



UK horticulture growth strategy

Revised February 2024



DELIVERING GROWTH FOR THE UK HORTICULTURE SECTOR

NFU'S 10 BUILDING BLOCKS FOR GROWING SUCCESS

With the government as a champion for UK horticulture, the sector is ready to meet its challenge to expand production of fruit, vegetables, plants and flowers. To help achieve this, the NFU has identified ten critical building blocks that will be necessary for growers to develop and grow the industry:

1. Access to labour:

A minimum five-year rolling seasonal worker scheme, with suitable length visas, no wage differential from the National Living Wage and no unrealistic cap on worker numbers.

2. Access to affordable and sustainable energy supplies:

Greater recognition of energy intensive horticulture sectors within current and future energy support schemes, and an expansion of grid infrastructure to support investment in renewables.

3. Access to crop protection:

An enabling crop protection policy which ensures the UK is not disadvantaged against its global competitors.

4. Access to water:

As the sector is vulnerable to drought and the challenges from reductions / revocations of abstraction licences, greater investment is needed in infrastructure to collect, store and distribute water both on farms and within and between regions.

5. Access to sustainable growing media:

A ban on the use of peat in commercial production is not the right approach. There is need for industry/ government collaboration to move towards peat-free in an environmentally and commercially sustainable way.

6. Productivity investment:

It is critical that a replacement for the EU Fruit and Veg Aid Scheme is finalised as soon as possible, which is more inclusive than the previous EU scheme, and that there are no further delays in its development.

7. Enabling import controls for plants and plant products:

Minimising the barriers and costs for importing plants and plant materials - the foundations of all horticultural production - while maintaining biosecurity.

8. Fairness in the supply chain:

It is critical that growers can have open discussions and fair negotiations on cost price inflation with their customers.

9. Access to environmental funding schemes:

Better recognition of horticulture in ELMs which reflects the variety of growing systems across the sector and the environmental benefits horticulture delivers.

10. An enabling planning policy:

Greater consistency is needed in planning decisions to support - not restrict - horticultural businesses' ability to grow. This includes the provision of high quality, short-term accommodation for seasonal workers.

INTRODUCTION

In April 2023, the NFU launched the first UK horticulture growth strategy and shone a spotlight on the opportunities to deliver the industry and government's ambition to grow a sector that accounts for just 2% of farmed land but delivers nearly 20% of the farmgate value.

It is an ambition long held by the sector, and one amplified by the government in its own Food Strategy in 2022 where it identified the need for a 'world leading horticulture strategy for England' with the aim to boost production in UK horticulture, create skilled job opportunities, and future-proof the sector in the face of climate change.

Many of the policy measures identified in the NFU's strategy were acknowledged at the Fork Summit held in May 2023, with important commitments made on a number of the NFU's asks on labour, energy, planning, water, supply chain fairness, and productivity investment. The Independent Labour Review, published in the summer of 2023, also repeated the NFU's key asks around access to workers and the Seasonal Worker Scheme. The launch of the Defra Supply

"GROWTH IN THIS SECTOR WOULD: BOOST HOME-GROWN FRUIT AND VEGETABLE PRODUCTION, HELP TO FUTURE-PROOF THE SECTOR IN A WARMING CLIMATE, AND CREATE NEW SKILLED JOB OPPORTUNITIES ACROSS THE COUNTRY."

Government Food Strategy, June 2022

Chain Review in December 2023 is very welcome and should provide an opportunity to identify measures to address the poorest behaviours in the supply chain. There are also active discussions to develop a replacement for the EU Fruit and Veg Aid Scheme with one better tailored to the UK horticulture sector, and with access for more growers. But the delay in responding to the Independent Labour Review means businesses yet again face uncertainty over labour supply beyond the current season.

Even where progress is being made, there is still much more to do to build confidence in a sector which has faced a series of unprecedented challenges in recent years. From labour shortages which were exacerbated by both EU exit and the Ukraine conflict, to the market disruption

from the Covid pandemic, and the exceptional inflationary spikes which are still being felt today, sector growth cannot be achieved without the right political and supply chain backing.

Yet, many of the issues highlighted by the NFU's strategy are yet to be acknowledged or addressed. When the House of Lords Horticulture Inquiry concluded in autumn 2023 it astutely recognised that "the sector is under-prioritised and unappreciated by policymakers, leaving holes in the UK's food security and ability to meet net zero goals". This must change.

With a general election approaching, it is critical that all political parties understand that, to ensure future food security and environmental targets are met, we must grow UK horticulture.

¹ Government food strategy - GOV.UK (www.gov.uk)

² AUK2020_22feb22.pdf (publishing.service.gov.uk)



LABOUR

ACCESS TO A MOTIVATED AND SKILLED WORKFORCE

Accessing competent, motivated and skilled workers in the horticulture sector has been increasingly challenging over the last ten years, following the removal of the Seasonal Agricultural Workers Scheme in 2013 and the ending of Freedom of Movement following EU exit in 2020. Further restrictions on the movement of people as a result of the Covid pandemic and Ukraine conflict led to many businesses cutting back production, or ceasing altogether, because they could not secure sufficient numbers of workers. The Defra Automation Review (2022) and the Independent Labour Review (2023) both highlighted the sector's reliance on overseas workers, which is not expected to change in the foreseeable future, and that the most labour-intensive roles will not have technological solutions for many years. Without political backing, access to labour risks being a key limiting factor for UK food production.

