



RHA

RHA FUEL DUTY PROPOSAL

Supporting the businesses that keep Britain moving

Autumn Budget 2026

Higher transport costs mean higher prices for everyone

Trucks deliver food, medicines and materials. Coaches connect people with education, employment, tourism and communities. Vans deliver the last mile, support trades and keep essential services operating. When transport costs rise, the consequences are felt by businesses and households throughout the UK.

Three actions the Budget must deliver

- **Freeze fuel duty** at its current rate and cancel planned increases.
- **End automatic fuel duty increases linked to Retail Prices Index (RPI) inflation.**
- **Introduce a 15p-per-litre Essential User Rebate** for eligible truck, coach and van operators, reviewed after six months.

A freeze would prevent further pressure. A rebate would help address the costs operators already face. Together, these measures would protect transport capacity, employment and investment — supporting growth across the wider economy.

Small businesses are running out of room

Around 85% of the road transport industry consists of small and medium-sized businesses. Many work on margins of just 2–3%, leaving little room to absorb increases in fuel, employment, insurance, maintenance and other operating costs.

Sustained cost pressures are threatening financial resilience. Our industry evidence shows operators facing increasingly difficult decisions about investment, employment and the work they can afford to undertake. Without targeted support, there is a real risk of further business failures and reduced transport capacity.

What operators are telling us

The RHA's industry fuel-cost research finds:

- **85%** say rising fuel costs are reducing margins; **56%** report cashflow pressure.
- **56%** say some work or contracts are becoming financially unviable.
- Only **10%** say they can pass fuel-cost increases on to customers in full.

One operator reported paying for fuel within 7–14 days while waiting around 50 days for customer payment. Such gaps tie up working capital simply to keep vehicles moving.

Households and communities pay the price too

RHA-commissioned analysis estimates that a hypothetical 5p-per-litre fuel duty increase would add **£1.9 billion a year to household living costs**. In the industry survey, 72% said they would

increase customer prices in response to a 5p rise. The effects extend beyond freight to coach services, local businesses and last-mile deliveries.

A rebate would offer practical, targeted relief

At 15p per litre, a qualifying operator buying 10,000 eligible litres a month would receive **£1,500 in monthly relief**, equivalent to **£9,000 over six months**. This is an illustration, not a forecast of an individual business's claim.

When asked about the potential benefits of a fuel rebate, surveyed operators reported:

- **71%** said it would reduce the need to increase customer prices.
- **67%** expected improved cashflow.
- **63%** said it would help maintain existing work and services.

These figures reflect operators' expectations of a rebate; the survey did not establish the specific impact of a 15p rate. The proposed rate and eligibility criteria require a transparent fiscal assessment, including the scope of van operations.

Targeted fuel relief is an established approach

The UK permits rebated red diesel for certain qualifying agricultural and rail activities. Ireland operates a diesel rebate scheme for qualifying road transport, while France provides partial fuel-tax refunds for qualifying freight and passenger transport. The schemes differ in scope, but show that targeted fuel relief is feasible in principle.

The RHA proposes a simple, auditable claims process, verification of eligible fuel purchases and prompt payments. A six-month review should assess business viability, customer prices, investment, transport capacity and Exchequer costs.

Why this matters for growth

Road transport is economic infrastructure. Freight movement, coach connectivity and van-based services allow businesses to trade, people to travel and communities to function. Supporting cashflow is not simply financial assistance: it helps preserve the capacity, jobs and confidence needed for investment and growth.

The RHA recognises the pressures on the public finances. Equally, Government must consider the wider economic consequences of inaction — including higher costs, weaker services and lost transport capacity.

Back the businesses that keep Britain moving

Fuel is one part of a wider challenge spanning skills, roads, driver facilities, trade, decarbonisation and regulation. The Budget should help businesses remain viable today while enabling investment for tomorrow.

Freeze fuel duty. Delink it from RPI. Introduce a 15p-per-litre Essential User Rebate.

You cannot grow an economy without moving it.

Evidence and references

RHA industry fuel-cost research; RHA-commissioned household-cost analysis; RHA Autumn Budget 2026 submission. International fuel-relief schemes are illustrative and have different eligibility rules.

Operators face a stark choice: raise prices, cut investment, turn down work or absorb costs they cannot afford.

Households pay the price too

RHA-commissioned research estimates that a 5p-per-litre fuel duty increase would add £1.9 billion a year to household living costs.

Asked how they would respond to such an increase, 72% of surveyed operators say they would raise customer prices. Keeping essential transport affordable helps protect the family shopping basket.

A rebate would provide immediate relief

A 15p-per-litre rebate would return £1,500 a month to a business using 10,000 eligible litres.

In the RHA's research, 71% say a rebate would reduce the need to raise customer prices, 67% expect better cashflow, and 63% say it would help maintain existing work and services.

Targeted fuel relief already exists elsewhere

The UK already allows qualifying agricultural and rail activities to use rebated red diesel. Ireland's Diesel Rebate Scheme refunds part of the fuel tax paid by qualifying road transport operators, while France provides partial diesel tax refunds for qualifying freight and passenger transport.

These schemes have different rules, but demonstrate that targeted fuel relief is an established approach. The RHA proposes support covering eligible trucks, coaches and vans.

Claims should be straightforward, payments prompt and purchases verified. A six-month review should assess business viability, prices, investment and the cost to the Treasury.

Back the businesses that keep Britain moving

Fuel is one part of a wider challenge spanning skills, roads, driver facilities, trade and decarbonisation. The Budget must help operators survive today and invest for tomorrow.

Evidence, references and wider recommendations

[RHA's full Budget submission.](#)

Contact

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