



Feature: Fuel



Steve Banner reports on the latest developments from fuel system suppliers to the bus and coach sector.

With the high price of fuel, tight management at the depot and in the cab is essential.

CHANCELLOR of the Exchequer George Osborne's decision to postpone the much-heralded 3p-a-litre rise in fuel duty until January 2013 is perhaps the most-welcome of his many U-turns since the budget. It should not however be allowed to mask the fact that diesel still remains far too expensive in the UK when compared with almost the whole of continental Europe and that much of the price continues to be accounted for by duty and VAT.

So says Damon Walford, managing director of Aldermore Invoice Finance: Aldermore is a new British bank with backing provided

by Morgan Stanley Alternative Investment Partners among others.

Walford points out that the Spanish pay as little as 106p a litre for their diesel at the pumps, the Austrians 111p and the lucky inhabitants of Luxembourg just 96p. "Even in Germany and France diesel prices are significantly lower than they are on this side of the Channel at 115p and 118p respectively," he observes.

The figures he cites are taken from the AA Fuel Price Report for June 2012 which also shows an average UK diesel price per litre of 139p.

"From 1 January 2013, assuming the 3p price rise goes ahead, a litre of diesel selling for approximately 145p at the pumps will cost just 59p to produce and 5p to deliver and sell," he continues. "The remainder – a

whopping 81p a litre – will consist of fuel duty and VAT."

Walford would like to see a cut in fuel duty and a move towards harmonising diesel prices with those prevailing in mainland Europe: and it need not cost the Treasury a packet he suggests.

"The cost to the government of reducing fuel duty is not as high as it may at first appear," he contends.

"The Centre for Economics and Business Research has recently produced a report on behalf of Fair Fuel UK which shows that a reduction in fuel duty would actually help stimulate economic recovery," he continues. "According to the research, a 2.5p-per-litre cut in fuel duty would result

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All bulk tanks should be bunded and an integral bund is preferable to an open brick bund.

in the creation of 175,000 jobs within a year and would boost UK gross domestic product by 0.32 per cent, resulting in no fiscal loss to the government."

As things stand, paying such a high price for diesel is placing a considerable strain on the cash flow of many British businesses.

"In many cases the fuel bill is second only to the salary bill," observes Martyn Gent, sales and marketing director at Cameron Forecourt which provides pumps, tanks, gauges and related equipment for bulk fuel storage. "Diesel is liquid gold and more and more of it is being stolen."

Furthermore, the large sums often involved mean that some operators – even those with a reasonably respectable credit record – are unable to obtain a traditional fuel card with a limit appropriate to their activities because they cannot pass the necessary credit checks says The Fuelcard Company. As a consequence it has launched Diesel Advance which it says is the UK's first

pay-as-you-go pre-pay fuel card.

Operating through the Key Fuels network, Diesel Advance allows operators to top up their cards in advance either online by using a credit or debit card or through weekly direct debits. There is no need for pre-qualification credit checks and the entire exercise is rather like topping up a pay-as-you-go mobile phone.

Many bus and coach fleets have bulk fuel storage facilities and their valuable contents need to be managed tightly says Gent.

"You need accurate tank gauging and dispensing pumps and they should be linked to a web-based fuel management system that gives you live information," he contends. "In other words, it should be able to tell you if fuel was drawn from your tank as recently as 10 to 15 seconds ago."

That way, the operator will be able to see how much has gone into the tank – installing a system that prevents over-filling makes sound sense – how much

has gone out, and when it went out.

Furthermore, there has to be some means of identifying employees allowed to take the company's fuel and vehicles permitted to use it: a sensor on the driver's key ring for example, says Gent, or on the nozzle on the fuel dispenser's hose. Record the mileage every time the vehicle's tank is filled and you will be able to work out how frugal – or how thirsty – it is.

The rising price of fuel also tempts people intent on stealing fuel.

"Fuel theft is a problem," explains Fowler, CEO of Gerard's Cross-based Fueldefend Global. "On the one hand, there are increasing instances of vehicles being drained of fuel by well-organised gangs of fuel thieves. On the other, there remains the perennial problem of low-level skimming of fuel from tanks. This is often a matter of a few litres, but, when added up, amounts to a considerable loss."

Fueldefend's NeckIt! products are designed to fit vehicles in use in most major global markets, including Europe, North America, Asia, India and Africa.

"Fuel theft can be deterred by the fitting of a product that costs considerably less than the price of a

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