

Parting shot

Our morning after Brexit headache



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The lemmings went over the White Cliffs at 11pm on Thursday 31 December 2020.

Unfortunately, Messrs Boris Johnson and Michael Gove hadn't spotted that the sea was out, as some of us ended up with a nasty headache the morning after.

So where are we? In a bit of muddle in my view.

We immediately stopped exporting garden plants to Europe, which amounted to £100,000 of annual sales. Several parcel carriers have stopped delivering to Europe, parcels were slow to arrive in 2020 and are even slower now. We think we can deliver plants to Northern Ireland until 31 March, what happens thereon is unknown as I write this.

As part of Europe, we had free movement of goods and services that meant I could get into one of our 3.5 tonne vans and collect/deliver plants and packaging with no paperwork, a passport was all that was required.

Now we have gone to the other extreme. Every delivery of plants from the EU has to be inspected at the exporting nursery at a cost of €25 to €200. The cheaper cost is currently in France, which is unusual. The EU-based transport companies are very kindly advising the freight forwarders of our consignments who submit the plant information to the British authorities. We then need a customs agent in the UK, a Duty Deferment Approval Number (DAN) and a VAT/Duty waiver of some £150,000 per month so that we can account for the import VAT at some point in the future.

Freight forwarder and custom agents appear to be £50 each per transaction.

From 1 April 2021, plants have to be inspected at our registered Place of Destinations, or not, if the Ministry don't get there within four hours of notification. I believe we get an invoice whether the plants are inspected or not.

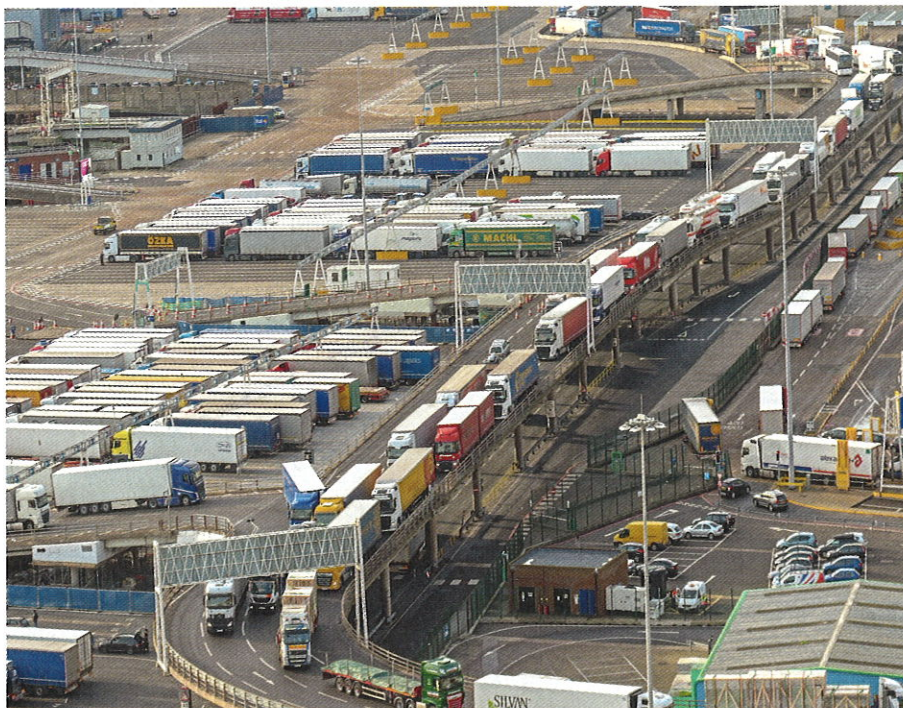
From 1 July, these inspections go back to the UK ports, which will lead to massive delays.

The extra paperwork costs equate to over £200,000 per annum plus any changes in ferry and road transport charges, which I'm expecting a 25% increase as a minimum.



We could buy more British plants but we buy as much as we can. We will have to dramatically increase the individual EU consignment values and volumes so that the extra Brexit fixed costs will be spread more thinly. Margin will have to be increased for specialists plants and those that travel long distances through Europe. Logistic delays will increase and some won't be able to cope with the extra transport times.

On a more positive note, I've just received an HMRC Research & Development (R&D) tax credit of £131,000 for the two accounting years to 31 October 2018 and 2019. We paid a 20% no-win, no-fee commission to Crowthers Chartered Accountants to do the work and the £100,000 left has paid for the concrete in our new storage shed. We've got a further tax credit to submit this spring. If you haven't submitted your HMRC R&D Tax Credit, I strongly recommend you do. Ending on another positive, we give all staff £200 Tesco vouchers each year. That doesn't sound much until you multiply it by a hundred. Why I hear you ask? The vouchers (any vouchers) are tax free for the employer and the employee. So we give £50 for a birthday, £50 for Christmas and £100 when I'm in a good mood, which happens once a year, normally in the summer after our busy period. From an employee perspective, not a great deal, but 'every little helps'. Tesco vouchers can be swapped for other brands in store, and those too lazy to go shopping can swap them with Adam on the nursery for £30, so I'm told! Adam will go far in life.



Lorries waiting to leave Dover