Business Rates: Review of Valuation Methodology for Public Houses and Hotels Call For Evidence

London Chamber of Commerce and Industry (LCCI) response to HM Treasury

16 October 2026

About London Chamber of Commerce and Industry

LCCI is the voice of London's business community, with a 12,000-strong business network of SMEs and microbusinesses, major corporations, and cultural and educational institutions. Founded in 1881 to represent London businesses and promote international trade, we support our members to drive growth and prosperity across the UK and internationally.

LCCI champions the interests of London businesses to ensure their views are reflected in policymaking at local, regional and national levels. Our wider positions are informed by extensive member engagement, research and polling, our Quarterly Economic Survey, and insights gathered through sector forums and policy committees.

Summary of recommendations

To give London's pubs and hotels a clearer basis for checking their valuations and planning premises costs, LCCI recommends four practical improvements:

- Publish the coverage of the evidence underpinning each scheme and the results of tests assessing its relevance to different markets, including London.
- Provide property-specific summaries showing how trading figures, classifications and adjustments produce the rateable value.
- Supply those summaries alongside draft valuations, with a clear route and timetable for correcting factual errors before implementation wherever practicable.
- Involve industry before schemes are settled and publish how its evidence and contributions have informed the outcome.

Why valuation matters to London businesses

London cannot be the best city in the world to do business in if it is also one of the most expensive. Businesses in the capital have absorbed rising taxes, growing regulatory burdens and higher employment costs. Pubs and hotels need room to invest, grow and hire. The valuation system should give them a reliable basis for

planning the cost of occupying premises and making long-term commitments to the capital.

Hotels accommodate international visitors and business travellers; pubs sustain local high streets and the wider leisure economy. Investment in these businesses supports employment and suppliers beyond London. The capital competes with other global cities for investment and visitor spending, making the continued viability of its hospitality businesses a national economic interest.

The call for evidence identifies around 3,400 pubs and 1,500 hotels in London, with the highest regional median rateable values for both sectors: £57,000 for pubs and £247,000 for hotels. These are estimates of property rental value, rather than business rates bills, but they underline the financial significance of valuation decisions for London premises. A national scheme must account for the capital's varied property and trading conditions.

Wider business rates reform should support high street growth, with a higher-rate threshold that fairly reflects London's property values. Within this review's remit, valuations must accurately reflect rental value, give businesses a calculation they can follow and check before implementation, and draw on meaningful industry input.

Evidence that reflects London markets

The Valuation Office should publish an account of the evidence underpinning each scheme, its coverage of relevant markets and the checks used to validate the results. Rental evidence linked to trading receipts for pubs, and detailed receipts and expenditure analysis for hotels, provide relevant starting points. Their reliability depends on how well the evidence represents the premises to which the schemes are applied.

The call for evidence describes around 2,000 relevant pub rents and approximately 300 hotel accounts. The important issue is their composition and relevance. For each scheme, the Valuation Office should publish anonymised information on the distribution of evidence by location, property size, service level, operating model and income mix, together with the reasons for material exclusions or adjustments. It should explain how less well represented segments are tested and how the evidence is refreshed between revaluations.

The published analysis should distinguish central and outer London and materially different local markets, explaining how the evidence supports the categories and geographical bands used. A London-wide result alone would not show whether those distinctions are adequately represented. A neighbourhood pub, a city-centre venue and a pub with substantial accommodation trade need evidence relevant to their trading potential. For hotels, the analysis should distinguish service levels and the contribution of accommodation, food, conferences and other income. Ownership,

management and franchise arrangements should be considered where they affect the interpretation of the evidence.

For pubs, additional evidence should include relevant lease terms and the relationship between rents and the associated income streams. Where tied arrangements cannot provide a dependable rental comparison, the explanation should identify the adjustment problem and how the remaining evidence represents the premises being valued. Broad categories and geographical bands should be tested for material differences within them and at their boundaries.

For hotels, the review should test how effectively the cost and income-mix assumptions derived from the receipts and expenditure sample translate into the scheme's categories and percentages, including whether materially different cost structures are adequately reflected in London markets. Any additional information requests should use existing accounts where possible, be proportionate to the benefit and avoid duplicating returns, particularly for smaller operators.

