

# Industry Monitor

## 2022 edition

In association with

**MotorTransport** 

# Welcome...

As an optimist, it brings me great satisfaction to share this year's Industry Monitor survey with you. And now we are emerging from the pandemic, I think this year's results will be of particular interest.

There's no doubt that our sector has proved over the past two years just how resilient and innovative it can be – with recent stats showing an impressive 8% increase in goods moved domestically (page 6).

While many challenges still lie ahead, I believe every challenge brings huge opportunity and I'm encouraged to see this belief shared by several senior leaders at some of the most well-known businesses in our industry (page 7). I'm also pleased to see optimism about growth and opportunities from the majority of our survey respondents – 256 senior leaders from haulage and logistics firms, operators and public sector and municipal waste organisations – with some 70% planning to add extra trucks to their fleets this year (pages 8-9). And it's positive that 61% expect to be operating alternatively fuelled vehicles soon (page 10). You can see the latest news and trends on alternative fuel options direct from the manufacturers (pages 12-15).

I'd like to thank ArrowXL, Bullet Express, CEVA Logistics, DHL, Gist, Maxi Haulage, Roger Warnes Transport, Turners (Soham) and XPO Logistics for their contributions to this project, as well as Daimler/Mercedes-Benz, DAF, Iveco, MAN, Renault, Scania, Tevva and Volvo. I am also grateful for the insight provided by Logistics UK, the Road Haulage Association, the SMMT and Zemo Partnership.

I sincerely hope this Industry Monitor proves useful to your business as you plan for the rest of 2022 and beyond, and I wish you and your team the very best.

**Willie Paterson**

**CEO, Asset Alliance Group**



The Industry Monitor 2022 surveys industry leaders to provide the essential guide to the state of the UK's freight transport industry. It analyses the challenges vehicle operators face, including rising fuel prices, driver shortages, and the issues involved in going green. It examines the strategies being adopted to ensure the success of businesses in this changing market. And it looks at anticipated buying patterns for the year ahead.

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Operators are working hard to find ways to recruit and retain vehicle drivers. The lack of skilled drivers might have been pushed down the list of operator concerns by the rising cost of fuel, but the problem has not gone away.

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Asset Alliance Group builds its relationships with its customers by offering the best service and support.

## Key facts and figures about fleets, operators and licensing trends

The 2022 Asset Alliance Group Industry Monitor research is based on a sample of 256 industry leaders from the readership of *Motor Transport* and *Commercial Motor*.

Just over half (51%) were company owners, managing directors or board directors, while the remaining 49% were senior managers.

The average size of HGV fleet among the companies surveyed was 168 vehicles. Some 17% of respondents ran fleets of more than 101 vehicles, while at the other end of the scale, 26% ran fleets of five vehicles or fewer.

Average company turnover was £82m. Some 13% had a turnover of more than £101m, while just over half (52%) had a turnover of £10m or less.

Most respondents came from the haulage and logistics sector: 43% described their business as general haulage, 13% warehousing and supply chain distribution, 10%

# The industry in numbers



third-party logistics and 2% container logistics. Some 11% of respondents were own-account operators, while public sector and municipal and waste accounted for 8%.

We have compared this year's results with the corresponding group of 257 industry leaders who responded to our survey in 2021.

## TOTAL O-LICENCES BY TYPE IN GB: 2019-20/2020-21

Type of licence	Restricted		Standard national		Standard international		Total licences in issue	
Year	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021
Eastern traffic area	6,264	6,330	4,392	4,457	1,949	2,158	12,605	12,945
North Eastern traffic area	5,120	5,100	4,129	4,097	1,216	1,309	10,465	10,506
North Western traffic area	5,027	5,038	3,526	3,482	989	1,075	9,542	9,595
South Eastern traffic area	4,533	4,454	2,546	2,536	1,106	1,123	8,185	8,113
West Midlands traffic area	3,972	3,942	2,820	2,819	838	968	7,630	7,729
Western traffic area	5,441	5,473	3,518	3,504	1,245	1,325	10,204	10,302
Scotland	2,649	2,632	2,447	2,413	546	568	5,642	5,613
Wales	2,536	2,536	1,782	1,783	392	406	4,710	4,725
TOTAL	35,542	35,505	25,160	25,091	8,281	8,932	68,983	69,528

Source: Traffic Commissioners for GB Annual Report 2020-21.

The overall number of O-licence holders in GB increased by almost 1% last year after falling by 2.5% the year before. There has been a downward trend for several years. In 2012-13 there were 80,894 O-licences in GB, some 16% higher than the latest figures reported. The growth this year has come from international licences, with the figures for both restricted and standard national licences down marginally.