SEASONAL WORKERS

Defra's promised response to the Independent Labour Review is long overdue, meaning that the industry has no certainty about accessing seasonal workers beyond the coming season. This is an unacceptable position which is damaging confidence in the sector. Even if the government commits to a longer term extension of the Seasonal Worker Scheme in early 2024, it will coincide with a further sharp rise in the National Living Wage which has been a key driver for cost inflation within the sector. As highlighted in the Defra Automation Review, the industry invests significantly in automation and robotics, but for the most labour-intensive roles, technological solutions are still many years away from being commercially available. The NFU has worked with the Department for Work and Pensions since 2021 to identify ways to attract domestic workers into seasonal roles, with limited success. For the foreseeable future, and until automation can replace the most labour-intensive roles, the reliance on the Seasonal Worker Scheme will continue to increase.

PERMANENT WORKERS

While most of the focus in recent years has been on seasonal workers, increasingly there are shortages across all roles as unemployment rates in the UK have been low, especially in rural areas, and businesses are prevented from retaining experienced seasonal workers, who come through the new Seasonal Worker Scheme, in permanent roles. Increasingly, growers have reported difficulty recruiting workers into permanent roles across all disciplines, whether administrative, financial, technical or managerial. A comprehensive review of labour challenges across the entire food and farming sector was conducted in summer 2021 (Establishing the labour availability issues of the UK Food and Drink Sector) and cited location and rurality as a key constraint. The same report highlighted a large number of initiatives across the industry to attract domestic workers, including wage incentives, social media campaigns, engaging with schools and colleges, referral schemes, and sponsoring events.

As we approach a general election, it is critical that all political parties recognise the unique requirements of this sector and deliver a long-term Seasonal Worker Scheme which is as cost-effective as possible, that the length of visa works both for businesses and workers, and that the sector is better supported where there are shortages in permanent roles.

SECTOR REQUIREMENTS:

- **Urgent commitment to an extension of the Seasonal Worker Scheme, with a minimum of a five-year rolling scheme and with the number of visas committed to during that period.**
- **Visas extended from six to nine months for those businesses that have longer-term requirements, and to give workers greater earning potential.**
- **Expansion of the Youth Mobility Scheme to cover EU countries.**
- **Retention of the Shortage Occupation List and greater recognition of farming roles where there are shortages.**

ENERGY

ACCESSING AFFORDABLE, RELIABLE ENERGY SUPPLIES

The UK horticulture sector is incredibly diverse but no part of the industry is protected from the impacts of rising energy costs, whether through heating glasshouses, running cold storage, the knock-on cost and availability of fertilisers, or running machinery, transport and lighting. Glasshouses and cold stores are most acutely impacted, and in 2022 production of tomatoes, cucumbers and peppers fell by as much as 30%, while there were significant challenges storing produce like apples, onions and potatoes. To deliver greater energy independence, many businesses have invested in renewables, such as combined heat and power plants, wind and solar. But investments have often stalled, in part due to the high capital investments required, and limited grid capacity to enable the return of electricity to the grid. UK horticulture can contribute to UK energy security if grid infrastructure is developed and if there are fiscal policies to enable greater levels of investment. Moving to renewables also delivers environmental benefits through using less fossil fuels.

GOVERNMENT'S ENERGY SUPPORT SCHEMES

Through 2022 and 2023, the UK horticulture sector was not recognised as being an energy-intensive sector due to the diversity of the sector and the over-simplification of the Standard Industrial Classification (SIC) code. At a time when glasshouse businesses were cutting production and leaving glasshouses empty, the ETII (Energy and Trade Intensive Industries) scheme was not open to food-producing businesses, but was available to other sectors such as botanical gardens. The NFU's prediction of supply challenges was eventually realised in early 2023 when the UK faced unprecedented shortages of popular salad crops, such as tomatoes and peppers. Food shortages remained in the headlines for months.

The NFU continued to call for better recognition for high energy users, most notably heating for protected cropping and cooling for long-term storage, but was left disappointed by an apparent unwillingness by Treasury to re-evaluate the sector. At the end of 2023, the government managed to open up the IETF (Industrial Energy Transformation Fund) to Controlled Environment Horticulture (CEH), despite the SIC code being unchanged. While this is positive, there remains a long term need to recognise other parts of the horticulture sector, most notably long-term storage, which appears to remain excluded from this support. It is critical that food production is given the attention it requires within government policy and that the SIC codes for the horticulture sector are re-evaluated.

