

ECONOMIC ASSESSMENT OF A 2026 BAN ON PROFESSIONAL USE OF PEAT

METHODOLOGY NOTE

On behalf of the Horticultural Trade Association (HTA), Oxford Economics' study looked at the potential economic implications of imposing a ban on peat use in professional ornamental horticulture by the end of 2026. We did this by taking the baseline economic impact of the ornamental horticulture and landscaping industry (the industry) in 2019 and applying estimates around what would happen to turnover and costs for businesses across the industry in the event of such a ban. These estimates were created by HTA based on survey evidence they had collected from industry participants, as well as YouGov survey data on the size and structure of the garden retail market and garden centre retail data. The baseline economic impact figures, to which these estimates were applied, were taken from an economic impact assessment of the industry in 2019, undertaken by Oxford Economics and published in 2021

This economic impact of the industry under ban conditions was compared to the original baseline economic impact. The difference in economic impact between these two scenarios can be explained as the expected impact of the regulatory change. All impacts are presented in 2022 prices.

It is important to note that the economic impacts of the two scenarios are based on the size and structure of the ornamental horticulture and landscaping industry in 2019, which is the latest iteration of the model available. The results of the analysis could substantially vary if a forward-looking approach had been implemented, whereby the baseline economic impact of the industry was forecast out to 2027 based on expected growth, accounting for industry trends. Equally though, the economic model on which the assessment is based should be free from any distortions in market conditions resulting from the Covid-19 pandemic, which saw an increase in garden spending by consumers.

In the below, we provide details on the two analysed scenarios.

BASELINE SCENARIO

In 2020/21, Oxford Economics undertook an economic impact assessment of the UK Ornamental Horticulture and Landscaping industry on behalf of the HTA. As part of this study, Oxford Economics assessed the economic impact supported by the industry in 2019 and the potential impact the industry could support up to 2030 under a number of different scenarios. Oxford Economics' assessment of the UK Ornamental Horticulture and Landscaping involved quantifying the following channels of economic impact:

- **Direct**, which refers to the economic impact generated by the UK Ornamental Horticulture and Landscaping industry through the on-site operations of the businesses across the industry;
- **Indirect**, which relates to the economic impact supported by the UK Ornamental Horticulture and Landscaping industry along its supply chain through spending with suppliers of goods and services;
- **Induced**, which consists of the economic activity supported by UK Ornamental Horticulture and Landscaping industry as it pays wages to its employees and supports wage payments along the supply chain.

The economic impact supported by the UK Ornamental Horticulture and Landscaping industry was measured in terms of gross value added contributions to UK GDP, number of jobs across the UK, and tax payments to the UK government.

“2026 BAN ON PROFESSIONAL USE OF PEAT” SCENARIO

To understand the impact of a ban on peat use in professional ornamental horticulture by the end of 2026, we have relied on the results of two surveys and other market research shared by HTA:

- A survey of ornamentals growers, corresponding to the “ornamental plants” segment the UK Ornamental Horticulture and Landscaping industry as defined in Oxford Economics’ previous study, which assesses that a fall in output value of **11.8%** would occur in the year after a ban
- A survey of garden centres, corresponding to a sub-component the “retail” segment the UK Ornamental Horticulture and Landscaping industry as defined in Oxford Economics’ previous study, which assesses that a fall in retail sales value of plants of just over **46%** would occur in the year after a ban.
- A YouGov survey of GB adults which assesses the ‘share’ of consumer spending on plants and trees that is accounted for by garden centres and other types of retailer.
- A linked-sales assessment of garden centre retail data which assesses the extent to which sales of items such as plant pots depend on the volume of sales of garden plants and concludes that fall in retail revenues as a result of the ban would be equal to **12.1%** of the (pre-ban) value of plant sales in the UK

From the surveys and data, HTA derived an informed estimate of the expected impact of the regulatory change in terms of % change in turnover and costs for businesses across the “ornamental plants” and “retail” segments of the industry. HTA provided Oxford Economics with the full anonymised data sets from the grower and retailer surveys, access to the questionnaires used, and a full explanation of the sampling and methodology used. HTA also listed the assumptions made where quantitative data was not available, and detailed the reasoning behind these assumptions. HTA shared the cross-tabulated data from the YouGov survey as well as their workings from this data, and the full workings used in their linked-sales assessment. After having reviewed and validated the data, workings and assumptions provided by HTA, we applied these estimates to understand the relative impact of the ban introduction as compared to the baseline economic impact scenario. A brief description of HTA’s assessments is provided below.

Impact on UK plant growers

For UK ornamentals growers, HTA assessed that a potential peat ban would have implications for both the costs involved in the production of plants, and the sales of those plants. The two assessments below were based on a survey of growers which HTA undertook.

- **Production Costs** – the phasing out of peat would cause an increase in the spending that growers are required to make on growing media. Based on responses to its survey of growers, HTA assesses that these costs would jump by 33% from 3.1% to 4.1% of the value of plant sales.
- **Revenues** – Based on the same survey, HTA assesses that, on average, the value of total output of the growers would fall by 11.8% as a result of a ban in 2026.

Impact on UK retailers

For UK retailers, HTA assessed that a 2026 peat ban would cause a drop in the value of sales for two types of products; sales of plants, and sales of plant-linked products. This is based on a combination of HTA’s survey of retailers, YouGov’s survey on shares of plant sales by type of retailer (garden centres, DIY stores, supermarkets, and other channels), and assessments of sales impacts for these

retailer types, which were provided by HTA, based on surveys they undertook of retailers in the industry and analysis of transactional retail data from garden centres.

- Sales of plants – Based on the survey responses provided to them, HTA assesses that in the event of a 2026 peat ban, plant sales would drop by just over 46%.
- Sales of plant linked goods – HTA assesses that a 2026 peat ban would result in a fall in the value of plant-linked goods (outdoor containers, growing media, and chemicals and feeds). The fall in retail revenues as a result of this is assessed to be equal to 12.1% of the (pre-ban) value of plant sales in the UK. This assessment was based on HTA’s Garden Retail Monitor (GRM) system, which is based on garden centres’ retail data on transactions which contained both plants and other related products.

CONCLUSIONS ON ECONOMIC IMPACT

The following table summarises Oxford Economics’ assessment of the economic impact of a 2026 ban on the professional use of peat in ornamental horticulture.

Table to show the impact of a 2026 ban on peat use in UK professional horticulture on the UK horticulture and landscaping industry in 2027 (in 2022 prices)				
Indicator	2027 Direct	2027 Indirect	2027 Induced	2027 Total
GVA (£m)	- 310 -	- 84 -	- 146 -	- 541
Employment (Number of jobs)	- 8,893 -	- 1,287 -	- 1,916 -	- 12,096
Taxes (£m)	- 66 -	- 18 -	- 40 -	- 124

Our assessment is limited to the economic impact on the UK economy in the year immediately following a 2026 ban, and does not quantify any ongoing economic impacts relative to the baseline for subsequent years. This means that any potential economic impacts of the ban in 2028 and beyond are not included in this assessment.

The economic impacts presented here reflect HTA’s assessment of potential changes to the costs and revenues for UK plant growers and retailers, as specified above. Therefore, they exclude any other impacts which may result from variables not listed in our methodology. For example, any potential increase in the consumption of inputs such as water or nutrients associated with a 2026 ban is not captured in our analysis. Whilst the HTA’s survey results list these and other consequences from a ban on peat use, we have not modelled their impact as the available data cannot be quantified in economic terms.

Further data has been provided by Oxford Economics in Excel format to the HTA to support this assessment.

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