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Dear Chancellor,

### **Budget 2023: HTA/UK Environmental Horticulture Submission**

I write to you on behalf of the Horticultural Trades Association (HTA) and its members representing around 1400 businesses across the entire supply chain of the UK's environmental horticulture industry.

The horticulture and gardening sector is the original 'green industry'. We make a hugely positive difference to communities up and down the country providing employment, boosting health and well-being, actively enhancing the environment and delivering on net-zero and sustainability goals. Approximately 95% of the sector are SMEs, many are family-owned businesses and have been passed down to the next generation over many decades. We welcome government acknowledgement of the importance of SMEs, and the businesses that make up environmental horticulture in the UK:

- Employ 674,200 people in sector and wider supported jobs
- Contribute £28.8 billion in GDP
- Generate £6.3 billion in tax revenue
- Are vital to delivering 7 of the 10 aims of the Environmental Improvement Plan and critical to achieving net-zero
- Provide substantive physical and mental health benefits

We recognise the challenging economic climate and context of this Budget. Therefore, we seek realistic targeted investment and an achievable reduction of red tape, which would help unlock some inhibitors to sector growth and deliver benefits to the wider UK economy and environment.

**The Horticultural  
Trades Association**  
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We are one of few sectors where weather and climate impact our entire supply chain – for example growers and retailers. Therefore, understanding and support to ensure a sustainable future in evermore volatile conditions is necessary. This year has delivered the wettest March in 30 years, the warmest June since records began and a July with very little sunshine. In August, overall garden centre sales were up +3% in comparison to August 2022, but down -5% in comparison to August 2021. Garden/Gardening category sales were down -5% on August 2022 and -11% compared with August 2021, as wet weather continued to lower demand for outdoor leisure categories. August's Consumer Confidence Index recovered +5 points. However, as consumers grapple with the ongoing cost-of-living crisis, they've become savvier shoppers, seeking savings amid rising expenses.

I also enclose our new *Value of Plants* research documents, which references and evidences the economic value of our sector, what we grow and how we can provide solutions to many of the challenges that the UK faces. We include asks for action on procurement and for example, the delivery of an Office for Green Spaces, but recognise the scope of this Autumn Budget is limited. However, we would be pleased to provide more detail on our wider asks.

For this Budget, we seek your government's urgent action on:

1. **Resourcing and delivering borders and trade changes – a smooth imports process is critical to our industry**
2. **Supported and sustainable transition to peat-free growing media for UK horticulture**
3. **Reducing regulatory and financial burdens on SMEs**
4. **Urgent action on the escalating level and impact of retail crime**
5. **Increase accessibility to apprenticeship levy funds and action on skills**

#### **Borders and Trade – a smooth imports process is critical to our industry**

The Border Target Operating Model (BTOM) and Windsor Framework published by government have set out how we will trade in the near future. 96% of UK growers rely on imports of plant products for their operations – often young propagating material from the Netherlands. Whilst we seek the government to fully resource and pursue all avenues to deliver Phytosanitary (SPS) agreement with the EU, we ask for **further time through postponement of the shift to Border Control Posts in April 2024 or a genuine soft launch to ensure full preparation for change and the trialling of the Authorised Operator Status**. This activity, alongside a full-scale transition support process, will increase business preparedness, SME resilience and allow adequate time to improve the readiness of BCPs to handle the diverse range of imports received by the horticultural sector from the EU. Control Point designation processes must be streamlined with



accurate cost comparison calculations between BCPs and CPs made available to businesses. **We therefore ask that readiness funding is provided to impacted horticultural businesses so that they are prepared for the April 2024 date for checks to commence.** April will be start of peak season for our sector, and therefore heightened risk if we see delays resulting in damaged or lost goods.

Furthermore, we ask that you ensure all border systems, infrastructure and government agencies are **sufficiently resourced** so that no business activity suffers as a consequence. For example, the CITES permit processes has had a significant impact on our sector due to lack of investment and prioritisation, leading to lost goods and trade. We ask that investment of personnel and issue prioritisation is made into this area immediately to encourage UK businesses to increase their overseas trade and competitiveness.

