



STAKEHOLDER BRIEFING

Cost of doing business

April 2026



Introduction to UK environmental horticulture

The Horticultural Trades Association (HTA) represents around 1400 UK businesses across the breadth of the UK environmental supply chain. Member businesses range from growers and retailers to landscapers and service providers, who collectively deliver the gardens, green spaces and green infrastructure that delivers for the economy, environment, and our health and wellbeing.

Environmental horticulture is a sector of over 90% SMEs, many of those family-owned businesses. Each year, the sector contributes £38bn to GDP and nearly £8.4 billion in tax revenues, supporting 722,000 jobs. With the right conditions, the sector has growth potential of 45% by 2030. 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.

Environmental horticulture is low margin, heavily impacted by weather, and because growing takes time, cannot absorb or adjust prices quickly. Operating costs increases have mounted in recent months and years – additional paperwork and new processes for Extended Producer Responsibility and importing from the EU, high energy costs (particularly acute for glasshouse growing), ongoing investment in the transition to peat-free and increased employment costs. This 'perfect storm' of costs reduces businesses ability to invest, to recruit, and to innovate.

National Insurance Contributions and wage increases

National Living Wage (NLW) increases in recent years, coupled with National Insurance Contribution (NIC) rises have added even more costs and pressure to businesses. The HTA estimates a £134 million additional bill on the industry because of these increases. As a result, 70% of HTA member businesses have had no choice but to increase prices, over 50% have frozen recruitment and just under half have reduced or postponed capital investment¹.

While we support fair wages, increasing NLW doesn't just increase salaries for one group, as higher salaries must then be passed onto other roles throughout the workforce to maintain differentials. According to one HTA member, in 2019, staffing costs for their garden centres and restaurants were 55.8% of turnover. After the changes announced in Autumn 2024, this increased to 62.2% – adding £7.9 million to the running costs of the garden centres and restaurants². It is also important to maintain wage

Key asks for Policy Makers:

- 1. Establish a Government Office for Green Spaces:** driving the growth of the environmental horticulture sector by coordinating cross-government work on the role of green infrastructure.
- 2. Align timelines on Extended Producer Responsibility (EPR) and Simpler Recycling policy:** allow non-black polypropylene plastic pots to be classed as green.
- 3. Secure a UK-EU Sanitary and Phytosanitary (SPS) Agreement:** with easements for plants as soon as possible, to reduce costly border friction.
- 4. Extend energy cost relief to energy-intensive horticultural businesses:** by allowing the horticultural sector to qualify for the Energy Intensive Industries (EII) scheme.
- 5. Implement a more responsive, streamlined and investment-friendly business rates system.**
- 6. Support businesses to invest and grow by reducing regulatory and financial barriers:** by improving access to capital allowances and grants, supporting automation to boost productivity.



differentiation between skilled and unskilled labour, as these increases often have the largest impact on profitability and the businesses' ability to employ the necessary volume of skilled workers. In addition, expanded statutory rights for employees because of the Employment Rights Bill (ERB) will increase HR and compliance costs. According to the Government's own estimates, the ERB will add another £5 billion to companies' costs. SMEs will be disproportionately affected as they have fewer HR resources and less capacity to absorb the additional administrative burden.

Extended Producer Responsibility and Environmental Regulation

Extended Producer Responsibility (EPR) concerns all obligated UK organisations that import or supply packaging. The majority of HTA member businesses are classed as either small or large producers for EPR purposes, meaning they are required to report extensive information on the composition and amount of packaging they are putting on the market, representing a further complex and costly burden. Large producers must now report on a bi-annual basis, rather than annually, as they did previously.

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 will 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 for polypropylene.

To add further complication, until 1 April 2027, fully recyclable polypropylene pots will be classed as RED, meaning horticultural 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. This misalignment between the two policies means horticultural businesses will be penalised for using fully recyclable pots for 15 months.

Border costs and SPS

The EU is the UK's closest trading partner, with half of the £1.2bn plants and trees sold annually in the UK imported from the EU with the Netherlands acting as a hub. On 19 May 2025, the UK and the EU agreed to negotiate a common sanitary/phytosanitary area (SPS Zone) as part of a wider EU-UK Reset. This agreement aims to bring the UK back under the EU's Plant Health regime, following 'dynamic alignment' with EU Plant Health regulations, eliminating the need for plant health certification and physical checks at the border.