No 10 FARM TO FORK SUMMIT

At the No 10 Farm to Fork Summit in spring 2023, the government made a number of important commitments to support the UK horticulture sector's energy needs. These included:

- Assessing where sectors such as CEH struggle to provide the necessary data to qualify for the energy-intensive industries exemption scheme.
- Working with ONS to investigate the classification of CEH within the UK Standard Industrial Classification of Economic Activities (UK SIC).
- Considering the unique needs of CEH, which includes glasshouses, in the development of industrial energy policies to allow this sector to benefit from decarbonisation and better access to renewables.
- Exploring how to increase the resource efficiency of the sector, and help to create a circular economy, by utilising industrial and power sector waste heat as a thermal source of energy for glasshouses, and looking at options for co-location to improve energy efficiencies.

SECTOR REQUIREMENTS:

- **The Standard Industry Classification (SIC) code for horticulture to be re-evaluated to correctly recognise energy-intensive production systems.**
- **Government to recognise energy-intensive horticulture subsectors within current and future energy support schemes.**
- **Development of National Grid capacity and network to enable growers to supply higher energy inputs.**
- **The energy supply taskforce to develop a plan that supports a functioning domestic energy market and provides stability for British farm businesses, rewards those producing renewable energy and enables the continued production of sustainable and affordable British food and plants. Some horticulture production systems can use low grade waste heat from other industrial processes.**

PRODUCTIVITY

PRODUCTIVITY INVESTMENT

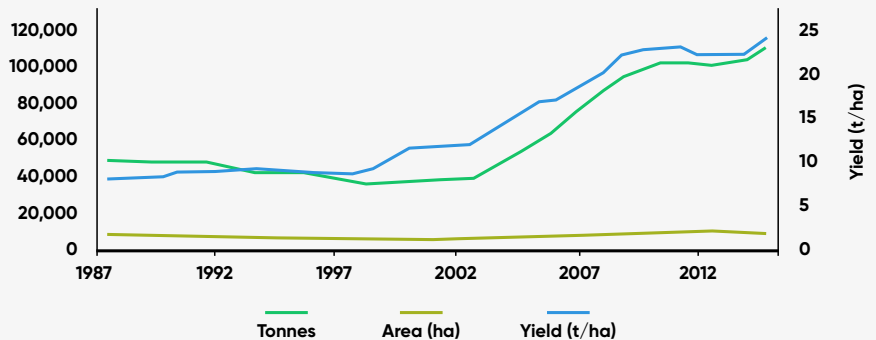
Horticulture continues to be the lowest subsidised farming sector, with businesses receiving on average only £3,400 in basic payments, compared to an all-farm type average of £22,700. Many horticultural enterprises receive no form of basic payment. However, some growers in the horticulture sector have been able to benefit from the EU Fruit and Veg Aid Scheme, working collaboratively through Producer Organisations to invest in productivity and efficiency across the sector. The EU Fruit and Veg Aid Scheme has helped enable sector growth in a number of edible horticulture sectors. The scheme is not open to the ornamentals sector, nor viticulture, hops, or potatoes.

Defra's commitment, as repeated at the UK Farm to Fork Summit, to develop an expanded replacement for the EU Fruit and Veg Aid Scheme is welcome, but delays caused by Brexit and Covid mean that non-PO growers continue to miss out on matched funded investments. Horticultural businesses are long-term investors, planning

EU FRUIT AND VEG AID SCHEME

UK Strawberry production - 3 year rolling average

Source: Defra Horticulture Statistics 2015, Savills



multiple years in advance. These businesses need certainty in order to plan for the future. It is critical that a new scheme is developed as soon as possible and that there are no further delays.

The criticality of this policy cannot be understated. With government citing automation and robotics as a solution to labour shortages, and the

Government Food Strategy having a strong focus on technology and automation, growers need the financial support to drive this forward. Other productivity gains can be achieved through new growing systems, incorporation of renewable energy, alternative packaging, water capture, treatment, and irrigation systems and much more.

UK SCHEMES

In addition to a UK horticulture scheme, it is important that the Farming Investment Fund and ELMs reflect the diversity of growing systems across horticulture and provide genuine access to funds for all growers.

SECTOR REQUIREMENTS:

For a horticulture productivity scheme to be successful in delivering increased productivity, sustainability and an improved market position, it must include the following principles:

- **Increased level of financial support in direct proportion to the widening of its scope; approx £200m.**
- **Scheme eligibility should be sector-wide: to include all horticulture and potatoes sectors.**
- **Autonomy over investments covering a wide scope of outcomes.**
- **Open to a range of collaborative groups, joint ventures and individual businesses.**
- **Multi-annual funding cycles and long-term commitment: to deliver long-term confidence.**
- **Exemption from competition legislation: For eligible collaborative groups, including POs, this exemption must continue, as allowed for by provisions in the Agriculture Act.**

CROP PROTECTION

ACCESS TO CROP PROTECTION PRODUCTS (A LEVEL PLAYING FIELD)

Pesticides are an essential, yet often misunderstood, part of current farming practice and crop production. Growers recognise their use may involve risks and proactively take steps to ensure they are applied carefully and appropriately. Having left the EU, the GB pesticides regulation, which governs access to and availability of these crop protection products, needs to be fit for purpose – protecting the environment and the public, while effectively supporting productive and competitive horticulture and agriculture.

