



Cost of doing business

HTA Briefing

Introduction

Horticultural businesses are facing soaring costs (energy, transport, labour and regulatory). These are compounded by challenges as a result of EU-Exit, the pandemic, the war in Ukraine and the increasing need to address climate change.

The cost of living crisis is likely to be having a negative impact on consumer spending. Increased business costs are combined with risks to consumer confidence. Meanwhile, the sector is working hard to increase efficiency, reduce waste and invest in long term solutions to environmental and labour concerns.

Energy

We welcome the Chancellor's commitment to supporting business over the next five years, but we need a guarantee of longer-term support to offset the impact of the recession.

With the Energy Bill Discount Scheme (EDBS) to replace the Energy Bill Relief Scheme (EBRS), it is likely that financial pressures will continue to climb. The newly announced EBDS alone will not give confidence to businesses in our sector based on the current impact of rising energy costs on their everyday business operations.

Alongside this, businesses are looking to increase their efficiency and use of renewables but with energy prices up as much as 165% in some places since last year, and consumer confidence unstable, financing investments in green technology is increasingly difficult.

Labour

Recent research from the Ornamental Horticulture Roundtable Group (OHRG) found that across the UK ornamental horticulture and landscaping sector, 10% of supervisor roles, 14% of skilled trade roles, and 11% of professional/technical roles remain open.

If these shortfalls remain, the cost to the UK's economy is projected to be £1.4 billion per year in lost direct GDP contributions by 2030.

Key asks for Parliament & Policy Makers

- Support for businesses on energy costs until at least end-2023 with ambition for a longer outlook.
- Address seasonal labour shortages ahead of the production and harvesting period (spring /summer) and inclusion of sector needs in the Shortage Occupation List review.
- Make access to grants more readily available for reservoirs and technology (particularly given the impact of summer drought and hosepipe ban).
- Invest in automation and allow a long-term seasonal workers scheme for growers as outlined in the recent [Review of Automation in Horticulture](#).
- Government, industry and training providers collaborate, identify, co-ordinate and share best practice in skills delivery for horticulture and landscaping.
- Establish a greater proportion of British-produced plants in public sector projects through best-practice in public procurement and projects.
- Expand the existing tree nursery production grant scheme in terms of accessibility and scale to make tangible differences to UK growers.
- Government and industry work together on a realistic and sustainable peat-removal growing media strategy and alternatives support including R&D.
- Make exporting UK plant products and intellectual capital high up on the trade agenda, working with industry to identify markets, address barriers and facilitate opportunities.
- Ensure importing plant goods is as smooth a trade process as possible and make proposed Border Control Points cost and administratively effective. Additionally launch an inclusive Authorised Operator Status model (trusted trader) at the same time border checks go live in a realistic time frame.

About us

The Horticultural Trades Association (HTA) represents 1500 members in the Environmental Horticulture Sector including; garden centre retailers, tree and plant growers, goods manufacturers, landscapers,

and service providers. Our industry supports nearly 700,000 jobs, has a national GDP of £28.8 billion, mitigates climate change and benefits health and wellbeing for 30 million gardeners in the UK.

Further information

For further information contact the HTA Policy Team via email at policy@hta.org.uk and visit hta.org.uk/policy

Imports and Exports

96% of British plant and tree growers import from abroad, so any disruption to the efficiency of supply chains or the changes in the trade process has a significant impact on our members. This has been worsened by EU-Exit.

As a UK industry, we have the chance to develop and increase our export market (£68 million for exports in 2020), both to EU countries and the wider world. Whilst we are exporting some iconic and classic British plants like roses, we can go much further through a joined-up and collaborative international growth programme.

There is a need to reduce the £30million in costs that have been added to our supply chains since Brexit, which could rise significantly if certain aspects of the Target Operating Model (TOM) for the border are not properly implemented in 2023 and beyond – including ensuring Border Control Posts are fit for purpose.

Regulatory costs

The industry is facing an onslaught of regulation and the associated costs. These range from the Extended Producer Responsibility legislation to tighter regulation of plant protective products and pesticides to name a few.

The administrative burden that accompanies regulation, as well as the time needed to ensure compliance, is exacerbating the workforce and financial pressures already placed on the industry.

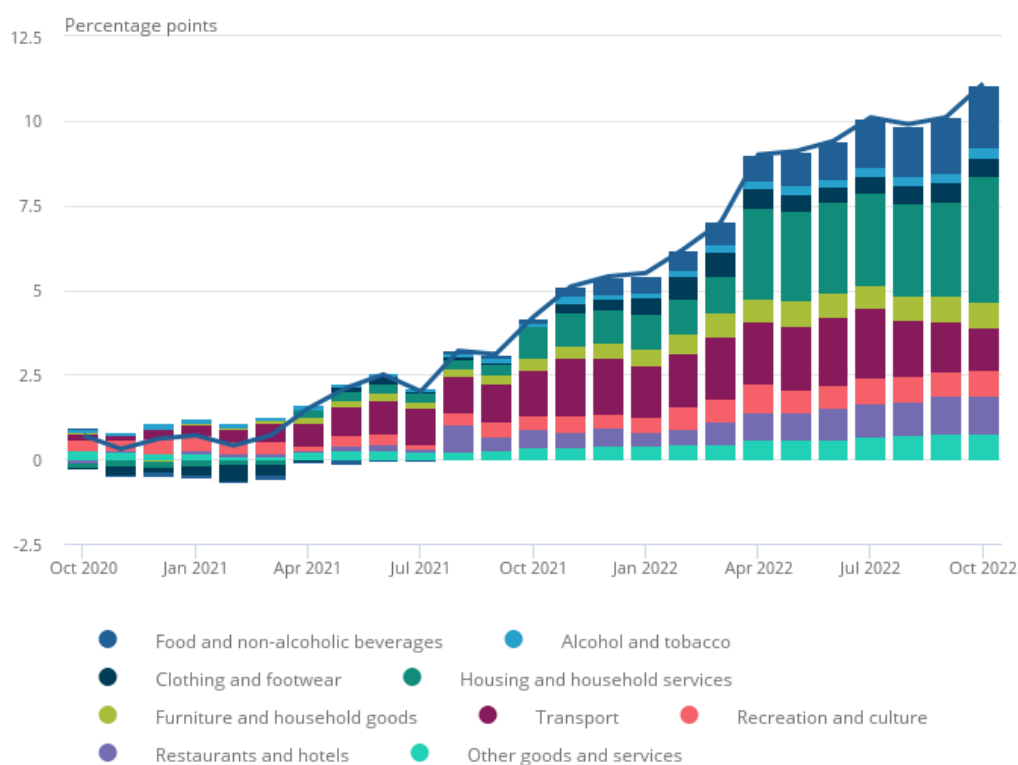
HTA Industry Support

The HTA provides [support through](#) a variety of our Preferred Partners that can support businesses with reducing their energy usage, using renewable energy resources, and saving money. Some businesses may also be able to receive a reduction or delay to [Business Rates](#).

The regulation monitoring and guidance service provides clarity to members and allows them time to prepare for future legislation but **more government support is needed.**

Figure 10: CPI inflation rate driven by housing and household services, food and non-alcoholic beverages, and transport

Contributions to the annual CPI inflation rate, UK, October 2020 to October 2022



Source: Office for National Statistics – Consumer price inflation

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