Fuelling Concerns: The Impact of Fuel Price Increases on Local Authority Fleet

APSE Principal Advisor Bonni Jee shares findings from a recent APSE survey on how recent fuel price spikes are impacting local authority fleets.

Rising fuel prices in early 2026 have placed renewed pressure on local authority services, underlining both immediate budget challenges and longer-term questions around the adoption of sustainable fuels in local authority fleets.

The escalation of conflict in the Middle East at the end of February caused disruption to the Strait of Hormuz, a key passing point for the oil produced in the region, increasing oil prices to levels not seen since the start of the war in Ukraine. The impact was quickly apparent in the UK, with petrol prices rising from an average of 135p/l in January 2026 to 158p/l in the middle of April, and diesel increasing even more sharply from 144p/l to 190p/l, with little sign of decreasing back to previous levels anytime soon, according to RAC data.

As large consumers of fuel, this represents a significant challenge for local authorities. Councils use fossil fuels, particularly diesel, to power their fleet for essential services from bin collections to street cleansing and grounds maintenance. With budgets already under strain, the unprecedented rise in fuel costs has added further financial pressure to service delivery.

To better understand the impact across the sector, APSE launched a survey to member authorities during March and April 2026. The findings of this survey highlighted both the scale of concern and the resilience of local government in responding to global issues.

Overall, 62% of respondents reported that rising fuel prices have already had a 'significant' or 'very significant' impact on their local authority, with the majority stating this was at a financial level. At the time of writing, most authorities had not experienced widespread fuel shortages, despite this being a problem in the consumer market where panic buying led to disruption at some petrol stations.

The survey also highlighted widespread unease across local authorities over what lies ahead, with 92% of respondents reporting that they were 'concerned' or 'very concerned' about fuel prices and the potential for shortages in the short to medium term. Comments from respondents pointed to a range of risks, including budget overspends, supply chain uncertainty and the potential knock-on effects for contracted services and grey fleet operations.

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A strong level of preparedness was evident across local authorities, with most responses indicating that contingency planning is widely in place or under development. Many are actively managing fuel reserves, increasing delivery frequency and maintaining higher stock levels to ensure service continuity. Just under half of respondents reported having an established contingency plan, with over half in the process of developing one. These measures, alongside the use of framework agreements and bulk procurement, have helped councils maintain stable operations during a volatile period.

Significantly, the survey found that rising fuel costs have not triggered an accelerated move away from fossil fuels, with 71% of respondents indicating the price increases have not changed their approach to fleet transition. This reflects the significant capital costs associated with fleet replacement, current models of switching to hydrotreated vegetable oil (HVO) fuels, which many councils have adopted as a way to reduce fossil fuel usage on a more immediate basis in advance of any major fleet replacement strategy, and current barriers to upgrading grid capacity and charging infrastructure.

Authorities are taking steps to reduce fuel consumption within their existing fleets but are largely maintaining their current strategies, with some showing hesitation around electrification due to ongoing market uncertainty. While there has been considerable progress with many authorities now operating majority electric or zero-emission fleets, these solutions are not yet suitable for all vehicle types. As a result, councils continue to keep their options open by exploring what will work best within local geographies and available resources.

The findings reinforce the complexity of fleet transition within local government. Transport managers are highly experienced in developing long-term replacement strategies but must work within a landscape shaped by financial constraints, infrastructure limitations and evolving technology. While spikes in fuel prices can intensify pressure, they do not in themselves overcome the structural challenges facing the sector. Consequently, the transition to greener fleets remains a long-term ambition shared across local authorities rather than one driven by short-term market shocks. ◆

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