A new holistic approach to regulation with clear, credible and consistent science-based risk assessment, maintaining or improving current measures, is essential. This policy and regulatory approach needs to ensure availability of necessary plant protection tools and promote innovation in plant protection technology, to make available safer, more effective and lower risk pesticides and crop protection techniques. In doing so, we should be able to maintain and enhance UK food and plant security and improve competitiveness in the UK.

GB growers are also facing a new situation where the cost of a standalone GB regulatory process could prevent companies from bringing new plant protection products to GB, or renewing authorisations for existing products, because it is not commercially viable to do so given the size of the GB market. Add to this the impact of challenges around the longer-term future of parallel trade and access to seed treatments (currently enabled temporarily by import of treated seed), and the concern is that GB growers could find themselves in the disadvantageous situation where availability of crop protection tools is decreasing and the cost of those still available is increasing.

To fully realise the opportunities of improved GB regulation, the experts and regulatory specialists, across government departments, agencies and executive non-departmental public bodies, such as HSE, who have been following the EU approach for 20 years, need a clear mandate for change – to adopt a more effective pesticides regulation tailored to GB's needs, and shift from hazard to risk-based approaches. All of this should be delivered under a new National Action Plan for the sustainable use of pesticides, which is long overdue and must be published by the Government urgently.

Taking a more proactive and strategic approach: horizon scanning and identifying critical gaps in pest control practices for particular crops.

This approach has already delivered some success with the collaborative proactive action taken in response to the threat of Spotted Wing Drosophila by UK researchers, industry, AHDB and plant health authorities and agencies. As a result, a national pest monitoring scheme was established a year before this new pest started damaging fruit crops and, when crop damage did occur, new pesticide approvals were granted to aid control where absolutely necessary.

SECTOR REQUIREMENTS:

- **Clear legislation and a simple authorisation and renewal process. A risk-based approach with faster and more pragmatic decision-making than the EU, underpinned with service level agreements.**
- **Working with other global authorities to enable use of each other's regulatory assessments.**
- **Proper consideration of impact assessments and the effectiveness of the regulatory system, taking account of socio-economic benefits, and proportionality in the decision-making approach.**
- **An adaptable regulation, open to new technology, supported by government-funded research, to plug gaps in crop protection and to improve IPM.**
- **Good provision for horticultural 'minor uses' and speciality crops. An effective Extensions of Authorisation for Minor Use process should be enhanced by all new actives, including consideration of minor use and speciality crops as part of the initial dossier planning.**
- **Simplifying the regulatory assessment for minor uses, biopesticides and low risk products.**



WATER

ACCESS, STORAGE AND TREATMENT OF WATER SUPPLIES

The horticulture and potatoes sector is incredibly innovative and invests significant sums into water management to ensure water is used as efficiently as possible, with rainwater collection and harvesting, on-farm reservoirs, and trickle irrigation systems commonplace. But the sector is vulnerable to extreme weather events. In 2018, the North West region, typically one of the wettest parts of the country and therefore with less irrigation infrastructure, became one of the driest. 2022 was the driest year in the last three decades and in autumn 2023 the country experienced widespread flooding.

Favourable climate and soils in the South East and East of England regions, and areas such as the Vale of Evesham, make them ideal for growing fruit and vegetables. Low or irregular levels of rainfall mean that irrigation is crucial, especially during drier periods. Where crops are irrigated, constraints can be imposed on abstractions from boreholes and surface waters, restricting growers from accessing the water they need.

The challenge ahead for the irrigated sector will be reduced water availability. More water needs to be left to protect the environment and coupled with climate change and population growth there are significant pressures on the water supply and demand for the horticulture sector.

The Environment Agency will be reviewing abstraction licences to support environmental needs and this could result in many businesses having licences reduced or revoked. The Environment Act 2021 extended powers for the Secretary of State to vary or revoke abstraction licences without payment of compensation from 2028 where there is a risk of damage to the environment. Currently, these powers apply only where there is a risk of "serious damage" to the environment. A licence may also be varied without compensation in order to remove excess headroom. These changes are only applicable to abstraction licences.

The NFU's Integrated Water Management Strategy seeks to drive integration and collaboration for the future security of water for food production and for water for food to be recognised as an essential use.

