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Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Rd
London
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18 November 2024

Dear Chancellor,

Impact of Autumn Budget 2024 on UK Environmental Horticulture

On behalf of the Horticultural Trades Association (HTA) and its members, I am writing to share with you our new evidence of the substantive impact of the Budget 2024 announcements on the environmental horticulture sector. Our findings demonstrate the negative consequences for UK businesses, future employment levels and on the pockets of consumers if these changes are brought in on the proposed timescale with no mitigation or consultation.

The HTA has over 1200 members from growers to retailers, landscapers to manufacturers and suppliers. Environmental horticulture is a sector of over 90% SMEs, many family-owned businesses, supporting near 700,000 jobs, contributing £28 billion to GDP and delivering a near £7 billion in tax revenues. We are the original green industry and the gardens, green spaces and plants that we grow, nurture and maintain, underpin the UK's environmental targets, net-zero delivery and climate change mitigation.

The impacts

Our members recognise the challenging economic circumstances and context of Budget 2024, however the impact of these changes at such a short timescale when budgets have already been set and buying has been agreed for the next year will result in many of our members' businesses having to cut jobs or increase prices to cover the financial impact the changes will have. Businesses in this sector have been operating under increasingly difficult conditions over recent years. The impacts of inflation, a tight labour market, disrupted UK border operations, hiked business rates, increased retail crime, and the weather, have challenged the ability for the sector to invest and grow. The new Budget announcements present a further triple hit to the sector, compounding existing issues. **The National Insurance Contribution and National Living Wage increases coming in just 6 months' time, will cost HTA members £134 million.** In addition, Agricultural and Business Property Relief changes are further hitting sector businesses and their ability to plan, invest and set out a sustainable future.

In our November 2024 survey, we have found that the resulting costs and business pressures from the wage and NI announcements alone will see **70% of HTA member businesses increasing prices, over half freezing recruitment and just under half will be reducing or postponing capital investment.** This will lead to a reduction in growth, our employment base and our contribution to the economy.

We therefore strongly urge that government pauses the plans in order to review and consult fully with those impacted and have a comprehensive view to recognise the cumulative impact of multiple announcements. It is imperative, and responsible, to ensure that there are adequate lead-times for policy-changes that reflect business planning, costing and pricing timeframes, and we seek for your Government to work in partnership with our sector to enable us to deliver shared green growth ambitions. Our sector is the solution to so many of the economic, health and environmental challenges the government is facing but these cumulative announcements with no scope for business planning will have the impact of creating destabilising uncertainty and will hinder growth.

EU-UK trade and implementation of the Border Target Operating Model

In our submission to you ahead of the Budget we set out the need for urgent action on the operation of the UK border. **We support the ambitions to reset the UK-EU relationship and achieve an SPS agreement, inclusive of plant health. Whilst this is being pursued, we need to see action on how the border is operating today. We have repeatedly asked for a response to our representations on urgent action from Government, but have had no response.** We urge you to deal with these issues as a priority as the impact on those importing planting materials, finished plants, trees, shrubs, bulbs, cut flowers and seeds is significant and wide-ranging. Rising logistics costs, damaged goods, delays, increased waste, and cumbersome paperwork have hindered our ability to invest in growth. This situation has led to reduced consumer choice, strained business relationships, a tarnished UK business reputation, diminished confidence in border processes, compromised food security, and setbacks in achieving our environmental targets. **The UK must reset and review its current and future border policy.**

The urgency and importance of the Budget and Borders issues are evident. We will feed in more evidence and data as we establish it and would be pleased to provide greater detail and discussion.

Yours sincerely,



Fran Barnes
Chief Executive

Cc: Rt Hon Jonathan Reynolds MP, Business Secretary
Rt Hon Steve Reed MP, Environment Secretary
Daniel Zeichner MP, Minister of State, Defra