## TOTAL O-LICENCES AND VEHICLES: NORTHERN IRELAND

	Vehicles				Operators			
	Standard international	Standard national	Restricted	Total	Standard international	Standard national	Restricted permits	Total
2017-18	10,348	2,033	10,318	22,699	1,765	376	3,917	6,058
2018-19	10,583	2,060	9,529	22,172	1,809	370	3,507	5,686
2019-20	10,692	1,992	9,041	21,725	1,828	362	3,165	5,355
2020-21	10,880	1,955	9,137	21,972	1,878	359	3,219	5,456

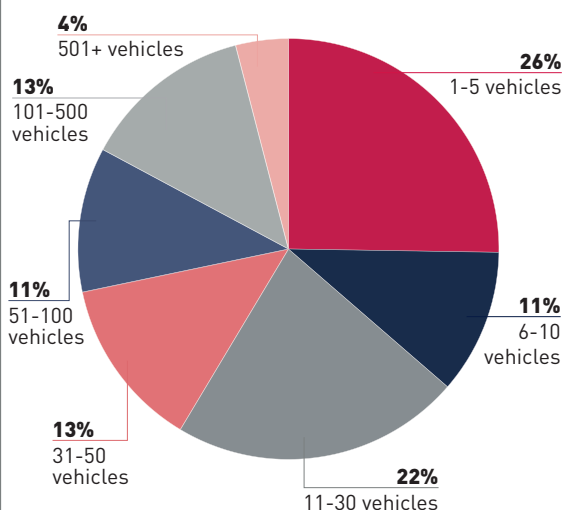
Source: Transport Regulation Unit.  
The number of HGV O-licences in force in Northern Ireland as of Q4 2020-21 was 5,456, an increase of 1.9% on the previous year and a drop of 9.9% on 2017-18.

## NUMBER OF VEHICLES SPECIFIED ON GB O-LICENCES

	Year	Restricted	Standard national	Standard international	Total number of specified vehicles
Eastern traffic area	2019-20	16,821	35,255	17,658	69,734
	2020-21	17,040	36,000	18,983	72,023
North Eastern traffic area	2019-20	13,811	29,813	13,773	57,397
	2020-21	13,641	30,439	14,746	58,826
North Western traffic area	2019-20	13,247	26,423	11,388	51,058
	2020-21	13,179	27,062	11,784	52,025
South Eastern/Metropolitan traffic area	2019-20	13,440	20,059	8,987	42,486
	2020-21	12,750	20,111	8,853	41,714
West Midlands traffic area	2019-20	9,930	20,106	9,372	39,408
	2020-21	9,786	20,658	10,078	40,522
Western traffic area	2019-20	13,700	27,316	10,686	51,702
	2020-21	13,684	27,839	11,118	52,641
Scotland	2019-20	6,578	19,595	5,167	31,340
	2020-21	6,489	19,845	5,424	31,785
Wales	2019-20	5,680	10,656	3,169	19,505
	2020-21	5,627	10,877	3,274	19,778
TOTAL	2019-20	93,207	189,223	80,200	362,630
	2020-21	92,196	192,831	84,260	369,287

Source: Traffic Commissioners for GB Annual Report 2020-21.

### How big is your HGV fleet (above 3.5 tonnes GVW)?



# 168

AVERAGE NUMBER OF VEHICLES  
AMONG COMPANIES SURVEYED

# 26%

NUMBER OF FIRMS RUNNING  
FIVE OR FEWER VEHICLES



Transport and logistics has faced severe challenges over the past couple of years as a result of Covid, Brexit changes, and more recently the fall-out from the war in Ukraine.

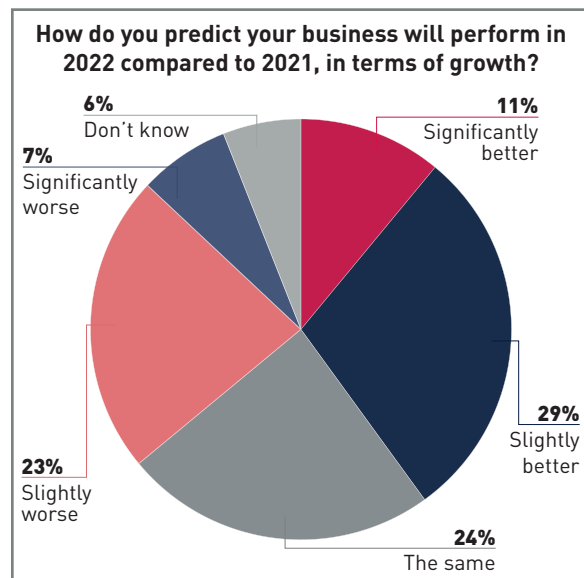
And it's a sign of the resilience of the industry that it saw an 8% increase in goods moved domestically, according to government road freight statistics for the year to June 2021. Not only that, but the figure of 152 billion tonne-kilometres was 3% higher than the average for the previous five years.

