

Sir James Cleverly MP

Shadow Secretary of State for Housing, Communities and Local Government

Member of Parliament for Braintree

Andrew Griffith MP

Shadow Secretary of State for Business and Trade

Member of Parliament for Arundel and South Downs

James Wild MP

Shadow Exchequer Secretary to the Treasury

Member of Parliament for North West Norfolk

House of Commons

(via email)

10 February 2026

Dear Sir James, Mr Griffith, and Mr Wild,

Thank you for your letter of 8 January 2026 about the changes to business rates announced in the Budget of 26 November 2025.

Your letter focused on the claim that the “tax rates” for business rates for Retail, Hospitality and Leisure (RHL) business properties are at their lowest since 1991. You cite several sources where this is quoted and argue that the claim is misleading for several reasons, which we evaluate in this letter.

First, you highlight that there are two components to business rates: the multiplier and the Rateable Value of the property. Comments about the tax rates in the documents and statements you shared only reference the former and not the two taken together; and the increase in rateable value means an increase in the amount of tax due for many businesses. Our assessment is that it is correct to assert that while the new multiplier rates are lower (and in some cases the lowest since 1991) in 2026/27 compared to 2025/26, business rates overall are likely to rise for many RHL businesses because of Rateable Values owing to the revaluations of 2024 due to come in from April 2026. Our conclusion is that to support public understanding, statements should have been clearer as to whether they referred to changes to the tax rates (i.e. multiplier) specifically or the changes to business rates more broadly, as the tax paid as a result of the latter might increase despite the reduction of the multiplier.

Second, you argue that the comparison to 1991 only applies to one of the new business rates announced in the Budget speech. We have confirmed that it is only

the new RHL multiplier for small businesses that sees its lowest tax rates since 1991. While the other RHL multipliers (including the new rate for higher value premises above £500,000) will fall from 2025-26 to 2026-27, it is not to the lowest level since 1991 for these other RHL categories. The Chancellor of the Exchequer's speech¹ you cited also referenced "lower tax rates for over 750,000 retail, hospitality and leisure properties—the lowest rates since 1991". It is our understanding that the 750,000 figure refers to all RHL properties, who will see tax rates fall but not necessarily to the lowest levels since 1991.

Thirdly, you argue that it was necessary to factor in other changes made in the policy area, in particular (but not limited to) the reduction and subsequently planned abolition of the RHL Rate Relief that had been introduced by the previous Conservative Government. It is true that these changes may increase the tax paid by businesses.

Fourthly, you mention that a new surcharge is being applied to higher value premises with Rateable Values above £500,000, which you argue is hitting twice as many retail premises than the online warehouses this was supposedly meant for. We agree it would have been beneficial for involved Departments to present this fuller context proactively among their suite of post-Budget information to support understanding.

Finally, you cite the reference to tax rates made in the HM Treasury Retail, Hospitality and Leisure Factsheet². While the factsheet mentions a tax cut, our assessment is that the factsheet does a good job of setting out the changes to business rates in their fullest context. This includes an acknowledgement that "this fall in the tax rate isn't big enough to offset the impact of new post-COVID valuations, plus the ending of the temporary relief that many pubs and other RHL businesses benefit from that has been winding down since COVID." It also uses worked examples to illustrate that, while some of its "big protections" like the "Transitional Relief" you cite cap losses, they do not eliminate them. Overall, it is our view that this is an example of good statistical communication.

Taking these examples together, we agree that there were opportunities for improvements to be made to support understanding of the data and avoid the potential for people to be misled.

It is welcome that the Treasury factsheet has provided a good level of detail on the impact of all changes to business rates. It would have better supported public understanding if Ministers had been just as clear that although they have cut tax rates, they have also introduced substantial transitional measures to support businesses who would otherwise be liable to pay, in the Government's own words, "big increases" in tax as a result of the abolition of the RHL relief.

¹ [Financial Statement and Budget Report](#), Hansard, 26 November 2025

² [Budget 2025: Retail, Hospitality and Leisure Factsheet](#), HM Treasury, updated 30 January 2026

We have passed on our findings to HM Treasury and the Ministry of Housing, Communities and Local Government to ensure our expectations for transparent communication are met in future announcements involving statistics.

Thank you again for raising this matter with us.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Penny Young".

Penny Young
Deputy Chair