SECTOR REQUIREMENTS:

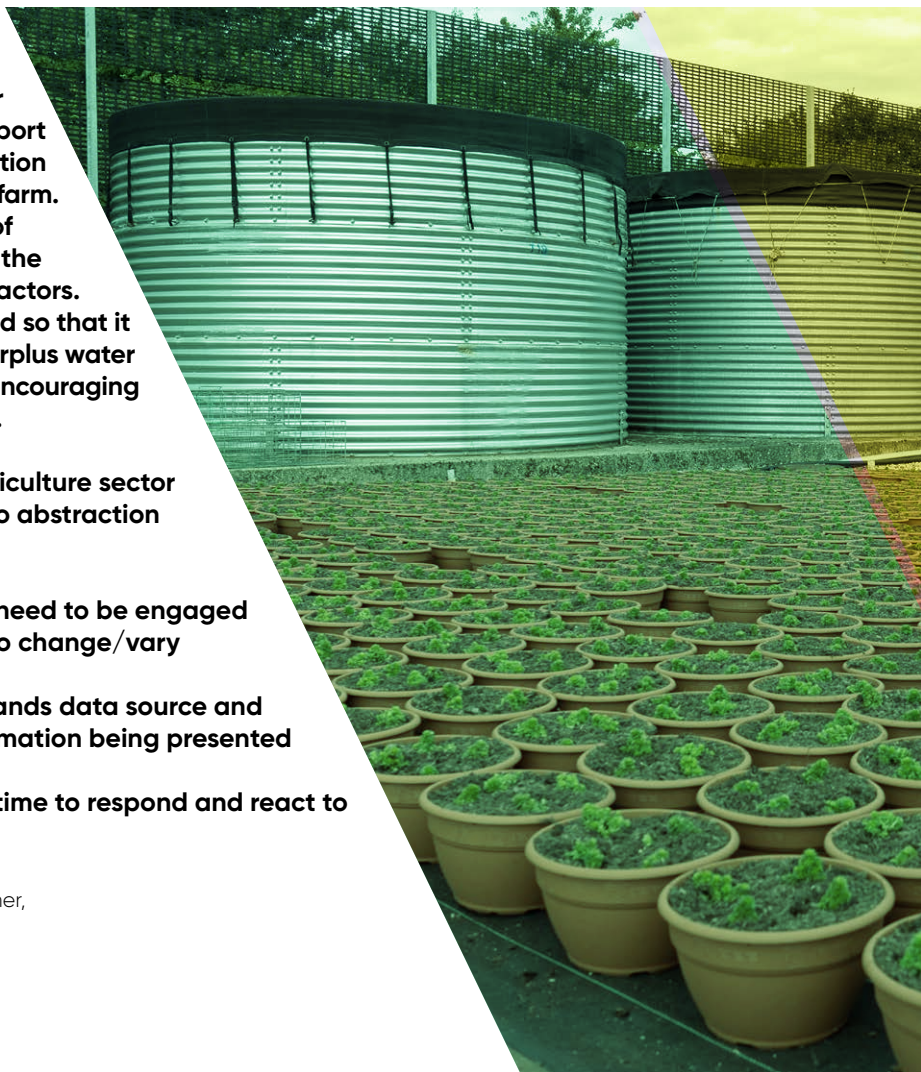
- **Long term government funding programme for water storage and drainage systems, and support to remove planning barriers to fast track adoption of water storage, recycling, and treatment on farm.**
- **Regional water plans must take full account of horticultural demand to ensure fair access to the available water resources for agri-food abstractors.**
- **The regulation of abstraction must be improved so that it is more agile in permitting growers to utilise surplus water before it runs out to sea and by, for example, encouraging the sharing and trading of water among users.**

The NFU has three key asks to support the horticulture sector through the challenges of proposed changes to abstraction licences and access to water:

- 1. Communication / Engagement: Abstractors need to be engaged with at the start of any programme looking to change/vary abstraction licences.**
- 2. Data: It is important that the sector understands data source and modelling undertaken and accepts the information being presented for its sector.**
- 3. Time: It is important that the sector has the time to respond and react to any proposed water availability reductions.**

⁵ One hot, dry spell away from drought returning this summer, National Drought Group warns - GOV.UK (www.gov.uk)

⁶ NFU Integrated Water Management Strategy



GROWING MEDIA

SUPPLIES OF SUSTAINABLE GROWING MEDIA

As an environmentally responsible sector, British growers have a long history of embedding world-leading sustainability and environmental standards within their business operations, with a strong focus on producing in a climate friendly and environmentally sustainable way. The Growing Media Taskforce, of which the NFU is a member, has set ambitious targets to remove peat use voluntarily, without need for legislation.

Growing Media Monitor Report 2022, supported by growing media manufacturers, AHDB, Defra and the HTA shows peat use is now at an all-time low, with volumes falling to 0.95m³, down from 2.29m³ in 2020. Government funding has been challenging for the industry to access. It has therefore largely been left to private businesses to test and trial sustainable alternatives. Given the inflationary pressures the horticulture sector has faced over the last three years, budget capacity for private capital innovation projects has reduced. It is therefore critical that government offers the sector financial support through research and development funding in order to support the sector's transition away from peat.

