

Rt Hon. Rachel Reeves MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

22 October 2024

Dear Chancellor,

### **The Budget, October 2024**

I appreciate that you will be receiving high volumes of correspondence making representations in connection with your forthcoming Budget, and I hope you will not mind our adding to this with three specific requests that the Countryside Alliance would like to make on behalf of rural communities.

A key objective of fiscal policy, we believe, should be to redress the fiscal imbalance they currently face in comparison with urban areas. You may be aware of the ‘rural premium’, the added costs of living that residents must pay by virtue of living in a rural area. This is a key challenge to rural Britain and reflects the reality of our members’ and supporters’ daily lives.

#### **Fuel duty**

Our research, highlighted in the APPG for Rural Business and the Rural Powerhouse report on the rural premium launched in April 2023, shows that rural households spend almost £800 a year more on fuel than people who live in urban areas, and spend up to 6 pence per litre more for petrol. The cost of petrol is a critical issue facing rural communities.

In 2022 the fuel duty level was cut by 5 pence per litre, ostensibly for one year, but your predecessors took the decision to maintain the cut annually and not increase the duty. Pressure on rural communities’ finances remains, and so we would argue that now is not the time to let the cut lapse, which would have the effect of raising fuel duty by 5 pence from the current level. We therefore ask that you maintain the current level of fuel duty, with the 5 pence cut intact, and make the reduced level permanent so that rural motorists will no longer have to face the spectre of an automatic rise after each successive Budget.

## Road pricing

Looking further ahead, you will be aware of speculation that the government plans, whether in the forthcoming Budget or otherwise, to restore 2030 as the date from which the sale of new petrol and diesel cars will be prohibited. We are concerned about the readiness of the electricity grid in rural areas to bear the additional load from large numbers of additional electric vehicles being charged, especially at peak times; as such we ask that the Budget address funding for expanding grid capacity in rural areas. Regarding taxation, we also recognise that the Treasury will seek new means of taxing private transport given the shortfall in fuel duty that will arise from the decline in internal combustion engine cars on the road.

You will be aware of the Transport Select Committee's 2022 report on road pricing, which recommended a national road pricing system based on distance, time and the type of vehicle travelled in. The report also raised the issue of fairness, which is what principally concerns us. Rural households pay so much more in fuel duty than urban households principally because rural life necessitates more, longer journeys, and more of those taken in private transport. It is essential that any road pricing system accounts for this so that the framework can alleviate, not exacerbate, the rural premium. We urge you to address future planning for road pricing in the Budget, whether or not concrete proposals have been formulated.

## Domestic fuel

As longstanding supporters of people living in homes without a connection to the gas grid, we welcomed the previous Prime Minister's announcement in September 2023 that the mooted ban on like-for-like replacements of oil boilers would be put off until 2035, and homes that could not be reliably heated by other means would not be forced to switch. We urge the government not to reverse this policy and risk leaving rural homes without an adequate source of heating. For the present, immediate concerns remain about the affordability of heating oil.

In recognition of the higher costs faced by those who rely on this fuel, we ask that you use powers returned to the UK following our departure from the EU to reduce the VAT rate on domestic heating oil to zero. We would also like to see a cut in the VAT payable by rural businesses that use the fuel, which (above small quantities) is chargeable at the full rate of 20% since the reduced rate of 5% applies only to domestic properties.

Thank you for taking the time to review our proposals. We would appreciate an opportunity discuss our proposals, expanding on the case for how supporting the countryside stands to benefit the whole of the UK.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'T.P.C.' followed by a stylized flourish.

Tim Bonner  
Chief Executive