

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
1 Horse Guards Road
London
SW1A 2HQ

2 April 2020

Dear Chancellor,

Petrol Filling Stations

The Petrol Retailers Association (PRA) represents the independent forecourts, also known as Dealers, that provide the backbone of the UK's refuelling network with around 70% of all sites.

Government advice during the coronavirus pandemic to "stay at home" is now being well heeded but with the result that fuel demand has dropped markedly over the last 10 days. We are working in close daily contact with the Downstream Team at BEIS who yesterday reported petrol down 66% and diesel down 57%. Their data includes supermarkets that are offering aggressively low prices so the anecdotal evidence from our members is that their volumes can be as low as 80% down.

Such a decrease is having a major impact on their cashflow as many are having to pay fuel suppliers by Direct Debit within 1 to 3 days but have significantly reduced income to cover such purchases. As a consequence, many Dealers are now planning to close, rather than take the cashflow hit of ordering more fuel. This will make it harder for key workers and freight operators to gain access to fuel and it will deprive local people of access to essential items at their local convenience store. The impact will be particularly felt in rural areas.

You have introduced a welcome package of financial initiatives which will have some benefit to our members, but not in the short term. A typical tanker load of fuel, carrying different grades in compartments, provides 38,000 litres to a filling station. This would cost approximately £26,000 in Government tax: fuel duty and VAT. Your grant for small and medium size retail businesses of £25,000 would be immediately returned via our suppliers back to Government with just a single fuel delivery.

Our sector is exceptional with such high percentage of Government tax in our revenue stream so what I proposed on Sky News this morning is that an emergency three month credit line should be introduced for Dealers. The other players in our industry, namely supermarkets and oil companies, already benefit from extended credit lines (fuel refiners and importers already obtain the huge cashflow benefit of 6 months duty deferment). This gives an unfair and unlevel playing field for our Dealer members so it is little surprise that they are acutely feeling this credit pinch.

I have no issue with this deferment arrangement being extended by another three months to importers and refiners provided the entire fuel distribution network works together to extend the credit line to Dealers.

This change needs to be made as soon as possible and I am available to assist your Treasury team and HMRC as may be required.

Yours sincerely

A handwritten signature in blue ink that reads "Brian". The signature is fluid and cursive, with a prominent initial 'B'.

Brian Madderson
Chairman – Petrol Retailers Association

Copy : Rt Hon Alok Sharma : Secretary of State for Business, Enterprise and
Industrial Strategy