The figures for international transport are less cheerful, however, showing that goods moved by UK registered heavy goods vehicles were down 11% to 3.7 billion tonne-kilometres for the year to June 2021 – 33% lower than the average for the previous five years.

It is clear from this year's survey that the issue causing most concern to industry leaders is the cost of fuel, which was cited by 43% against only 9% last year. Lack of skilled HGV drivers has dropped back slightly as a concern, meanwhile, being cited by 20% compared with 30% last year. And rising operational costs were highlighted by 15% this year, up from 11% last year.

# Fighting back

Operators are showing resilience in meeting the changing challenges of the road transport market



One issue that featured strongly in last year's survey was the impact of urban legislation, which was cited by 19%. The fact that it is an issue for

only 8% this year suggests operators have found ways to deal with it or have more pressing problems.

The threat of Covid has receded somewhat. In last year's survey 83% of industry leaders said their business had been affected, including 43% who said they had been significantly affected or affected to a great extent. This year, 76% reported being affected but the number significantly affected or affected to a great extent had fallen to 22%.

However, business confidence has slipped back a little across the industry. Asked to predict how their businesses would perform over the coming year in terms of growth, 40% said it would be better than last year, down from 53% in last year's survey. Almost one third (30%) said it would be worse, up from 22% last year.

## MICHELLE GARDNER, ACTING DEPUTY DIRECTOR OF POLICY, LOGISTICS UK

The logistics industry is experiencing a period of unprecedented change, with a host of challenges impacting the way goods move in the economy, such as the long-term impact of the global Covid-19 pandemic, significant staff shortages, the war in Ukraine, and the need to rebuild logistics into a sustainable and net zero sector.

Since the target for achieving net zero emissions by 2050 was set in 2019, many van fleet operators have begun making the switch to electric. And since the announcement of a deadline for the end of sale of new diesel trucks and petrol, diesel and hybrid vans, industry's efforts to decarbonise have accelerated.

However, while electrification is widely accepted as the solution for vans, there are challenges surrounding the practicality of transitioning entire fleets, including the installation of charging infrastructure, on-site energy supply and grid capacity, and vehicle maintenance.

For heavier commercial vehicles that travel significant distances, the route to net zero is yet to be determined. Vehicle manufacturers continue to explore innovation within this area, with the government investing in trials for potential

## LOGISTICS UK

solutions that include battery electric, hydrogen fuel cell and electric road systems.

While it can be challenging for businesses to determine what steps to take in both the short and long term, many are choosing to seek independent guidance to advise on the best course of action for their individual operations.

There are plenty of actions that can be taken now, starting with smaller changes such as driver awareness training, aerodynamic vehicle modifications and low rolling resistance tyres.

For a switch to alternative fuels and powertrains, businesses must consider the practicalities. Any changes cannot impact operational efficiency negatively and must also be viable commercially.

As a whole, the industry is working hard to progress its decarbonisation efforts, with Logistics UK continuing to work closely with its members and government to support the transition.

The push to decarbonise – which can be a

costly process – has fallen within a difficult period for logistics, which is currently facing many cost pressures. Logistics businesses typically operate on very narrow margins of around 1% and with average fuel prices reaching record highs, rising inflation and higher energy prices, many businesses are struggling with the increased costs.

Despite these challenges, with the right government support the logistics industry can move more quickly on the journey to decarbonisation. In May 2022, Logistics UK launched 'Decarbonising logistics: the journey to net zero', a report highlighting the areas of action that are needed to help make net zero a reality.

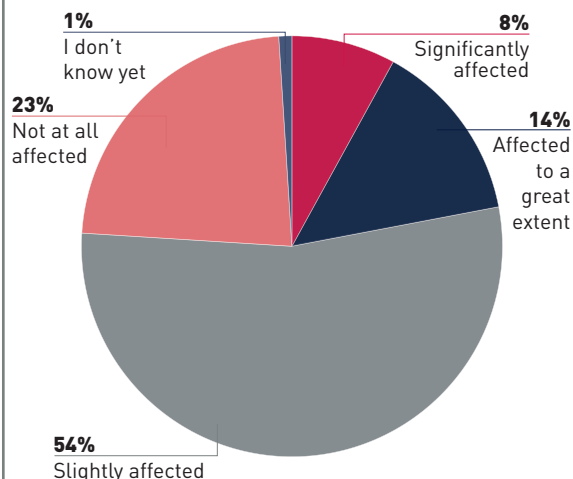
For more information and to view the full report, please visit [logistics.org.uk/campaigns/research-hub/reports/decarbonising-logistics-report](https://logistics.org.uk/campaigns/research-hub/reports/decarbonising-logistics-report)

Logistics UK is one of the UK's leading business groups, representing logistics businesses which are vital to keeping the UK trading, and more than seven million people directly employed in the making, selling and moving of goods. For more information about the organisation and its work, please visit [logistics.org.uk](https://logistics.org.uk)

# 152

BILLION  
TONNE-KM OF DOMESTIC FREIGHT

## How has your current trading position been impacted by the Covid-19 pandemic?



## RICHARD SMITH, MD, ROAD HAULAGE ASSOCIATION



An effective campaign needs a strong message – that's the catalyst that brings about positive change.

