Members' Briefing

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Switching from Red Diesel to White Diesel - Increased Risk of Fuel Thefts

Background

At Budget 2020 the UK government announced changes to the rules on rebated diesel usage to help meet its climate change and air quality targets and encourage cleaner alternatives to be employed.

As a result, from 1st April 2022, red diesel will no longer be available at a rebated rate for many commercial applications, including mineral industry operations. From April 2022, most current users of red diesel will have to switch to white diesel which will attract the full rate of tax. These changes will mean that industry users of heavy plant, machinery and equipment such as excavators, dumpers, loading shovels and screening plants will no longer be able to run them on red diesel. This will also affect the permission to use red diesel for commercial heating and power generation.

Threat

Fuel theft accounts for heavy losses from commercial sectors, with a reported 120,000 fuel theft incidents in 2018. This is a major concern and one that can literally bring the continuity of a site to a grinding halt if left unchecked.

The government changes also come at a time when fuel prices are at an all-time high, with diesel costs around £1.50 per litre compared to £0.73p per litre for red diesel. White diesel attracts 57.95p per litre duty compared to only 11.14p per litre duty on red diesel.

It is an accepted fact that criminals are quick to react to new opportunities. It is highly likely that white diesel theft will become the new "criminal growth industry" and will lead to a significant increase in diesel theft across the UK. The significant factors are:

- The overall increase in fuel costs to record highs;
- The value of white diesel; approximately double the value of red diesel;
- Sites storing large quantities of white diesel in tanks, mobile bowsers, mobile plant and trucks;
- The greatly increased market for white diesel compared to red diesel, i.e., road going vehicles as well as other industry uses.

The risks and consequences of theft may not be limited to the financial loss of any asset. The act of theft may result in physical damage to be repaired, while spillages can result in environmental damage that site operators are required to clear up.

Potential Forms of Attack

Opportunist Fuel Theft
These are the most regular form of criminal attacks. Suspects will often use site tools that have not been locked away to access fuel tanks and workshops. Empty oil drums can be used to transport fuel off site using site wheelbarrows. These suspects will frequently target power tools, fuel from site tanks as well as fuel from extraction pumps. Thefts rarely exceed 200 litres and are normally conducted outside of operational hours.

Organised Fuel Theft
These thefts are less common but are likely to increase. Suspects use Transit type vans and closed lorries to carry up to five 1000 litre bulk liquid carriers (IBC's). Petrol engined pumps are then used to transfer fuel up to 200m off-site utilising rolls of blue water pipe.

Suspects may target sites when they are unmanned (weekends etc), making multiple return visits until the tanks are drained. Such thefts have historically varied between 6,000 and 13,000 litres.

Staff and Contractors
Given white diesel can be more readily used increases the risk of company staff and contractors stealing fuel from site fuel tanks. The tanks that may be targeted can include site/workshop tanks as well as heating fuel tanks and fuel is likely to be stolen in regular, but smaller quantities. Experience has suggested that these thefts will generally take place during both operational and out of hours periods, particularly at night or over weekends.

Security Measures

Measures can be deployed on a security risk assessed basis to avoid unwarranted expense and ensure an appropriate level of mitigation. Equally, 'low cost/no cost' measures should be considered before more costly options are utilised.

Some of the security risk factors to be considered are:

- Volume of fuel stored on site.
- History of criminal activity on site, particularly fuel theft.
- Level of crime local to site.
- Security measures already deployed on site.

A proposed hierarchy of security measures

Low Cost/No Cost

- Awareness of all site staff of the potential risks of fuel theft, the measures in place to counter these, and the need for ongoing vigilance to guard against both opportunistic and organised fuel theft[1].
- Remove any unnecessary diesel-powered equipment from site.
- Where possible, swap diesel powered generators for mains electric or hybrid items.
- Manage fuel levels - keeping fuel levels low, particularly over holiday periods.
- Isolate tank electrical supplies out of hours.
- Block access to tank filling points with concrete blocks or mobile plant items out of hours.
- Fit heavy duty locks on tank filling points.
- Fuel tank location – well away from site boundary.

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[1] MPA has produced advice on preparing for and responding to protest activity, elements of which equally apply to wider criminal activity. Central to this is the importance of office and site staff to be aware of potential risks and to remain vigilant for suspicious activity.

- Ensure fuel discharge has a volume counter.
- Regular analysis of site fuel usage by site management.
- Tank counter readings to be radioed to weighbridge when mobile plant being refuelled.
- All mobile plant to have fuel usage logs, detailing start and finish filler counter readings.

The above list is not definitive and other similar measure could be considered. Where they are not in place; site managers should be encouraged to adopt those measures appropriate to their sites.

Pros
Easy to adopt.
Low cost.
May help to deter and delay any criminal activity.

Cons
Less likely to detect more subtle forms of fuel theft by staff or contractors.
Will not prevent opportunist or organised fuel thefts, out of hours.

Higher Cost Measures

- Consider overt or covert fuel dyes.
- Fob access to refuelling point.
- Security lighting in vicinity of tank.
- If site has CCTV, ensure fuel tank is within CCTV camera and sensor range.
- Sites with existing CCTV that does not cover the fuel tank: fit additional cameras.
- Record Only CCTV.
- Battery Powered, low cost, monitored 'Motion Viewer' type cameras.
- Monitored CCTV.
- Fuel Tank Alarms.
- Security Guarding.

These measures should only be considered if the Low Cost/No Cost measures are assessed as not providing an appropriate level of security to mitigate against fuel theft.

Pros
Accurate fuel usage data for audit purposes.
24/7 Imagery of fuel tank and refuelling equipment.
Strong visual deterrent.
Ability to monitor activity 24/7 by Remote Monitoring Station and react to threat.
Battery Powered Monitored CCTV can be deployed where there is no mains power.

Cons
Cost of installation (Should be considered against possible losses).
Ongoing Monitoring cost for CCTV.
Installation (Tank Alarms can be costly to fit safely).
Security Guarding (prohibitively costly long term, however could be considered short term).

Recommendations

To ensure cost-effective solutions are employed, it is recommended that any additional security measures are informed by a security assessment. This will avoid measures being deployed which may be ineffective and/or result in excessive costs being incurred.

The awareness of site staff is essential, both in terms of maintaining the controls that have been put in place to reduce the risk of fuel theft occurring, but also ensuring vigilance for any suspicious behaviour or activities.

Any suspicious activity within or adjacent to sites should be reported to the local police, as should any incidents of actual or attempted theft.

Members are also encouraged to share information about fuel theft with the MPA (security@mineralproducts.org) to allow the frequency and geographic distribution of this activity to be monitored. In turn, this will assist raising awareness with other member companies who may be at risk.

For further information please contact neal.weston@mineralproducts.org