



## **ACS Submission: Red Diesel Call for Evidence**

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to HM Treasury's call for evidence on red diesel. ACS is a trade association, representing 33,500 convenience stores across the country (see annex A for more details), including fuel retailers such as Motor Fuel Group, MRH, HKS Retail, Rontec and thousands of independent fuel retailers.

There are over 8,000 fuel retailers across the UK, making up 18% of the convenience sector. As such the government's consultation is of interest to ACS. Forecourts employ over 117,000 people, and in the last year have invested an average of £16,603 (£145m in total) on improvements and renovations to their site.

To inform our submission, we surveyed our forecourt retailer members to find out more about the sale of red diesel in our sector. Of the nine businesses that responded, representing 1353 sites, only four sites from the entire sample sold red diesel, equal to 0.2% of forecourts surveyed. This clearly indicates that the sale of red diesel by petrol forecourt sites is not a prominent revenue generator.

ACS is currently collating the data for the ACS Forecourt Report 2017, which will be published in October 2017. The ACS Forecourt Report provides an insight into the forecourt sector, including store and job figures, sales statistics, and the customers utilising forecourt shops. For the first time, the Forecourt Report will provide statistics on the types of fuel that forecourts sell, including red diesel. Once available, and if useful, ACS can share the data with HM Treasury on the number of forecourts that sell red diesel.

ACS also conducts its Voice of Local Shops survey every three months. It is a multiple-choice phone survey of 1,210 independent convenience store retailers, including 110 forecourts and provides the opportunity for ACS to ask policy related questions that obtain an insight into the perspectives of independent retailers. If HM Treasury would find it useful, we can include a question on whether forecourt retailers' sell red diesel, the procedures they have in places for red diesel sales.

Since 2014, the taxes collected on red diesel have fallen from £592million in 2014, £588m in 2015 to £582million in 2016<sup>1</sup>. While there has been a decrease, the 2016 duty figure is similar to previous figures in 2012 and 2013, £567m and £577 respectively, mean the over government tax has been stable. We would value opportunities to meet with government officials to discuss in more detail the trends in red diesel use and the government's intentions in relation to the discounted duty rate red diesel users currently benefit from.

Forecourt retailers that sell red diesel have outlined the extensive procedure they follow to responsibly sell red diesel, registering as part of the Registered Dealers in Controlled Oil (RDCO) scheme, and making reasonable steps to ensure that the customer is properly

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<sup>1</sup> HM Revenue and Customs Hydrocarbon Oils Bulletin – May 2017

entitled to receive the oil that is being supplied. If the Government intends to review the RDCO we would like to work with the Government on how this registration system could be improved.

### **Quantities of Red Diesel**

Of the four forecourt sites that stated they sold red diesel, three provided figures of the quantity of red diesel they sold. The three sites (in total) estimate that they sell 137,600 litres of red diesel each year. In addition, each business that sold red diesel stated that it represented a nominal amount, estimated around 1% of their total fuel sales.

### **Red Diesel Locations**

All forecourt retailers that responded they sold red diesel were located in rural locations – including the highlands of Scotland and East Yorkshire. If useful, we can confidentially share the details and locations of these sites with government officials.

### **Users of Red Diesel**

We have heard anecdotally from our forecourt members that the majority of red diesel they sell is sold to HGV refrigeration lorries. Forecourt retailers also noted that red diesel is sold to those who use plant machinery equipment, particularly in the building and construction industry as well as in agriculture and horticulture sector. The low volume of sales of red diesel from petrol forecourts makes it challenging to complete a robust analysis of the end users of red diesel.

### **Thoughts on Licensing System**

Fuel retailers responsibly sell red diesel as part of their obligations as Registered Dealers in Controlled Oil. There is a clear understanding amongst our members about their obligations under RDCO. Our members take reasonable steps to make sure that their customer is properly entitled to receive the oil that is being supplied. This includes fuel retailers recording information including customer's name, registration of vehicle, date, time, litres sold, reason for use, and staff member on shift.

**For more information on this submission, please contact Julie Byers, ACS Public Affairs Manager by calling emailing [Julie.Byers@acs.org.uk](mailto:Julie.Byers@acs.org.uk) or calling 01252 515001.**