Because of their dedication to Great Britain's road freight and logistics industry, our truck and van drivers have become victims of their own success. Sound odd? We know that they do a magnificent job, 24/7. But because the goods arrive and no-one goes without, the work they do is pretty much taken for granted. The public expects fresh bread and milk on the supermarket shelves every day in the same way that they turn the tap on to fill the kettle.

Such is the efficiency of the retail industry that when stock levels decline, they are automatically replaced from suppliers' warehouses. But as the pandemic took hold in 2020, who knew that the British public would believe the only way to get through it was to stock up on toilet rolls and pasta? They created the problem and the industry got the blame. Stocks were replaced within days, and we rose to the challenge of delivering PPE to hospitals and other front-line workers, but again, it was taken for granted.

This year the RHA will be going all out to promote the work of this magnificent industry. We have just launched our skills campaign to promote the industry as a great career option and the possibilities are endless – for men and women.

As far as the environment is concerned, we'll be highlighting the steps that the industry is taking to become greener and cleaner.

And we'll also be continuing to push for decent driver facilities. This is an industry that bends over backwards to meet the expectations and demands of the public every single day, and drivers deserve to have easy access to roadside toilets, safe and secure (sometimes overnight) parking, and decent shower facilities. For thousands of drivers, after all, their cab becomes their home for days on end. So we want them to have the facilities that should be theirs by right – not as a favour.

## VOX POPS

### Dan Myers, MD, XPO Logistics

The industry is facing a number of challenges, but challenges always create great opportunities. It's all a matter of how you address the challenges, and we have the expertise and resources to help our customers achieve their goals. This industry is creative and pragmatic. Whatever the backdrop, we will find a way to succeed. The industry has never been more in the public eye than now, and that gives us the opportunity to attract the very best talent. There is lots of headroom for the future.

### David McCutcheon, chief executive officer, Bullet Express

We cover the whole spectrum of transport and storage and we have seen a 50% increase in business on last year. Looking around the industry, everyone seems to be buoyant, considering the past two years have been very tough. During Covid we invested in sales and expanded infrastructure in all departments to increase revenue streams. We have seen a surge in demand for storage services in particular, and this has pushed growth in other areas of our business.

### Paul Day, MD, Turners (Soham)

Overall, the market is showing signs of slowing down slightly as a result of rising inflation and global instability. We had 10 years of relative calm with low inflation and stable markets prior to the last two years where we've seen disruption caused by Covid, the driver shortage and the dramatic rise in fuel and energy. Now we are seeing rampant inflation and interest rates rising to try to contain it. Demand could slow if people get nervous about the cost of living, although it's not possible to predict with any certainty. We are confident of our ability to meet the challenges of the future. Our

business is very strong and stable, and has a great customer base.

### Alan Miles, MD, Maxi Haulage

Much of our business is traffic to and from Ireland. This has seen no let up in volumes, though there is an imbalance with a lot more traffic to Ireland than coming back – a situation that has been intensified by Brexit. Our parts distribution business is going from strength to strength with strong volumes. Our groupage business is seeing steady volumes, while the traffic up and down to Scotland is experiencing huge growth. Over the coming six months we expect the market to be reasonably strong, but there is a risk of demand going down as a result of a squeeze on consumer spending.

### Ian Barclay, operations director, Roger Warnes Transport

Recently, we've seen headlines proclaiming the imminent demise of 29% of hauliers, which on the face of it is shocking. But I'm not convinced that this is anything new. Many of those will usually sail close to the wind and others are being pushed to continually lower rates to an unsustainable level.

Responsible hauliers and their customers are well aware that fuel surcharge mechanisms must be included in commercial agreements and those hauliers who aren't watching that part of their costs shouldn't be in business. Customers who don't want to pay will find themselves without a haulier sometime soon. Drivers are being recognised as the valuable asset they've always been and customers are now prepared to accept those higher charges.

As the prime minister has said, the whole population is currently feeling the pinch amid soaring energy and food prices. He's right, and we

can bet that any government in the same position will make sure that the economy, at least, does not stagnate and at best makes an uptick. This is a high-risk period where hauliers must be brave enough to walk away when necessary, but fortune favours the brave and the strongest will survive, just as nature intended.

