Terms of Reference – pubs and hotels valuation methodology Review

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1. Background

The Government has commissioned a Review of the methodologies used by the HMRC Valuation Office to value public houses and hotels for the purpose of determining their Rateable Values, a key determinant of business rates liability. The Financial Secretary has appointed Jerry Schurder to lead the Review.

Following the release of draft valuations for the 2026 business rates revaluation, ratepayers and sector representatives raised concerns with the methodologies used to value pubs and hotels and their outcomes for individual properties.

On 27 January 2026 the Government announced it would review how pubs and hotels are valued for business rates to ensure these valuations accurately reflect the markets for these sectors and to ensure the communication and presentation of valuations was a clear as possible for businesses.

2. Objectives and scope

The review will consider how the current methodologies for valuing pubs and hotels reflect the considerations relevant to the hypothetical landlord and tenant necessary to determine rateable values, and the extent to which the methods and outcomes are transparent and explained clearly and intelligibly to ratepayers.

This should include an evaluation of:

- whether the current methods remain appropriate for determining an annual rental value, taking into account all available market considerations;
- the evidential basis for the valuations, including the collection, evaluation, and use made of data;
- the application of the valuation methods by the HMRC Valuation Office, including any difference(s) between the methodology in theory and in practice;
- the way in which these are communicated to ratepayers and their representatives to support the transparency of valuations and the resolution of disputes, considering the wider HMRC Valuation Office transparency initiatives and the Government's proposed changes to the Check, Challenge, Appeal process;

Where appropriate, the Review should take account of the Government's response to feedback on the impact of the Receipts and Expenditure methodology following its November 2025 Call for Evidence on Business Rates and Investment.

The Review should make findings with a view to any recommendations being implemented for the next revaluation, should the government decide to adopt them. Any changes will not affect current rateable values (those based on an antecedent valuation date of 1 April 2024 and effective from 1 April 2026).

The Review will not consider policy issues related to the setting of multipliers or reliefs.

3. Timing and recommendations

The Review will commence on 24 August Month 2026 and the Reviewer will present their final recommendations to the Financial Secretary to the Treasury by the end of 2026/27 fiscal year.

The Review's findings and recommendations will be published in a report. The timing will be agreed with the Exchequer Secretary.

The government will consider the Review and implement recommendations as appropriate for the 2029 revaluation, working with the HMRC Valuation Office to ensure timelines are adjusted as necessary to implement recommendations.

4. Structure and engagement

The Review will be supported by a small team of HM Treasury officials.

The Reviewer should put in place arrangements to ensure expert input into the Review, and to engage and consult broadly with ratepayer and industry representatives and other relevant stakeholders.

The Reviewer is expected to draw on information and analysis provided by the HMRC Valuation Office during the review process, and should consider how to ensure all relevant material is also provided by ratepayers and their representatives. Additional processes will be required to allow/encourage ratepayers and their representatives to provide confidential information.

The HMRC Valuation Office must make all efforts to support the Review team's work by providing it with access to all requested information where appropriate, taking steps to ensure compliance with the Commissioners for Revenue and Customs Act 2005. No confidential ratepayer information will be disclosed without the permission of the ratepayer. The Review will put in place procedures to ensure the protection of any confidential material it receives.

Where engagement raises policy issues that fall outside the scope of the Review, points made to the Reviewer will be shared with the relevant HMT policy team, highlighting the wider context in which these policy issues have been raised.