



PRESS RELEASE - EMBARGOED until 12.01am 07 October 2020

UK Government Must Commit To Viable Road Map Towards Greener Fuels

Representatives of the construction industry today said that the UK Government must commit to a viable road map towards greener fuels if it is to avoid hampering the sector's ability to drive economic recovery.

Leading trade bodies have responded to an HMRC consultation on the planned changes by warning that the planned removal of the rebate on red diesel in 2022 will impose a heavy burden on companies that have already been badly hit by COVID-19.

The joint response to the consultation identified a number of challenges posed by the planned changes:

- The current lack of alternative energy sources and supply infrastructure
- The UK's weak alternative plant machinery market
- Immediate negative impact of 2022 deadline upon industry
- Distortion of UK contractor base as a result of proposed legislation
- A potential increase in fuel theft
- Problems posed regarding the enforcement of legislation change
- Negative impact on SMEs.

Commenting, Director of External Affairs for the Civil Engineering Contractors Association (CECA) Marie-Claude Hemming said: "Greener growth must be workable for businesses and consumer for the long term. Our sector will be negatively impacted by this planned change in what is already a severely challenging economic environment.

"Many of our members work on long-term frameworks with fixed pricing, and although the cost for new works will eventually be passed on to customers, existing priced work means that this risk will fall on contractors.

"We estimate that the new rules will cost the construction industry a staggering £280 million - £490 million a year. These increased costs could slow down decisions on going ahead with construction projects and will negatively impact the UK's economic recovery.

"We are calling on Government to work with industry, plant manufacturers, and other stakeholders, to identify those practical measures, such as providing incentives to use renewable fuels and developing a targeted route map for future changes, that will achieve cleaner emissions for the future and a workable solution for all."

Kevin Minton, Chief Executive of the Construction Plant-hire Association (CPA), whose Members supply 85% of construction plant in the UK, said: "what the industry needs now is stability and no unnecessary or untimely burdens if it is to meet the PM's ambition of "Build, Build, Build". We have put forward a number of measures to Treasury, along with our concerns, to emphasise the importance of proper, sustainable growth and development so together we can deliver a greener economy in the long term."

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