Supply chain costs have significantly increased since Brexit, particularly in 2024, with some businesses absorbing up to 25% higher costs and facing increased administrative burdens. UK exports have been reduced by nearly half due to prohibitions on exporting certain plants and trees to the EU. The border has become a place of delays and frustration, with disjointed systems, increased costs, difficult transportation routes and where businesses are paying the price.

In efforts to bypass the expense and disruption associated with government border control posts (BCPs) such as Sevington inland border facility, many businesses importing plants from the EU have invested heavily in purpose-built inspection facilities. One HTA member spent around £250,000 to convert a large barn into a control point following three years of paperwork, restricting the



business's ability to grow and invest elsewhere.

As the UK and EU negotiate an SPS deal, the need for most border checks on imported plants is expected to be removed, rendering these facilities redundant. The HTA would like to see support for these businesses, to help them repurpose the facilities and ensure a return on investment is realised.

Business rates and revaluations

Business rates remain a significant concern for horticultural businesses. While the reduction in the Retail, Hospitality and Leisure (RHL) multiplier, announced at the 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.

England's 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 system 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.

Energy bills

Electricity costs in the UK remain high by international comparisons due to our relative dependence on gas. Horticultural businesses, struggling with these costs, will see a further increase in their energy bills from April 2026 because of electricity network charges. From April 2026, the cost of Transmission Network Use of System (TNUoS) charge is expected to nearly double, increasing by £3.68 billion to £7.52 billion. These pressures are being compounded by renewed volatility in global energy markets, driven by escalating tensions in the Middle East, which continue to push up already elevated energy and fuel costs.

In October 2025, the Government announced the £1bn British Industrial Competitiveness Scheme, which will cut electricity bills by up to 25% for over 10,000 businesses, but not horticultural businesses. Despite operating at similar energy intensities, the horticultural sector does not currently qualify for the Energy Intensive Industries scheme (EII), which increases discounts on electricity network charges from 60% to 90% for energy-intensive businesses. As a result, horticultural businesses are also blocked from the Network Charging Compensation (NCC) scheme, designed to lessen the impact of high transmission costs. These costs will have a major impact on businesses with large glasshouses and those relying on supplementary lighting.

Exclusion from these support schemes not only undermines the viability of energy-intensive horticultural businesses and potentially reduces their ability to compete with lower-cost imports, but also forces them to bear a disproportionate share of rising energy costs at a time when comparable industries benefit from government-backed relief. The Government should urgently extend energy cost relief and network charge compensation to the horticultural sector to alleviate this pressure.

Fuel and fertiliser costs

Rising fuel costs are impacting haulage and delivery costs across the sector. One HTA member reports a fuel surcharge of just under 13% on deliveries, while another has seen a 10% fuel surcharge added to theirs. These surcharges are increasingly being passed on to businesses, with examples of £5 per delivery being added, particularly by skip companies. A supplier member reports now paying



between £25,000 and £30,000 per week in fuel costs.

Fertiliser costs have also risen sharply. Since the start of the conflict in the Middle East, the cost of both imported and UK produced Ammonium Nitrate has increased by 29.5% and 31.3%, while Granular Urea has increased by 38.7%⁴. As the sector continues its transition to a peat-free future, fertilisers remain essential inputs for successful and consistent crop production.

Environmental horticulture is particularly exposed to such cost increases. The long production cycles involved in growing plants mean businesses are unable to quickly absorb cost increases or pass them on to customers. However, as global costs and prices increase, consumers in the UK will inevitably face higher prices. Nearly a third of businesses have already had to adjust their pricing in response, with 38% planning to cut discretionary or wider operational costs over the next six months⁵.

¹ HTA, 2024, *New HTA data demonstrates the Autumn Budget hit to horticulture*,

² Blue Diamond, 2024 Annual Report, <https://www.bluediamond.gg/investor-relations/financial-reports>

³ Kathrin Enenkel, Tom Aubrey and Tom Sells, 2020, *Reforming business rates: fixing a broken system* <https://www.centreforcities.org/publication/reforming-business-rates-fixing-a-broken-system/>

⁴ Agriculture and Horticulture Development Board, *GB fertiliser prices*, <https://ahdb.org.uk/GB-fertiliser-prices>

⁵ Barclays, *Three quarters of UK firms impacted by Middle East conflict but confidence in own prospects remains resilient*, <https://home.barclays/news/press-releases/20260/04/three-quarters-of-uk-firms-impacted-by-middle-east-conflict-but-/>

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