}$
 - £4,491 is greater than £800
- As a public house this property will also receive:
- 15% Pub Relief = £2,919

2026/27 NET LIABILITY

£16,542

The increase is equivalent to **11%** of the 2025/26 liability.

Without SSB and Pub Relief the ratepayer would be facing a 315% increase in their annual liability.

WHY HAVE PUBS BEEN GREATLY AFFECTED?

The rateable value, in most cases, is derived from the physical size and condition of a property.

A different method is used for pubs, with the VOA estimating drink, food and accommodation sales. The VOA does not have the actual figures but assumes what could be achieved by a “reasonably efficient trader” – **Fair Maintainable Trade (FMT)**

The rateable value of pubs has increased greatly because the FMT value is comparing sales as of 1 April 2021 versus 1 April 2024.



CASE STUDY: A SHOP

The rateable value of this property has increased from £15,000 to £20,000 following the revaluation.

2025/26 ▪ Rateable Value: £15,000 ▪ Notional Charge: $£15,000 \times 49.9 = £7,485$ ▪ RHL @ 40% = £2,994	2025/26 NET LIABILITY £4,491
2026/27 ▪ Rateable Value: £20,000 ▪ Notional Charge: $£20,000 \times 38.2 = £7,640$	2026/27 GROSS LIABILITY £7,640



The business was in receipt of RHL in 2025/26 and is therefore eligible for supporting small business relief (SSB).

SSB will limit the increase to either £800 or the 2025/26 base liability plus the transitional limit, whichever is greatest. For this large property, the limit is 5%.

▪ $£4,491 \times 5\% = \textbf{£225}$ ▪ £800 is greater than £225	2026/27 NET LIABILITY £5,291
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The increase is equivalent to **18%** of the 2025/26 liability.

Without SSB the ratepayer would be facing a 70% increase in their annual liability.

CASE STUDY: AN OFFICE

The rateable value of this property has increased from £155,000 to £162,000 following the revaluation.

2025/26

- Rateable Value: **£155,000**
- Notional Charge: $£155,000 \times 55.5 = £86,025$
- Crossrail Supplement = £3,100

2025/26 NET LIABILITY

£89,125

2026/27

- Rateable Value: **£162,000**
- Notional Charge: $£162,000 \times 48.0 = £77,760$
- Crossrail Supplement* = £3,100
- Transitional Supplement = £1,620

2026/27 NET LIABILITY

£82,480

The notional chargeable amount for 2026/27 is less than the transitional limit and therefore transitional relief is not required. Ratepayers not receiving transitional relief or supporting small business relief will be subject to a transitional surcharge (1p per £1 rateable value).

*CROSSRAIL SUPPLEMENT

The Crossrail Business Rate Supplement (BRS) is a levy on larger London businesses (rateable value over £92,000) to help fund the Elizabeth Line (formerly Crossrail) railway, adding 2p per pound of rateable value to their business rates liability.



CASE STUDY: WAREHOUSE

The rateable value of this property has increased from £35,250 to £42,250 following the revaluation.

2025/26

- Rateable Value: **£35,250**
- Notional Charge: $£35,250 \times 49.9 = £17,590$

2025/26 NET LIABILITY

£17,590

2026/27

- Rateable Value: **£42,250**
- Notional Charge: $£42,250 \times 43.2 = £20,280$

2026/27 GROSS LIABILITY

£18,252

Transitional relief limits how much a bill can rise. For this large medium sized property, the limit is 15%.

The change in liability is within the threshold and therefore the ratepayer must pay a transitional supplement.

- $£42,250 \times 0.01 =$ **£422.50**

2026/27 NET LIABILITY

£18,675

The increase is equivalent to **6%** of the 2025/26 liability.



WHAT IS THE IMPACT ON BUSINESSES?

To assess the financial impact of the changes to the business rates system, it is necessary to look at different scenarios.



Most shops and other RHL-type properties will face higher charges in 2026/27 because the supporting small business relief calculation is based on a baseline that includes the 40% relief applied in 2025/26. In other words, the starting point for the calculation is significantly lower.



Properties that do not qualify for RHL or small business relief depend on transitional arrangements to phase in increases to their rateable value. If the increase falls within the transitional threshold, the amount payable in 2026/27 is likely to be lower because business rates multipliers are at their lowest level since 2010.

HOW HAS THE BUSINESS COMMUNITY RESPONDED?

Following the additional support provided to public houses and live music venues, other businesses including shops, pharmacies, hotels and music venues have also called for more help to cope with increased rates, along with MPs from all parties.

The Government has said that it is listening to those concerns but is focused on helping those most effected – pubs. Our own analysis of the revaluation shows that shops and hotels are also greatly impacted.

Perhaps there will be further changes in the form of a local discount or an adjustment to the RHL multipliers?



COMMUNICATION WITH RATEPAYERS

WEBSITE

To be updated with details of the upcoming changes and how that may affect business rates liability.



BILLS

We have redesigned the reverse of the annual demands to provide information on the new 5 multiplier system and direct ratepayers to our website for further information.



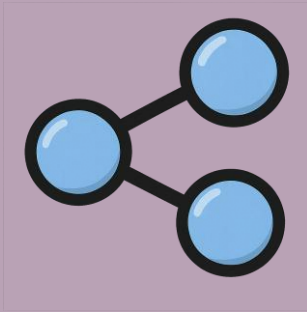
SIGNPOST

Outgoing NNDR communications will include the instruction to liaise with the Valuation Office Agency for all matters relating to the 2026 rateable value.



STAKEHOLDERS

Sharing this information with Council representatives that have contact with ratepayers will help to ensure that the correct details are provided when necessary.



BILL INSERTS

An information letter will accompany annual bills to explain in simple terms the changes to the business rates system and how that may impact liabilities.



BUSINESS RATES RETENTION

Although the business rates system will undergo significant changes in 2026/27, the funding model remains unchanged. Collected revenue continues to be shared between the billing authority, the Greater London Authority, and Central Government.



30%

LB RICHMOND



37%

GREATER LONDON AUTHORITY



33%

CENTRAL GOVERNMENT

SUMMARY

- The 2023 rating list is based on rent/revenue from April 2021 (When national/local restrictions were in place)
- The 2026 rating list is based on rent/revenue from April 2024
- 79% of our hereditaments will see their rateable value increase from 1 April 2026
- 14% increase in the total rateable value for LB Richmond – below the national and London average
- The lowest business rates multipliers since 2010 mean that not all non RHL businesses will see an increase in their annual liability.
- RHL properties will likely see an increase in their annual liability because the baseline for supporting small business relief (awarded to any ratepayer losing RHL relief) considers the 40% RHL relief award in 2025/26
- Until our software providers install the new calculations, we are unable to give an accurate estimate of the net collectable debt in 2026/27 – this is expected mid-February
- Annual billing for 2026/27 relies on the software being released in a timely manner and without errors – testing of the calculations and bill output would usually take place in January
- Ratepayers can find information on the changes on our website, bills and outgoing communications

SUMMARY

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