TECHNICAL CHALLENGES: EXAMPLES

In young plug and plant production, the size of the cell/cube in which plants are produced presents difficulties in getting the growing media to bind. Lettuce propagators using the peat block system depend on a very specific type of peat which binds together into a firm cube when it is wetted and compressed. There is only one peat bog in the UK which produces this type of peat. No alternatives on the market have this binding property, despite attempts to replicate using polymers or other binding materials. Trials have shown that peat use can be reduced by roughly 20% using other binding materials, though the mechanical properties of the peat block are lost; becoming too loose and crumbly to be transplanted into the field using automated machinery.

New upcoming technologies are not yet commercially tested in the UK salad sector, but do have potential to be successful. However, this requires the business to fully upgrade its entire business infrastructure, which is a substantial capital investment. Confidence in the long-term policy direction is a key consideration for any business before it commits to multi-million pound capital investment.

Banning the use of peat-based growing media for professional growers by 2026, with limited exemptions between 2026 - 2030, is not achievable and places extreme pressure on businesses. No consideration was given to the economic impacts on business and the economy of a 2026 ban, nor to the knock-on impact the 2024 retail ban might have on the availability of materials for the professional sector. Defra must consider the unintended consequences to the availability of raw materials and the environmental footprint of alternative materials. These are not yet fully understood at scale. For example, there are knock-on impacts where peat-free materials are requiring more water usage and fertiliser application. Government has a responsibility to ensure balanced scientific due diligence.

Care must be taken by government to ensure no regulatory divergence impacts the UK's ability to remain competitive. Being competitive with our EU and global neighbours is vital to the success of UK horticulture.

SECTOR REQUIREMENTS:

- **Remove policy barriers to allow for sufficient and affordable access to consistent and reliable alternative growing media, such as working with growing media manufacturers on the End of Waste Regulations.**
- **Unlock waste streams, specifically AD fibres, ground up timber residues including chipboard, wool and filter deposits from water treatment plants.**
- **Allow the industry sufficient time to transition away from peat and allow exemptions where alternatives are not commercially available.**
- **Provide support such as capital grants and R&D funding into commercially viable alternative materials, adoption of non-peat-based production systems, and business adaption across the industry. Alternatives to peat can require a complete overhaul of apparatus and infrastructure e.g. irrigation and handling equipment. This is a huge business investment.**
- **Ensure a level playing field and that imports meet the same standards as domestic production.**

IMPORT CONTROLS

A PRAGMATIC APPROACH TO IMPORT CONTROLS FOR PLANTS

Plant health is a top priority for UK growers. It is a common goal of growers and government to ensure we take biosecurity seriously at our borders, especially when importing young plants and plant material. UK growers have developed their skills and expertise over many years trading with the EU and the rest of the world and have implemented robust procedures to identify pests and diseases to minimise any potential outbreak.

There are significant industry concerns that implementing plant health controls at Border Control Posts (BCPs) risks our shared endeavour to maintain high biosecurity.

The current regime where inspections take place at the Place of Destination has worked well for growers, with checks conducted within an appropriate environment and in a timely fashion. The new Border Target Operating Model (BTOM) will see checks at BCPs and raises concerns for the industry as this holds its own biosecurity risks. There is significant concern from growers that moving consignments via a BCP risks supply chain disruption, has the potential to add significant cost and potentially catastrophic delays, not all of which have yet been communicated to the industry, and has the potential to pose more risk to our biosecurity if inspections are not conducted effectively.

Inspection regimes must mitigate any risk of cross-contamination between consignments, maintain crop vitality, and prevent crops from deteriorating or being damaged while undergoing inspections.

The NFU wants to see government enable more targeted plant health inspections to be carried out at grower premises by either Authorised Operators or APHA Inspectors. While businesses are already able to apply to become a Control Point, the alternative costs and processes for going through other checks at BCPs are still unknown and therefore commercial decisions are difficult to take.

SECTOR REQUIREMENTS:

- **Clarity of costs involved in Control Point designation, and a pragmatic mechanism to enable place of destination plant health inspections as an alternative to BCPs for eligible businesses and products.**
- **To adopt a risk-based inspection regime across all imported plants and plant materials, whether by primary producers or retailers, reviewed regularly and based on data and science around the probability of a pest or disease being found from a certain country.**
- **In the case of disease outbreaks, robust procedures should be in place and a pragmatic and risk-based approach to inspections by inspectors.**
- **Government must recognise industry best practice and ensure future policy inspection regimes do not add biosecurity risks and additional cost burdens on UK businesses.**
- **Clear communication with traders, including the handling fees and inspection charges of using BCPs, as well as regular and real time updates as consignments move through ports.**
- **Opening hours of BCPs must be aligned with just-in-time supply chains, with sufficiently resourced operations, including APHA inspection capacity, to avoid delays.**
- **Clarity on how the government proposes to inspect mixed consignments of plants and plant materials while not jeopardising biosecurity at the border facility.**



SUPPLY CHAIN

FAIRNESS IN THE SUPPLY CHAIN

The government's "growth" agenda must be twinned with reform in the marketplace that levels up the balance of power within agri-food supply chains and delivers a fair and functioning supply chain. British growers want to deliver on the government's vision for climate-friendly, sustainable land management, but there is significant risk to our shared endeavour if we do not address market risk in parallel. Only profitable businesses can be sustainable and can continue to invest in productivity and environmental outcomes.

