

**CABINET**  
**TUESDAY, 16 JUNE 2026**

**\*PART 1 – PUBLIC DOCUMENT**

*Any queries must be directed to the Democratic Services Manager*

**TITLE OF REPORT: Waste Vehicles Fuel Arrangements**

REPORT OF: Director - Environment

EXECUTIVE MEMBER: Executive Member - Environment

COUNCIL PRIORITY: Sustainability;

**1. EXECUTIVE SUMMARY**

1.1 To agree a position on fuelling of waste vehicles which takes into account both environmental and financial issues, related to the use of hydro-treated vegetable oil (HVO).

**2. RECOMMENDATIONS**

2.1. That Cabinet approves use of a HVO mix for the Council's large waste vehicles, that limits the additional cost to the Council (of using HVO over diesel) to approximately £5,000 per month from 1 July 2026 to 31 March 2027. This would be subject to a minimum HVO use of 20%, unless it became impossible to obtain HVO fuel.

**3. REASONS FOR RECOMMENDATIONS**

3.1 The Council set a budget in January 2025 to use Hydrotreated Vegetable Oil in the vehicles (above 3.5 tonnes) in the waste and street cleansing contract. The budget set aside at the time (£40k per year ongoing) was expected to be sufficient to use 100% HVO in those vehicles, although the budget decision did reference that it would be possible to use incremental levels of HVO depending on cost. Inflation added to the budget means that £40k budget is now £42k (for 2026/27).

3.2 Global events have increased the cost of fuel, with an even more substantial increase in the cost of HVO. This recommendation manages the cost impact on the Council during this period of uncertainty. Overall, the Council remains committed to its Sustainability Strategy and the carbon emission targets set within that strategy.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 The Cabinet could choose to carry on using 100% HVO but (at current prices) it is estimated that it will cost around £13k per month extra (above the allocated HVO budget). This would have the best environmental impact.

4.2 The Cabinet could choose to use 100% Diesel. The HVO budget could then be used to offset some of the increased cost of diesel which has occurred due to global events. This would have the biggest negative effect on emissions.

## 5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1. The Council's Political Liaison Board consisting of Cabinet and Leadership team were consulted on the original decision (taken on 15 April 2026) to target a HVO mix, limiting the additional cost to the Council (of using HVO over diesel) to £5,000 per month up to the end of June 2026. The Executive Member for Environment and Executive Member for Resources have since been consulted on the proposed recommendation for the period 1 July 2026 to 31 March 2027.

## 6. FORWARD PLAN

6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on 15 May 2026.

## 7. BACKGROUND

7.1. The Council set a budget in January 2025 to use Hydrotreated Vegetable Oil in the vehicles (above 3.5 tonnes) in the waste and street cleansing contract that commenced in May 2025. The decision was based on the Council's commitments to addressing climate change. The budget set aside at the time (£40k per year ongoing) was expected to be sufficient to use 100% HVO in those vehicles, although the budget decision did reference that it would be possible to use incremental levels of HVO depending on cost. Inflation added to the budget means that £40k budget is now £42k (for 2026/27).

7.2. In the waste and street cleansing contract all vehicles under 3.5 tonnes are electric. Using HVO in the vehicles above 3.5 tonnes has a significant positive impact on the environmental impact of the service. HVO reduces carbon emissions by 90% compared to using diesel.

7.3. The table below shows the impact on emissions depending on the blend of HVO / diesel that can be achieved:

<b><i>Diesel</i></b>	<b><i>HVO</i></b>	<b><i>Percentage change in emissions</i></b>
100%	0%	
90%	10%	-9%
80%	20%	-18%
70%	30%	-27%
60%	40%	-36%
50%	50%	-45%
40%	60%	-54%
30%	70%	-63%
20%	80%	-72%
10%	90%	-81%
0%	100%	-90%

- 7.4. The current global political situation has resulted in a marked increase in fuel prices. The premium for HVO (the additional cost of HVO above diesel prices) has significantly increased. It has gone from around 10p per litre when the cost was initially estimated, and latest estimates are that is around 40p per litre.

