

# **Correspondence from Cabinet Secretary for Finance and Local Government, 17 February 2026**

Dear Ariane,

Further to my attendance at the Local Government, Housing and Planning Committee on 27 January 2026 to provide evidence for the Budget Scrutiny 2026-27, I agreed to follow up with further information on the following points:

- Link to a recently published assessment of all rateable value changes;
- Assessment of rates increases broken down by property type - hospitality, retail and leisure; and
- Details of budget allocation to the nature restoration fund for local authorities.

Please find link to the assessment of all rateable value changes below:

- [Non-domestic rates revaluation 2026: draft valuation roll statistics - gov.scot](#)

I also attach Annexes to this letter in response to providing an overview of the Non-Domestic Rates Revaluation, including confirmation of the enhanced Non-Domestic Rates support outlined at Stage 1 of the Budget Bill on 12 February 2026; and to provide an update on the Nature Restoration Fund.

I hope the Committee finds these responses helpful to inform their ongoing deliberations.

Yours sincerely,

**Shona Robison**

## Annexe A: Overview of the Non-Domestic Revaluation

The Non-Domestic Rates Revaluation process is administered by Scottish Assessors, who operate independently of Scottish and Local Government.

It should also be acknowledged that the decision to introduce three-yearly revaluations in the Non-Domestic Rates (Scotland) Act 2020 was universally welcomed by the business community and received cross-party support in the Scottish Parliament. Evidence submitted to the then Local Government and Communities Committee as part of the Non-Domestic Rates (Scotland) Bill process highlights the extent of that support and some quotes from that evidence are provided in Annex B.

Scottish Assessors are accountable to local valuation boards and, professionally, through the Royal Institution of Chartered Surveyors. They follow applicable statute and case law in making their decisions on property valuations using available information. Scottish Ministers have no role in setting rateable values.

The rateable value of a property is generally based on its estimated open market rental value on a specific date (the “tone date”).

By design, it is normal that rateable values will change over time and with the previous tone date being at the tail end of the COVID pandemic and during a period of exceptional inflation, it is understandable that aggregate rateable values will have increased between the 2023 Revaluation and the 2026 Revaluation.

It is unfortunate that in recent weeks, the professional integrity of those independent assessors has been called into question by some stakeholders including in the chamber. The Scottish Government are grateful to assessors for the work that they have done in delivering, for the second time, the UK’s only one-year tone date.

Where ratepayers or their representatives have evidence to support a different valuation, the Scottish Parliament has introduced the appropriate checks and balances through the representation process (before revaluation) and a statutory proposal and appeals process (after revaluation). Where that evidence merits a change in rateable value, Scottish Ministers have confidence that any changes will be administered professionally and efficiently in accordance with that statutory framework.

Statistics providing analysis of the draft valuation roll were published on the Scottish Government website on 13 January 2026 and, in response to user feedback, were further updated on 11 February to include a breakdown of changes by council area and property class.

Those statistics indicate that total rateable value in Scotland is expected to increase by 12.2% at the 2026 Revaluation. For purposes of comparison, according to statistics published by the Valuation Office Agency, the total rateable value in England (local list) will increase by 19%. The table below provides a summary of the changes in rateable value between England and Scotland for specific property types.

Property type	Change in England	Change in Scotland
Shops / Retail sector	10%	6%
Industrial	21%	13%
Offices	14%	5%
Hotels	78%	28%
Self-catering	23%	88%
Public houses	30%	15%

Property type (Scotland)	Change in Scotland	Comparable property type (England)	Change in England
Shops (class)	6%	Shops (sub-sector)	10%
Industrial subjects (class)	13%	Industry (sector)	21%
Offices (class)	5%	Offices (sector)	14%
Hotels (class)	28%	Hotels, Guest & Boarding, Self Catering etc (sub-sector)	78%
Self-catering (core)	88%	Holiday Homes Self Catering (special category)	23%
Public house (core)	15%	Public Houses / Pub Restaurants (special category)	30%

It is not possible to intuit the extent to which these comparisons reflect genuine differences in rental growth or are simply the consequence of different tone dates between Scotland and England and Wales. However, the differential growth rates have material implications for the liabilities of non-domestic properties in Scotland relative to England and subsequently merit a different policy response.

For example, an otherwise identical hotel with a rateable value of £100,000 in both England and Scotland at the 2023 Revaluation would, on average, expect to have a rateable value of £178,000 and £128,000 respectively following the 2026 Revaluation. In this hypothetical example, and ignoring the impact of transitional and other reliefs, an illustrative 2026-27 tax rate of 50p in Scotland would result in the same rates liability as a 36p tax rate in England despite being 39% higher.

Similarly, an average public house with a rateable value of £50,000 in 2023 would expect a 2026 value of £65,000 in England contrast with £57,500 in Scotland. In this scenario, an illustrative 50p rate in Scotland would deliver the same rates liability as a 44p rate in England.

There are approximately 260,000 properties in Scotland on the valuation roll as at 30 November 2025, each with their own unique circumstances. It is therefore not feasible to provide systematic examples to directly compare policy interventions on a like-with-like basis, but equally for most ratepayers, comparisons with England are perhaps less relevant than comparisons of liabilities over time.