#### **Supported and sustainable transition to a peat-free**

The UK horticulture industry has reduced its peat-use drastically and to record low-levels. This has been based on a '2030' policy, and with huge time and financial investment from the sector. Despite us presenting independent evidence proving that a sooner peat ban will cost the production of up to 100 million UK plants and trees, up to 12,000 jobs and £124 million decline in tax revenues, Defra continue to pursue this policy. **The HTA is calling for the ban on peat-use by professional growers to return to the agreed 2030 date** (we accept and are successfully on track for 2024 for bagged growing media at retail to consumers). We ask the government to urgently and comprehensively review the impact of the early ban and offer matched support funding for SMEs to trial and grow in new peat-free mixes. These smaller, independent growers will be hit hardest by the current lack of peat-free resources – developing supply chains is essential. We ask for government to increase R&D support, and also deliver on transition grants and a comprehensive advice and support for SMEs and consumers to deliver success.

#### **Reduce the mounting regulatory and financial burdens on SMEs**

**As outlined by the government at the Conservative Party Conference 2023, we seek urgent delivery on the government commitment of action on regulatory and financial burdens on SMEs.** We have a number of recommendations where action would deliver a real change on businesses ability to invest and grow:

- **Exemption from Biodiversity Net Gain regulations for Protected Horticulture** to ensure no businesses are unable to increase their growing capacity (to grow products that deliver on environmental ambitions) because of the need to add additional BNG requirements. We believe this is both a perverse and unintended consequence of the regulation.
- **Awareness and monitoring of the impact of April National Living Wage increases in a period of escalating costs – risking employment and investment levels.** Modelling from HTA's 2022 financial benchmarking survey shows that,

assuming turnover stayed flat (which could be a challenge given current weather & sales performance this year so far), should garden centres' wage bills increase by 5%, then their bottom line is reduced by 11%. Should the wage bill increase by 10%, profit declines by 23%. This is without any increase in the cost of energy/utilities and cost of goods sold. Should growers' wage bills increase by 5%, their bottom line is reduced by 12%; and if their wage bill increases by 10% their net profit is slashed by 24%. Whilst we understand and support the need for fair wages, it would be an unwelcome side-effect if increases had the effect of reducing the number of people a business could afford to employ.

- **Avoid any April cliff-edge on business rates reliefs** by ensuring a longer-term rates relief for retail, hospitality and leisure industry, which garden centres fall under. The archaic requirement for rates to rise with inflation annually, and the way the rates system works, has seen the multiplier increase by 50% since 1990. As things stand, our businesses face an expected £400m rise in rates bills in April 2024, based on this September's CPI. We welcomed your action last Autumn on business rates which made a tangible difference to our members. We ask you to go further at this budget.
- Sustained action to support action on **water** and industry investment in measures to increase water resilience and energy efficiency. Lowering the investment thresholds required to access grants for water capture technology would allow more businesses to reduce their reliance on the national water supply. Smaller growers need the investment support – which will not only provide an economic return over relatively few years, but a priceless environmental return on investment.

### **Urgent action on the escalating level and impacts of retail crime**

In 2022, the HTA estimated £16 million worth of garden centre turnover had been lost to retail crime over the last 12 months. Over 70% of garden centres reported crime as an issue. We seek action and government response to the joint call across retail – including by HTA and BRC - to protect retail businesses and ensure that they can remain competitive, an extra provision for police responses to incidents of theft must be made available at your earliest opportunity, as well as action on the severity of the crime of assault on retail staff.

### **Increase accessibility to apprenticeship levy funds and action on skills**

We seek wider reform the Apprenticeship Levy to ensure its funds can be accessed by a wider cohort of SMEs and make apprenticeships a viable training option for SMEs. We support and echo asks of the wider business community in calling for increasing the flexibility of how the levy funds can be spent, as well as encouraging larger businesses to transfer their funds to smaller businesses in the supply chain will help to ensure that SMEs can maximise the value of the levy. As a sector where we have a majority of SMEs, removing any barriers to apprenticeship take up is sought.



Investing in the future skills pipeline of the environmental horticulture sector is vital to delivering the legally binding targets set out in the Environmental Improvement Plan. Government and industry must work together to identify current and future skills gaps and ensure that there is adequate skills provision for the vast range of roles within the horticulture sector.

By investing and supporting the environmental horticulture industry in these areas in this year's Autumn Budget, the government would be directly helping us to grow, nurture and supply the flora required to meet environmental targets – of which the government is legally obliged to achieve. Furthermore, and crucially to the treasury, investing and utilising environmental horticulture will grow the potential economic contributions to GVA and in tax, as well as market supply and job security.

We would be happy to discuss this further with you and your officials and can also arrange a visit to one of our member businesses where we can highlight key economic issues being faced.

Yours faithfully,

**Fran Barnes**  
**Chief Executive**