A report commissioned by the NFU and published by Promar International in January 2024 paints the stark reality of the challenges facing the sector. It shows increases in production costs of up to 39% over the past two years. The main drivers being energy, labour and fertiliser. Although some producers have secured some increases from their customers, it has often not been at the rate required to keep pace with their costs of production, and many growers are seeing no increases at all.

It is critical that retailers support the horticulture sector to be sustainable, achieve meaningful environmental gains, and support investment in new innovation and technologies. Food producers should have an equal stake in the value chain, with food processors and retailers sharing risk, sharing data on performance, and sharing value gain.

We welcome the Defra Fairness in the Fresh Produce Supply Chain Review, launched in December 2023, and we will work with Defra and industry to ensure the review delivers tangible benefits for the sector under the powers afforded to the government within the Agriculture Act.

UPSKILLING GROWERS

The NFU has been facilitating a series of training sessions for members to increase negotiation and CPI skills. The workshops cover effective preparation, understanding buyer tactics and staying in control of the conversation.

Many members who have attended the courses have reported success in their requests to pass on CPI. However, reports of poor buyer behaviour have increased significantly in the last couple of years and growers continue to face a David vs Goliath challenge.

SECTOR REQUIREMENTS:

- **The provisions afforded within the Agriculture Act (2020) to address unfair trading practices, improve transparency in the supply chain and improve and make accessible contract terms that work for both producers and first purchasers equitably, including building on GSCOP principles to protect primary producers.**
- **Buyers to:**
 - **be fully equipped with in-depth understanding of the sector and awareness of the current challenges faced by growers.**
 - **respond to supplier CPI requests in a fair and timely manner; acknowledge receipt of a CPI request within 48 hours and commit to meet with the supplier within one week.**
 - **give longer-term commitments and certainty to UK grower-suppliers to allow robust business planning and confidence to secure the supply they need from future growing cycles.**

ENVIRONMENT

ACCESSING ENVIRONMENTAL FUNDING SCHEMES

As well as a horticulture productivity scheme – to replace the EU Fruit and Veg Aid Scheme – future government support for the horticulture sector must be included within Environmental Land Management schemes (ELMS) to enable further investment in environmental enhancements, efficiency and business resilience. The forthcoming Land Use Framework must also recognise the valuable contribution the UK horticulture sector makes to the economy, the environment, and to consumer health.

Participation of the horticultural sector in previous agri-environment schemes has been low for several reasons, such as many businesses (e.g. glasshouse production) not being compatible with land area-based schemes. Field vegetable growers have had low engagement due to low payment rates offering little incentive to take land out of the production of high value horticultural crops. Additionally, there remains barriers for entry by tenant farmers and growers. Furthermore, many land-based crops are not able to utilise the field-scale options available.

The SFI scheme has not been designed to be inclusive of the horticultural sector. The limited numbers of actions have been targeted primarily at larger field-based crops. Many land-based horticultural crops are grown on highly productive land, providing a valuable supply of UK-grown produce; the UK grower share of the UK market for vegetables is around 50% and only 15% for fruit.

Many of the previous and proposed agricultural environmental schemes are based on taking land out of production. However, taking highly productive land out of horticultural production does not align with government's ambition to increase public consumption of fruit and vegetables. From a business perspective, taking such land out of production has not been financially justifiable through previous funding support schemes. Furthermore, previous and proposed future funding support schemes offer no entryway for indoor and non-soil based horticultural sectors.

It is still not clear whether all horticultural sectors will be able to engage with current and future ELMs standards. Intensive horticulture is one of those sectors. The government's own Food Strategy sets out an ambition for sector growth, in particular for protected cropping. But this is a sub-sector of horticulture that will not be suitably recognised in ELMs.

SECTOR REQUIREMENTS:

Investment in an ELMs offer that is inclusive of horticulture can deliver improved environmental outputs and reduce carbon emissions, as well as maintaining and improving productivity; they should not be mutually exclusive.

To better serve the horticulture sector, the ELMs offer needs to:

- **Recognise the environmental opportunities offered by different growing systems within horticulture, rather than be a one-size-fits-all approach that is land/soil based.**
- **Offer appropriate financial rewards to incentivise grower engagement, particularly for a sector which produces high value crops.**
- **Recognise and incentivise best practice within the sector, not simply seek to take out productive land.**
- **Be simple to understand and apply for.**



PLANNING

AN ENABLING PLANNING POLICY

Planning is a major consideration for horticulture and potato growers, whether they are looking to expand, modernise, or increase resilience for their business. Business development and expansion can require new buildings or glasshouses, more/improved worker accommodation and facilities, water capture and storage such as reservoirs, and energy capture and generation. In each case there is an environmental, worker welfare, or productivity benefit to these developments.