### Charlie Shiels, chief executive officer, ArrowXL

It's tough out there, but when has it not been? We've found that the UK logistics industry is an important barometer for UK business trends.

It's a powerful lead indicator for upswing or downswing in volumes. Whether it's raw materials being moved, deliveries to supermarkets or direct to consumers, we seem to understand the trends first.

Fuel prices are high, drivers are hard to come by and Covid was tough, but UK logistics will continue to lead the way in terms of recovery. I've been around long enough to experience a number of economic cycles (both boom and bust) and am positive that we'll recover strongly. We always do.

Tough economic conditions force us all to focus on business efficiencies which can actually be a positive experience. We need to ensure that we're all operating effectively to tight margins and working cohesively.

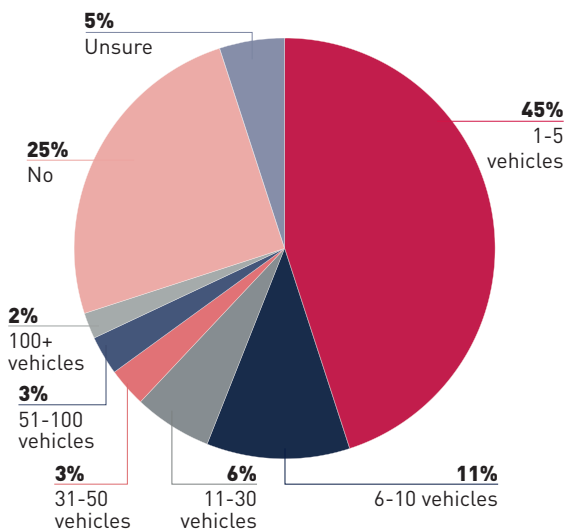
### Michael Chambers, chief executive, Gist

The challenges for our sector are material and unrelenting. We in Gist, like many others, continue to be buffeted by external events. The war in Ukraine has compounded the post-pandemic recovery and Brexit-induced supply and demand imbalance within the UK economy, and the cost of both labour and fuel are continuing to inflate dramatically.

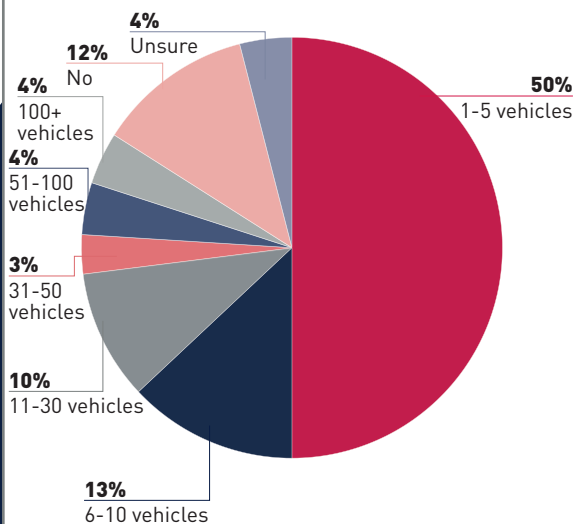
# A question of supply

## Shortage of vehicles threatens growth plans

Have you/are you planning to add extra trucks to your fleet during 2022?



Have you/are you planning to replace existing trucks on your fleet during 2022?



Sales of commercial vehicles suffered through the pandemic lockdowns but there is now an appetite to invest in vehicle fleets despite some of the headwinds operators face.

In our survey, some 70% of industry leaders said they were planning to add extra trucks to their fleet this year – up from 45% last year.

That optimism is also reflected in the desire to replace existing vehicles, with 84% of industry leaders saying they were planning to do so. That is a big increase on last year's survey when only 53% said the same.

Purchasing strategy has

remained fairly stable. Some 39% opted for outright purchase of new vehicles (including hire purchase finance), while a further 18% chose outright purchase of used vehicles, 22% preferred a combination of methods, and 20% used rental, leasing and contract hire.

Some 83% of industry leaders said their purchasing strategy had not changed since they last purchased vehicles.

Asked which methods they previously used, 59% of those who said they had changed the way they purchased new vehicles cited outright purchase of new vehicles (including hire purchase), and 20% preferred the used vehicle market,

### PETER LAWTON, SENIOR SECTION MANAGER, SMMT

It seems that 'once in a generation' impacts are now something the industry deals with every year. As Britain began to emerge from the pandemic in 2021, it was better news for the HGV sector as 37,163 new trucks entered service – a 12.9% boost in 2020. However, overall registrations were down by 16.9% on pre-pandemic levels, largely because of shortages of semiconductors essential for new truck output. Perhaps a production priority for higher-value vehicles may mitigate the situation.