In that context, despite an increase in the number of properties on the valuation roll and the 12% expected growth in total rateable value, following the extended relief announced at Stage 1 of the Budget Bill, the Budget ensures the estimated revenues raised from Non-Domestic Rates in 2026-27 will be 7% lower in real terms measured by the Consumer Price Index than pre-COVID.

It is recognised that the 12% growth in rateable value at the revaluation may not accurately reflect the revaluation experience for every ratepayer. That is why the Budget delivers more than £180 million of support through transitional relief schemes over the next three years to ensure that any ratepayers facing increased liabilities do so in a phased manner, including targeted transitional support for self-catering properties.

The Budget also maintains the UK's most generous small business rates relief and, alongside an independent review of the valuation methodology for hospitality premises, delivers support to around 96% of properties in the retail, hospitality and leisure sectors. This includes the enhanced support confirmed at Stage 1 of the Budget Bill, deploying in full the consequentials received from the UK Government to provide an additional 25% relief for eligible licensed hospitality and music venues liable for the Basic and Intermediate Property Rates, taking total relief support to those properties to 40% for the next three years, capped at £110,000 per ratepayer.

It is acknowledged that the Non-Domestic Rates system is complex and it is evident that comparisons of tax rates and reliefs between Scotland and England without reference to differential rateable value growth between the nations are likely to be extremely misleading. However, the purpose of the revaluation is to ensure that the system remains fair and reflects contemporary economic evidence. Three-yearly revaluations in Scotland, with the UK's only one-year tone date, ensure that is the case.

## **Annexe B: Extracts from evidence submitted to the Local Government and Communities committee (Session 5) for the Non-Domestic Rates (Scotland) Bill**

### **[ARCHIVED CONTENT] Submissions Received on the Non-Domestic Rates (Scotland) Bill - Parliamentary Business : Scottish Parliament**

- “SRC [Scottish Retail Consortium] has been in the vanguard of advocating more frequent commercial property revaluations and a reduction in the period between the valuation date and the rating list starting. It is heartening that this is being enshrined in legislation through the Bill.”
- “SCDI [Scottish Council for Development and Industry] strongly supports the move to more frequent revaluations. The replacement of the existing five-year revaluation cycle with a three-year revaluation cycle will address concerns that the rateable values of some properties are archaic. Non-Domestic Rates will be more reflective of, and responsive to, up-to-date market and business conditions. More frequent revaluations will be particularly beneficial for retail and hospitality businesses.”
- “FSB [The Federation of Small Businesses] broadly supports the Bill, especially the switch to a more frequent revaluation cycle.”
- “We have consistently suggested that three-year valuations should be introduced with the reduction to a one-year Tone Date. This is a positive move and one which the STA [Scottish Tourism Alliance] had pressed for throughout our campaigning process.”
- Chartered Institute of Taxation: “we think that moving to three yearly revaluations could improve the fairness of the system”
- “CBI Scotland supports the NDR Bill overall as it brings in more frequent revaluations to better reflect market conditions and continues reforms of the business rates system following the conclusion of the Barclay Review.”
- “The Scottish Beer and Pub Association supports the move to a 3 years cycle, we believe this will ensure rates are more in line with market conditions and provided added certainty for ratepayers.”
- “As part of the consortium of Hospitality Industry bodies, including Hospitality UK (Scotland) and the Scottish Tourism Alliance, the Scottish Licensed Trade Association welcomed many of the recommendations in the Barclay Review Report when it was first released including:- the introduction of a Business Growth Accelerator; to reduce unfair rates competition with hospitality businesses from universities and other public sector services; reduce valuation intervals to three years based on a Tone Date the previous year, to name but a few of the recommendations we supported.”

- The Royal Institute for Chartered Surveyors said: “having made the decision to introduce a three cycle, we would expect a firm commitment from the Government to the three yearly policy.”

## Annexe C: Update on the Nature Restoration Fund

The Nature Restoration Fund (NRF) has been instrumental in accelerating nature restoration and is one of the key delivery mechanisms for the Scottish Biodiversity Strategy. Since its establishment in 2021 the NRF has funded more than 800 projects and unlocked at least £7.1 million in match funding and in-kind contributions for organisations.

There have been two main strands to the NRF:

- A competitive strand administered by NatureScot;
- The Edinburgh Process strand which provides direct funding for nature restoration activities to Local Authorities, the National Park Authorities and other trusted delivery bodies.

We maintain our £26 million commitment to Nature Restoration to deliver our Scottish Biodiversity Strategy and our aim of halting biodiversity loss and being nature positive by 2030. The Programme for Government commits to extending the Nature Restoration Fund in 2026-27 to enable funding of a further round of multi-year projects to help deliver the priorities set out in our Biodiversity Strategy.

Final decisions on the programme of work in the coming year for both strands have yet to be finalised and are therefore not included in the Local Government Settlement. Final decisions on the funding will be determined in due course and the funding to local authorities will be confirmed in-year, as has been the case in previous years.