Securing planning permission is often a frustrating process for growers, which is time consuming, resource intensive, and costly, and without any guarantee of success. Growers regularly report that planning applications can run into tens of thousands of pounds, taking many months or even years to conclude, and require significant staff resource. Many businesses are reluctant to go through the process due to a lack of confidence that the permission can be achieved.

Reservoirs are often cited as particularly troublesome for gaining planning permission, despite the critical need to capture, store and treat water on farms and to reduce abstraction from watercourses.

Businesses also seek to improve worker accommodation and, where possible, reduce the occupancy rates of caravans. The sector's reliance on seasonal workers needs to be recognised within local planning frameworks.

The sector has fully embraced renewable energy and there is a strong appetite to increase this. Planning and grid connection issues have been identified as some of the single biggest barriers to increasing this uptake and helping move the sector towards net zero.

BIODIVERSITY NET GAIN

Biodiversity Net Gain, to become mandatory in February 2024, means that applicable building projects in England will need to restore any biodiversity lost during the building phase and deliver a 10% minimum boost to the area's biodiversity.

Due to the high capital investments required for glasshouses, packhouses and other key infrastructure in the horticulture sector, adding more land to the construction price, to satisfy the BNG requirements will limit development and potentially drive production abroad.

GOVERNMENT COMMITMENTS

At the No 10 Farm to Fork Summit in spring 2023, the government committed to revising national planning policy – specifically, making the approval of new controlled environment horticulture businesses a priority for councils. Nearly a year on, no action has been taken. It is critical that this commitment supports the entire horticulture sector, not just controlled environment infrastructure, and that its introduction is prioritised.

SECTOR REQUIREMENTS:

- **Exemptions from Biodiversity Net Gain to be extended to protected cropping structures.**
- **Local governments to recognise the ambitions laid out in the Government Food Strategy and No 10 Farm to Fork Summit, so that they offer appropriate support and guidance for horticultural businesses that are looking to expand.**
- **Consistency of approach to planning applications across the country with, perhaps, guidance from national government on the importance of the horticulture sector.**
- **Recognition of the need for seasonal worker accommodation in horticultural businesses and that the worker population has a limited impact on local resources.**
- **A more streamlined process, reducing costs, time, and resource needed.**

FURTHER CONSIDERATIONS

The range of policies that impact on the ability for UK horticulture growers to invest and grow is wide and varied, yet interconnected. These areas are also important to consider in the round.

LEVEL PLAYING FIELD FOR PRODUCTION STANDARDS:

With the UK importing half the veg and around 85% of the fruit we consume, it is critical that growers are not undermined and outcompeted by lower standard products. Importing foods simply because they can be produced at lower cost elsewhere would see us offshoring our environmental and water footprint to other places at precisely the time we are trying to halt the degradation of important habitats across the world. It also removes our management of labour markets and risks moving production to countries where modern slavery risks are higher.

MEETING THE NET ZERO AMBITION:

Horticulture and potato growers continue to move towards net zero, primarily through increased productivity, reduced inputs, and widespread adoption of renewable energy. The diverse nature of the sector poses a particular challenge for measuring the progress, and helping set benchmarks and targets to keep moving forward. Unlike many other sectors, there is a lack of Lifecycle Assessment (LCA) data, without which it is difficult to create meaningful methods of carrying out Carbon Footprinting (CF) exercises and to establish baseline emissions data. Current CF tools are largely based around the livestock and arable sectors and do not translate well to the diverse nature of horticulture.

WASTE AND PACKAGING:

The Extended Producer Responsibility requires producers to be responsible for the packaging they produce, though it is unclear to what extent farmers and growers are impacted. Growers also continue to seek to minimise food waste on farm. This requires significant investment, but also a collaborative approach across the supply chain to utilise as much of the crop as possible.

SKILLS AND TRAINING PROVISION:

Estimates suggest that almost a third of the food supply chain workforce is set to reach retirement age by 2033-35. Add to this the limited profile the sector gets from careers advisers and through the national curriculum, and the sector has a significant challenge to attract the right talent. It is important for industry and government to get behind initiatives such as The Institute for Agriculture & Horticulture to provide a path for training within the sector.

PUBLIC PROCUREMENT:

Government has a responsibility to ensure public procurement contracts uphold the same standards and obligations as required by UK food producers. There is also an opportunity to ensure fruit and veg features more prominently in public food catering.

ENVIRONMENTAL BENEFITS:

The UK Ornamental Horticulture sector can play a vital role in delivering government priorities of tackling climate change and improving the health of the nation. The UK's countryside, urban green spaces, gardens and landscaped parks support and contribute to significant parts of the British economy, such as the tourism industries and the health service. The Environmental Horticulture Group's "Growing a Green Economy" report lays out the increasing body of evidence showing that plants, trees, and green spaces have a huge part to play in reversing the climate and biodiversity crisis as well as contributing to our mental health and wellbeing.

NOTES

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UK HORTICULTURE GROWTH STRATEGY

NATIONAL FARMERS UNION (NFU) 2024

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