That theme of shortages is likely to colour the rest of 2022. The global shortage of semiconductors is affecting worldwide vehicle production levels and is likely to continue until at least the end of the year. Events in Ukraine also expose the already strained supply chain to further risk, and so fleets looking to renew should focus on ordering early to avoid having to run older, less efficient units for longer than necessary.

We have also now reached a key marker year in truck technology, with the government confirming the end of sale of all non-zero emission HGVs by 2040. For some specific use cases, such as refuse collection vehicles, the transition may happen even more rapidly. However, while we have a deadline, there is currently no clear plan specifically for public HGV recharging and refuelling infrastructure. Manufacturers are investing billions in such technologies, including battery electric, hydrogen and other alternative fuels but operators will need clarity, affordability and evidence on an infrastructure plan dedicated to their needs if this transition is to be delivered on time.

While supply shortages and powertrain legislation present new challenges, there is also the return of an old familiar – a constrained economy. With energy costs and inflation rising, consumers and businesses alike face a challenging financial situation. Most HGV operators should be familiar with weathering downturns, having done so many times before. It will be a challenging year – but with manufacturers striving to bring the latest, most efficient and most cost-effective models to market, fleet renewal will be a hugely worthwhile investment in the future.





# 70%

OF INDUSTRY LEADERS  
SAY THEY PLAN TO ADD  
EXTRA TRUCKS TO  
THEIR FLEET THIS YEAR

while 18% went down the route of rental, leasing or contract hire.

It is clear that there is a considerable level of loyalty to particular brands when purchasing HGVs, with 69% giving their allegiance to a particular marque against 30% who preferred to run a variety of brands in the fleet.

That loyalty was less marked for trailers, where only 29% said they had allegiance to a particular brand.

These results are broadly in line with last year's survey of industry leaders.

## RELIABILITY RULES

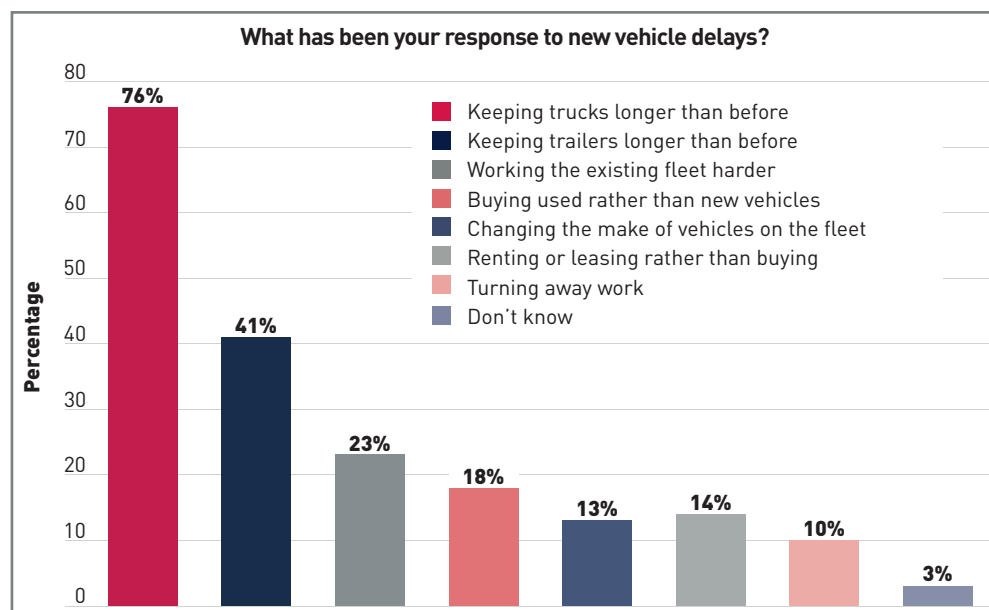
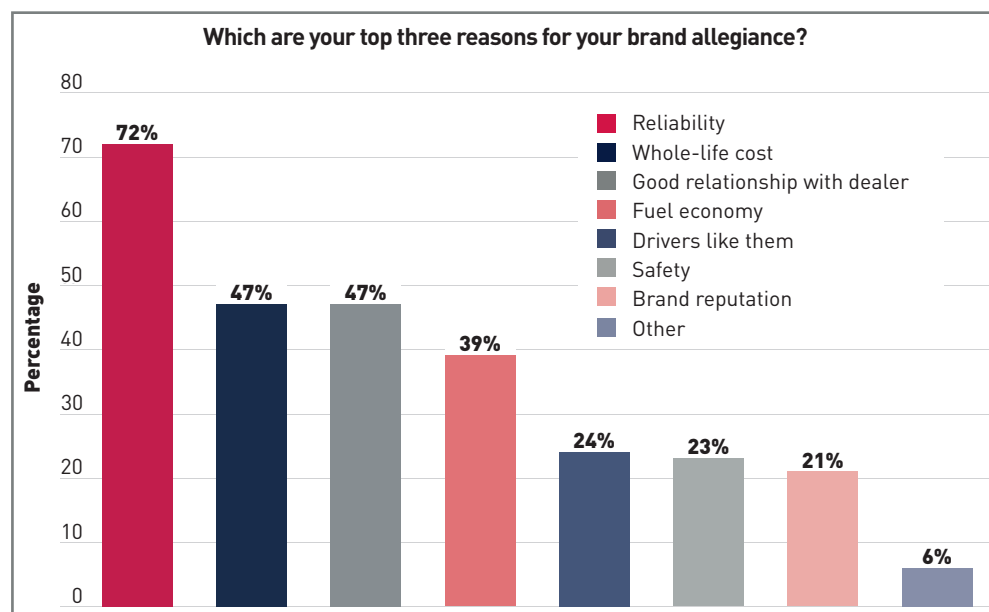
We asked respondents to give us the reasons for their allegiance to particular brands. Reliability (72%) and whole life cost (47%) were unchanged from last year, as was fuel economy (39%).