## **8. RELEVANT CONSIDERATIONS**

- 8.1. Based on current prices it is estimated that to use 100% HVO would cost the Council up to an additional £15k (above the budgeted premium for HVO) in a full month.
- 8.2. The vehicles can run on blends of diesel and HVO, which means that a decision can be taken to balance cost and environmental impact. An exact blend cannot be achieved at all times, as it depends on the timing of fuel deliveries to the depots. But under the contract, Veolia can be instructed to target a certain blend, and this can be changed over time.
- 8.3. The contract is a joint one with East Herts Council. There are fuel tanks at both the Letchworth and Buntingford depots. This allows the two Councils to take independent decisions.
- 8.4. On 15 April 2026 an interim decision was taken by the Director – Environment in consultation with the Executive Member – Environment to ask Veolia to target a HVO mix that limits the additional cost to the Council (of using HVO over diesel) to £5,000 per month. This would be subject to a minimum HVO use of 20%, unless it became impossible to obtain HVO fuel. That decision was taken to cover the period up to the end of June 2026, so that a more medium-term decision could be taken by Cabinet.
- 8.5. It is proposed that the Cabinet agree to continue with the same approach as currently in place until 31 March 2027, given the current global uncertainty and large differential between the price of HVO and diesel.
- 8.6. The Council remains committed to achieving the aims of its sustainability strategy, including reducing carbon emissions. However, this needs to be balanced against cost, so in the short / medium term it is necessary to reduce the amount of HVO that we use. To allow flexibility with changing prices, the 15 April decision sought to limit the financial exposure (to £5k above budget), rather than setting a specific level of HVO/ diesel mix.
- 8.7. The recommendation to set a minimum level of 20% HVO (subject to being able to obtain HVO) means that the Council will continue to have some positive environmental impact, and demonstrate the intention to revert back to 100% HVO when it is financially viable.
- 8.8. The decision can be revisited again as part of the budget-setting process for 2027/28.

## **9. LEGAL IMPLICATIONS**

- 9.1. Paragraph 14.6.8 a) i) determines that the Director – Environment shall “manage, direct and control all resources allocated to the Directorate in accordance with the Council’s policies and procedures”. Paragraph 14.6.8 b) viii) determines that this includes “waste collection and waste management”.

- 9.2. Under paragraph 14.6.2 e) “an officer may always refer a delegated decision to the Cabinet...”. Under paragraph 5.7.8 Cabinet also “monitor ... revenue expenditure and agree adjustments within the overall budgetary framework.”

## **10. FINANCIAL IMPLICATIONS**

- 10.1. The decision to limit the additional budget to £5k per month, means that the cost of this decision is up to £45k for the period 1 July 2026 to 31 March 2027.
- 10.2. The cost risk of being able to maintain 20% HVO is thought to be insignificant. The HVO premium would need to be around double the maximum seen so far for this to cost more than the allocated allowance.
- 10.3. The Council will also incur additional costs due to the base increase in diesel costs. The increased costs of fuel in general are unavoidable, and are outside the scope of this decision. Although a decision could be taken to use no HVO and use the allocated budget (£32k over a 9-month period) to mitigate the increased costs of diesel. Current diesel prices (bulk purchase net of VAT) are around £1.35 per litre. This is about 30p per litre above the open book price used to set diesel costs at the start of the contract (May 2025). It is also just under 10p per litre above the diesel price that contractors were instructed to use in bidding for the contract. Both amounts are after adjusting for inflation. This means that (depending which base is chosen) diesel is costing between £38k and £120k more than budgeted for the 9-month period.

## **11. RISK IMPLICATIONS**

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. This decision is a balance between environmental impact and cost. The cost cap being applied helps to manage the overall risk. This is also a decision that can be changed in the future once we know more about longer term pricing. There is a reputational risk of not targeting 100% HVO, but this is mitigated to some extent by setting a minimum level of 20% HVO (subject to being able to obtain HVO). This means that the Council will continue to have some positive environmental impact, and demonstrate the intention to revert back to 100% HVO when it is financially viable. However, using less HVO over the 9-month period does potentially impact the Council’s ability to achieve its short-term emissions target for 2026/27.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no equalities implications as a result of this report.

**13. SOCIAL VALUE IMPLICATIONS**

13.1. The Social Value Act and “go local” requirements do not apply to this report.

**14. ENVIRONMENTAL IMPLICATIONS**

14.1. An Environmental Impact Assessment has been undertaken. The recommendations of this report have been considered and the following adaptations/ mitigations have been included - By setting a minimum level of 20% HVO (subject to being able to obtain HVO) this means that the Council will continue to have some positive environmental impact and demonstrates its intention to revert back to 100% HVO when financially viable.

**15. HUMAN RESOURCE IMPLICATIONS**

15.1 There are no human resources implications as a result of this report.

**16. APPENDICES**

16.1 None

**17. CONTACT OFFICERS**

Sarah Kingsley	Director - Environment	sarah.kingsley@north-herts.gov.uk
Ian Couper	Director – Resources	ian.couper@north-herts.gov.uk

**18. BACKGROUND PAPERS**

18.1 Decision to ask Veolia to target a Hydrogenated Vegetable Oil mix that limits additional costs: [Record of Decision made under Delegated Authority](#)