



17<sup>th</sup> April 2020

Dear Prime Minister,

We would like to take this opportunity to wish you a full recovery. This pandemic has taken us all by surprise both with its impact and severity.

The impact on the UK's road haulage industry has been colossal. Whilst some hauliers, primarily those in food and medicine distribution are continuing to operate, other hauliers are now really suffering, particularly those whose businesses rely on the construction, removals, waste recycling, car transporting, retail, manufacturing, events and fuel sectors.

Our latest intelligence from industry indicates that nearly 50% of lorries are now parked up. This is an industry with already very low profit margins, c.2%, and with customers extending their payment terms dramatically, the lack of cashflow is placing many in untenable positions.

The announcements made by your Government to support businesses and the economy over the last few weeks have been necessary and indeed welcome but are not enough. Road haulage in Northern Ireland finds itself in an identical situation and the sector has also requested immediate financial assistance from Government.

Unfortunately, they provide too little comfort for SME businesses which make up 85% of our sector. As a result, with no further action we fear that there will be widescale business collapse, that could reduce capacity by as much as 50%.

This is a significant issue because most operators work as part of an integrated supply chain and their activities are spread across multiple sectors. This is essential for their efficiencies and to maintain critical and very vulnerable supply chains. As an example, without packaging and waste recycling the food supply chain cannot be maintained – it is not just the obvious food products that are required.

As well as the huge damage this will do to the economy in terms of unemployment, the medium-term impacts on our economic recovery could be even worse. Our sector would likely find it impossible to provide enough capacity to meet demand going forward.

It is with this in mind that we urge you to strengthen the support on offer to our sector in the following ways:

1. **Rates** – Include all hauliers' sites in the business rates holiday offered to some other sectors. Taking this tax away reduces fixed costs for businesses.
2. **VED/Road Levy** – Allow weekly (Monday to Sunday) SORN refunds. Adjusting this tax away from calendar months will allow companies to reduce standing costs quicker and enable them to bring fleets back online in response to demand when recovery starts. This will further reduce fixed costs for businesses.

3. **Cash Injection and Debt Support** – In the form of a grant and which recognises an operators' fixed costs (average £700 per truck per week) and this assumes a payment holiday has been applied for financing and leasing costs. Assumptions made include outstanding debt and the increased pressure being placed on businesses not being paid for previously completed work, as others look to protect their own cash position. Payment terms (which average 60+ days in normal circumstances) mean work being completed today will not immediately support a haulier's cash flow. We propose an amount not exceeding £10,000 per truck. Supporting evidence has been provided to the Department for Transport.
4. **Fuel Duty Rebate** – Introduce an essential-user fuel duty rebate for hauliers still operating, who are ensuring our food, medical and other critical supply chains are maintained during unprecedented demand. This must be continued into the UK's recovery because usual network efficiencies have collapsed. Keeping hauliers' costs down to support with their recovery is as equally important as helping them maintain their cashflow today.
5. **Weekly Furlough** – moving to a weekly furlough model (Monday to Sunday) will substantially improve flexibility in the haulage sector. This will become especially important as recovery happens as it will help reduce costs and ensure staff remain available.

At this time of national emergency our sector is doing everything it can to ensure critical supplies get to where they need to be. We recognise that we need to play the fullest role possible in the UK's recovery and these measures would ensure we can do just that.

If we can provide any further information or clarification, please do not hesitate to ask your team to get in touch.

Yours sincerely



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