The one factor that has increased in significance in the past year is having a good relationship with the dealer, which was highlighted by 47% this time around compared with 34% last year.

Some 57% of the operators surveyed said they kept their heavy goods vehicles for less than five years – in fact, 15% keep them for less than three years. Nevertheless 27% keep vehicles for up to seven years while 12% hang on to them for up to 10 years.

Operators tend to keep trailers longer than their trucks. Only 18% of respondents said they kept trailers for less than five years, while 23% keep them for up to seven years, and 12% hang on to their trailers for more than 13 years.

One issue that has come to the fore in the past year is availability of vehicles, so we asked the industry leaders if they had seen shortages



which had resulted in delays in obtaining vehicles. The answer was overwhelming: 86% said they were experiencing such problems.

## FINDING A SOLUTION

The most common solution, cited by 76%, is to keep trucks for longer. Some 41% also said they were keeping trailers longer than before. Other common responses included working the existing fleet harder (23%); and buying used rather than new vehicles (18%).

Not only that, but one in 10 of the companies in our survey said they had turned away work because of vehicle shortages.

## VOX POPS

### Alan Miles, MD, Maxi Haulage

Lack of availability of new vehicles is a real restriction on our ability to tender for new business and upsize quickly. We recently ordered 20 new artics which have a lead time of one year. We would like to order more, but at the moment manufacturers' order books are still closed. We are managing the situation by keeping existing vehicles longer, and on one new contract we are using rented vehicles as a temporary situation.

### David McCutcheon, chief executive officer, Bullet Express

Vehicle shortages are a challenge. We are seeing longer lead times not only on trucks and vans but also forklift trucks. We had orders in early because we saw it coming. We are responding by holding onto vehicles longer. But it is not going to ease soon. As a supplier of bespoke trailers we are well aware there have been problems sourcing steel, computer chips and now, with the war in Ukraine, wiring looms. We are all starting to realise how important Ukraine is to the supply chain.

## NEIL WALLIS, HEAD OF COMMUNICATIONS, ZEMO PARTNERSHIP

There has surely never been a period of greater disruption for commercial fleet operators. With the pandemic following hard on the heels of Brexit, and the first war in Europe for over 75 years accompanied by a period of dramatically changing (now escalating) fuel prices, the challenges just keep on coming.

And all this against the backdrop of the requirement to phase out the sale of HGVs using internal combustion engines (ICE) by 2040 to help deal with the threat of climate change and deliver net zero by 2050, plus the challenges posed by the introduction of low emission zones around the UK aimed at improving local air quality.

Zemo Partnership is working with fleet operators and engaged stakeholders to help navigate the challenges as well as frame the policies and associated regulations needed to get us there.

