

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

10 February 2026

Spring Forecast 2026: submission from the Horticultural Trades Association (HTA)

Dear Chancellor,

I write on behalf of the [Horticultural Trades Association \(HTA\)](#) and its members – growers, retailers, suppliers, manufacturers, designers, and landscapers - all delivering green jobs, enhancing our green spaces, and contributing to the UK economy. The sector contributes £38 billion to the UK economy and supports over 722,000 jobs each year. With the right business environment, the sector could be worth £51.2 billion by 2030.¹

While we appreciate that the Spring Forecast is unlikely to include any major policy announcements and will instead focus on economic performance and public finances, we wanted to take the opportunity to encourage you to pull all available levers that incentivise business investment, support jobs, and boost productivity. Our gardens and green spaces are not simply a nice to have, they actively cool our cities, remove air pollutants, reduce flood risk and improve biodiversity. They also make people happier and healthier – boosting mental and physical health – and increasing office productivity by 15%.¹

As a weather-dependent sector, the hot, dry spring and summer of 2025 presented some challenges, particularly for our grower and landscaper members, but it also helped to boost demand for plants. Garden centres sales finished 2025 9% ahead of 2024 and 10% ahead of 2023². Despite these positive figures, garden centres are likely to need sales increases of 10-15% just to maintain last year's profit margin³. This is a direct result of rising business costs, particularly changes to National Minimum and Living Wage and

¹ HTA, Environmental Horticulture and Industry Insights 2025, <https://hta.org.uk/news-events-current-issues/industry-data/garden-industry-statistics>

² HTA, Market Update, January 2026, <https://hta.org.uk/news-events-current-issues/industry-data/market-update>

³ HTA, Garden centres show a steady finish to a strong 2025 performance, <https://hta.org.uk/news/garden-centres-show-a-steady-finish-to-a-strong-2025-performance>

increased National Insurance Contributions. These two changes alone have added around £134 million of additional cost to the industry.

Supply chain costs have also increased since Brexit with some businesses absorbing up to 25% higher costs. The border has become a place of delays, with disjointed systems, increased costs, and difficult transportation routes with businesses paying the price. We welcome the positive engagement on the UK-EU SPS negotiations and urge the Government to deliver an Agreement as soon as possible to ease burdens on businesses trading plants between the UK and EU.

We also look forward to next steps following the Farming Profitability Review publication and sector engagement in development of actions and related strategies. We ask that government includes environmental horticulture in the development of Horticulture Sector Plans, recognising its role in delivering environmental, economic and health and wellbeing benefits.

As well as increased employment and trade-related costs, there are several others that are actively hampering our member's ability to invest, innovate, and grow. This Spring Forecast, we call on you to:

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| 1. Align timelines on Extended Producer Responsibility (EPR) and Simpler Recycling policy allowing non-black polypropylene plastic pots to be classed as green under the Government Recycling Assessment Methodology (RAM). |
| 2. Extend energy cost relief to horticultural businesses and revise the SIC code for horticulture so that it correctly recognises energy intensive production systems. |
| 3. Implement a more responsive, streamlined and investment-friendly business rates system. |

Extended Producer Responsibility (EPR)

The majority of HTA member businesses are in scope for EPR, meaning they have to report extensive information on the composition and amount of packaging they are putting on the market. In addition, they must complete a Recycling Assessment on all household packaging, using the Government's Recycling Assessment Methodology (RAM) which classes materials as RED, AMBER, or GREEN and charges additional fees for each class. Materials classed as GREEN receive a discounted fee.

In 2018, the horticulture industry moved towards polypropylene taupe and other non-black *recyclable* pots to ensure they would be detectable by Near Infrared Sensors in waste management facilities. Despite being fully recyclable, these pots can only be

classed as AMBER under the RAM system, attracting a higher base fee. This is because of the Government's definition of polypropylene.

To add further complication, until 1 April 2027, fully recyclable polypropylene pots will be classed as RED, meaning horticulture businesses must pay even higher fees. This is despite Simpler Recycling – which will include the collection of non-black plant pots - coming into force for households from 31 March 2026. This is because EPR invoices are based on the previous year's data.

EPR is complex and fees are extremely high. Costs are further exacerbated because of the misalignment between Simpler Recycling coming into force and modulated fees under RAM being introduced, meaning horticulture businesses will be financially penalised for using fully recyclable pots for 15 months.

Energy bills and transmission costs

With a new Standard Industry Classification (SIC) framework due to be published later this year, it is imperative that the consultation on the British Industrial Competitiveness Scheme does not limit itself to existing definitions. Horticulture is incredibly diverse and some production systems (glasshouse growing for example) would ordinarily meet or even exceed the energy intensity of other officially recognised Energy Intensive Industries. However, eligibility for support schemes like the Energy Intensive Industries scheme (EII) and Network Charging Compensation scheme (NCC) are limited by broad definitions, not by the nature of production which would be far more accurate.

From April 2026, the cost of Transmission Network Use of System (TNUoS) charge is expected to almost double, increasing by £3.68 billion to £7.52 billion. These costs will have a major impact across our membership, putting further pressure on horticulture businesses and potentially reduce their ability to compete with lower-cost imports.

The SIC code for horticulture needs to be revised to correctly recognise energy intensive production systems.

Business rates and valuations

Business rates remain a significant concern for horticultural businesses. While the reduction in the Retail, Hospitality and Leisure (RHL) multiplier, announced at Autumn Budget, is welcome, members are still facing sharp increases in their bills because of the end of the 40% RHL relief. While the RHL Relief was time limited, a tapered reduction – as was done previously, moving from 75% to 40% - would have provided more support and certainty for businesses in an already challenging backdrop, and particularly with revaluations taking place from April. The shift from five-year to three-year valuations in 2023 was intended to keep rates more aligned with economic conditions, but the system remains disjointed.

Ensuring we achieve a fair, accurate and transparent business rates systems must remain a priority for government. Lessons can be learned from other countries. For example, in 2007, the Netherlands moved from four-five-year valuations to annual valuations and removed plant and machinery from assessments. Business rates are now more reflective of real-world operating conditions, and the changes have led to valuation costs reducing by 20% and cut appeals by 80%³ enabling businesses to invest elsewhere.

One of our retail members based in the Home Counties said: “National Insurance, National Living Wage, energy costs and now rate increases have piled on an additional £500,000 onto our overheads in the last four years alone. The only way we have been able to absorb this is by price rises, reducing staff hours and unfortunately, having to make some staff cuts. In recent years and months, it’s been one hit after another on businesses, and many simply won’t be able to survive for much longer. This environment does not promote investment and is not conducive to growth.”

We would be happy to discuss this submission in more detail with you and your officials and can also arrange a visit to one of our member businesses where we can highlight key challenge and economic opportunities.

Yours sincerely,



Fran Barnes, CEO

Horticultural Trades Association