The Valuation Office should publish the results of these tests alongside the scheme, including the treatment of atypical trading periods and adjustments from actual receipts to sustainable trading potential. Publication should draw on information already held wherever possible, using aggregation and anonymisation to protect commercial confidentiality. Businesses should still be able to assess whether the evidence is relevant to their premises and understand how it supports the valuation.

Clear information for each property

For premises valued under the trading-based schemes, each ratepayer should receive a property-specific summary showing how the adopted trading figures, classifications, percentages and adjustments produce the rateable value. Where another method applies, the summary should explain its basis and calculation. For trading-based valuations, the summary should identify the valuation date, the trading periods used, the adopted Fair Maintainable Trade, the relevant category and location treatment, and the percentage or range applied to each income stream. For hotels, it should also show the room or double bed unit measure and service classification where these affect the calculation.

Where adopted trade differs materially from the figures supplied by the business, the summary should show what changed, by how much and why. It should explain assumptions about a reasonably efficient operator, exceptional trading and any treatment of brand, management, loyalty arrangements or other operator-specific factors, distinguishing these from trading potential reasonably attributable to the property.

The summary should also explain placement within a valuation range, relevant adjustments for the premises, and the principal reasons for a material change from

the previous valuation. The call for evidence describes the pandemic-related adjustments underlying the 2023 list. Explaining that context is useful, but a ratepayer also needs to understand the particular change to its own property. A large movement should trigger an explanation of the main drivers and confirmation that the valuation has passed the appropriate assurance checks.

Anonymised benchmarks and worked examples should accompany the scheme guidance, with examples covering London premises and businesses combining several income streams. Using existing systems wherever possible, a secure property record should bring together the summary, underlying business data, explanations and contact route. Access should be available to the liable ratepayer and its authorised adviser, with safeguards for commercially sensitive information.

This information should allow an operator to check whether the premises and trading figures have been recorded correctly, identify the assumptions requiring explanation and decide whether specialist advice is warranted.

Earlier summaries and factual corrections

Summary valuations should accompany draft rateable values, with direct notification that the assessment and calculation are available. Businesses could then check trading figures and assumptions, and report factual errors before implementation, without making a separate request for the calculation.

The Valuation Office should provide a clear route for reporting factual errors, with published response times, acknowledgement of receipt and an explanation of the outcome. Errors reported within the published timetable should be resolved before the new list takes effect wherever practicable. Any outstanding correction needs a status update and a clear next step for the ratepayer. This route must distinguish factual corrections from disputes about valuation judgement and preserve formal challenge rights.

Direct notification should use registered contact details, provide an alternative for businesses unable to access the digital service and accommodate changes of occupier. The review should assign responsibilities and explain how earlier disclosure and correction fit the revaluation timetable.

Industry engagement that improves the schemes

The Valuation Office should involve industry in testing evidence coverage, classifications and proposed assumptions while there is still scope to change the schemes. A published timetable would identify when contributions can influence those decisions and when participants can expect a response, supported by terms of reference and clear questions for consultation.

Participation should include independent operators, groups, the owners, tenants or franchisees bearing the liability, and rating professionals, with London premises represented across central and outer London, property sizes and service levels. Smaller pub and hotel businesses should be able to influence the schemes through their representative bodies without diverting limited time and resources into maintaining a permanent specialist presence.

Participants should receive anonymised evidence and proposed assumptions early enough to test them. The Valuation Office should publish a proportionate account of the evidence considered, changes made following industry input, and material disagreements together with its response. This record needs to distinguish agreed elements from those that remain the Valuation Office's judgement, explaining the reasons where agreement cannot be reached.

The pub and hotel processes should retain the sector expertise needed for their different evidence bases. Where premises combine pub, restaurant and accommodation activity, those processes should also provide a means of testing consistency across the relevant schemes. Engagement should help resolve the treatment of these businesses before individual ratepayers encounter unexplained differences.

LCCI would welcome further engagement with the independent reviewer on the application of these proposals to London premises. HM Treasury should publish its response to the review, identifying the recommendations it accepts, the organisations responsible for delivery and the timetable for implementation at the next revaluation.