COUNTRYSIDE ALLIANCE BREIFING NOTE: IMPACT OF HEATING OIL PRICES ON RURAL AREAS

Westminster Hall, Jamie Stone MP

Wednesday 04 November 2026

- **The Countryside Alliance supports a fair transition to affordable and sustainable energy, but rural households must not face unfair costs because of where they live or government policy.**

- **Around 1.5-1.7 million households remain reliant on heating oil due to not being connected to the mains gas grid, many of them in rural areas with limited alternatives**

- **Unlike households using mains gas and electricity, heating oil users are not protected by the energy price cap and are therefore exposed to global energy shocks and market volatility.**

- **Rising international tensions and disruption to oil markets have significantly increased costs for rural households and businesses dependent on heating oil. Sudden price rises can leave vulnerable households struggling to afford heating.**

- **Heating oil users face additional risks from fuel theft, which can leave households without heating and create costly replacement bills. The Countryside Alliance has published guidance intended to help householders prevent fuel theft.**

- **The government has introduced targeted financial support and committed to strengthening consumer protections, but questions remain about affordability and the protection available to households facing future price shocks.**

- **The Countryside Alliance is calling for VAT on domestic heating oil to be reduced to zero and for a reduction in VAT on non-domestic heating oil used by rural businesses.**

- **Further measures to support consumers with their energy bills must recognise the needs of off-grid homes reliant on heating oil or other alternative fuels such as LPG.**

Background

- An estimated 4.8 million homes across the United Kingdom are not connected to the gas grid,[1] and of these, between 1.5 and 1.7 million rely on oil as their primary source of heating[2]. Off-grid homes are over-represented in rural areas because their relative sparsity makes it likelier that the gas grid will not have been extended to them. Off-grid homes in urban areas typically use electrical heating.

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[1] House of Commons Library, Households off the gas-grid and prices for alternative fuels, 06.08.26
[2] P&H Engineering, Missing link: renewable liquid fuels

- Off-grid households often have fewer energy options than urban consumers and can be more vulnerable to fluctuations in international fuel markets. These have been particularly prevalent in recent years with global events, including conflict in the Middle East, having the potential rapidly to increase oil prices, placing financial pressure on rural households.

- Heating oil users do not benefit from the domestic energy price cap implemented by the government as a consumer protection measure in 2019. Wholesale price rises are immediately reflected in consumer prices, and some firms have been accused of deliberately cancelling delivery contracts when wholesale prices rose.

- Sudden increases in fuel prices risk intensifying rural poverty and increases the risk of rural crime, by incentivising thefts from homes. A stolen heating supply leaves houses without heating, causing particular issues in the winter months, particularly for elderly and more vulnerable householders, also resulting in significant replacement costs.

- To help protect homeowners, the Countryside Alliance recently re-issued our guidance on how best to prevent fuel theft. Measures can include installing a good-quality lockable filler cap, improving lighting around the tank, and considering installing CCTV, an alarm system and physical barriers.[3]

Pre-Budget government policy and action

- In March 2026, the government under Sir Keir Starmer announced a £53 million heating support package for low-income households reliant on heating.[4] The package was announced in response to significant increases in off-grid heating costs linked with conflict in the Middle East.

- The government also committed to pursuing action against suppliers found to have cancelled orders or imposed excessive price increases during periods of market disruption. It secured an agreement with the industry on a strengthened Code of Practice to enhance consumer protections and establish a register of priority customers.

- Following concerns raised by MPs, rural stakeholders and the government, the Competition and Markets Authority undertook a market study of heating oil.[5] On 13 October the government announced that it had accepted all of its recommendations which related to consumer experience and protections; retail price spikes in times of wholesale volatility; and regional variation in consumer outcomes and experience.[6]

- While these measures are welcome, they do not remove the underlying vulnerability of households that depend on heating oil. Stronger consumer protections can help ensure fair treatment, but they cannot prevent international price shocks or guarantee that fuel will remain affordable.

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[3] Countryside Alliance, Fuel theft: protect your home heating oil and farm fuel as prices rise again, 03.08.26
[4] HMT, Over £50 million to help families struggling with soaring heating oil costs, 16.03.26
[5] CMA, Heating oil market study, 20.03.26
[6] DESNZ, Government response to the CMA heating oil market study, 13.10.26

Budget 2026

- Prior to the Budget, the Countryside Alliance write to the Chancellor of the Exchequer making ten specific requests that we believe could help ease the burden on rural communities. In relation to heating oil, we asked:

  > *"Reduce the VAT rate on domestic heating oil to zero*
  > *Thousands of rural homes are reliant on heating oil and have limited alternatives. We ask the government to reduce VAT on domestic heating oil to zero, and also to cut the VAT rate paid by rural businesses from the current non-domestic rate of 20%."*[7]

- The Budget made no change to VAT on heating oil, either for households or for businesses.

- The Chancellor did, however, announce a temporary suspension of import tariffs on kerosene heating oil for two years.[8] The government presents this as support for households that rely on heating oil, which are disproportionately located in rural areas.

- However, a suspension of import tariffs does not automatically translate into an equivalent reduction in the price paid by household. The measure may prove beneficial, but the ultimate impact on prices paid by consumers remains to be determined.

Countryside Alliance position

- The Countryside Alliance welcomed the Starmer government's announcement of £53 million in support for heating oil costs, urging greater clarity for struggling households. It also welcomed the various market interventions, including action to prevent cancelled orders, and welcomed the temporary freeze in fuel duty.[9]

- If any further measures are considered to support consumers with their energy bills, these must account for the position of off-grid homes reliant on heating oil or other alternative fuels such as liquid petroleum gas (LPG). Approximately 200,000 rural homes rely on LPG and face similar challenges to heating oil users.[10]

- Rural households should not face greater energy costs simply because they live beyond the gas grid, a circumstance that is usually beyond their control. Heating oil remains an essential energy source for many rural communities and policy must recognise this important reality.

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[7] Countryside Alliance, Ten Budget demands to back rural Britain, 25.10.26
[8] HMT, Budget 2026, p. 48
[9] Countryside Alliance, £53m heating oil support announced - but rural families still need answers, 16.03.26
[10] MoneySavingExpert, Martin Lewis: Heating oil and LPG price hikes – are firms playing fair? We need your feedback, 09.03.26