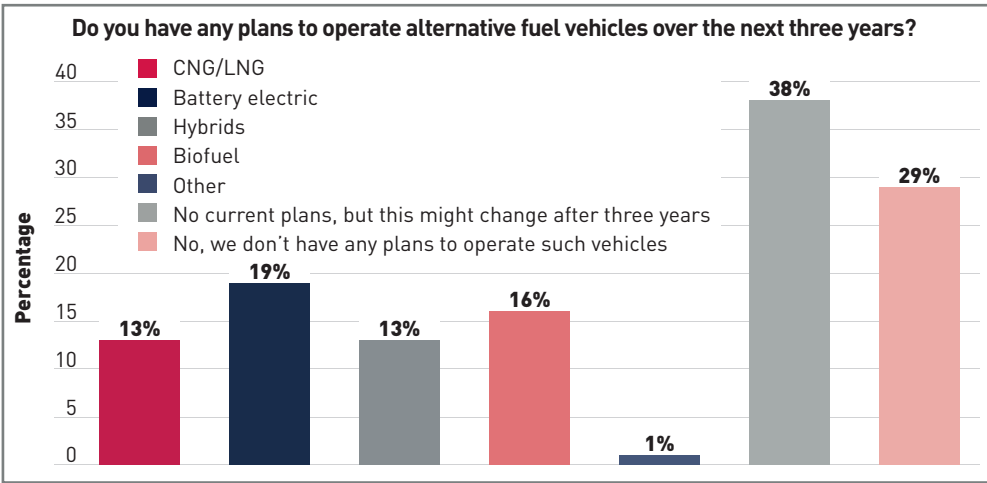
For example, we're working with members to develop detailed proposals for enhancing the Plug-in Truck and Van grant schemes for zero emission commercial vehicles, focusing on test procedures and assessment criteria.

With the help of our members, we're also providing technical and promotional support to the DfT/Innovate Zero Emission Road Freight (ZERF) programme as well as assisting the UK HGV industry with its commitment to achieve a 15% reduction in greenhouse gas emissions by 2025 in various ways, including through supporting (with Energy Saving Trust) freight decarbonisation information and related activity and via the DfT's Freight Emissions Reduction Group (FERG).

We're looking at the impact of ancillaries on emissions – including but not limited to transport refrigeration units – and seeking to build the evidence base to provide a grounding for future policy. We're also continuing to encourage the use of renewable fuels – available and viable right now – through various initiatives including our Renewable Fuels Assurance Scheme, giving operators certainty about the emissions benefits of fuels such as HVO, biodiesel and biomethane.

The freight industry has never faced greater challenges than today. Zemo Partnership is here to work with you and help navigate our way to a better, low emissions future together.

For more details about the Partnership and how to join, see [www.zemo.org.uk](http://www.zemo.org.uk)



More biofuel, battery-electric and gas-powered vehicles are on the agenda in the near future for the road transport sector

# Green is the colour

COP26, the United Nations Climate Change conference in Glasgow, piled on the pressure to accelerate progress towards a carbon-neutral future. And as a major consumer of fossil fuels, the transport industry is under the spotlight.

One factor that is having a direct impact on the transport industry is the requirement for larger companies to report their greenhouse gas emissions.

It is relatively easy for manufacturers and retailers to detail their own internal emissions, but they are increasingly looking to their logistics partners to help with the emissions from transport and warehousing (which are known as Scope 3).

Being able to respond positively to this is likely to play a growing role in winning contracts in the future.

While there have been significant moves towards battery-powered cars and vans, the demands placed on HGVs mean that it is more difficult to find a single solution that is suitable for all operations.

**LIMITED TAKE-UP**

Not surprisingly, there is a huge amount of work going into alternative fuelled heavy goods vehicles. However, our survey shows that take-up is still relatively limited.

Fewer than one in five fleets (18%) in our survey is currently operating such vehicles. Where they are, those most commonly used are biogas (8%), CNG (4%), LNG (5%), battery electric (6%) and hybrids (5%).

However, it is clear that operators are increasingly planning to bring alternative fuelled vehicles into their fleets. Some 62% of industry leaders said they expect to be operating such vehicles within three years – up from 33% last year.

About one in five is looking at battery-electrics, while biofuel (16%), CNG/LNG (13%) and hybrids (13%) are also contenders.

## VOX POPS



# 18%

NUMBER OF RESPONDENTS ALREADY  
OPERATING ALTERNATIVE FUEL HGVS

### Tutu Akinkoye, GoGreen lead, UKI, DHL Supply Chain

DHL has an ambitious target to reduce all logistics-related greenhouse gas emissions to net zero by the year 2050, and is dedicated to investing in zero tailpipe emission transport. Electric vehicles have a vital role to play, especially for smaller loads and shorter routes, and battery electric technology is progressing well in the van market.

In the HGV market, zero tailpipe emission technologies remain the end goal. While not readily available yet, we took to the road with the UK's first electric 16-tonne truck in November 2020.

We believe low carbon fuels will play a fundamental role in decarbonising our HGV fleet, providing a bridging technology over the next 15 years until zero tailpipe emission technologies come to market at scale. We are planning to invest in over 500 gas (predominantly LNG) trucks by 2025 as part of this roadmap.

### Dan Myers, MD, XPO Logistics

I've always been interested in the environmental side of supply chains. We are working with major manufacturers and infrastructure providers to trial alternative fuel heavy vehicles and electric vehicles for lighter operations. We are also operating both LNG and CNG vehicles, and we are moving heavily into HVO (hydrotreated vegetable oil) at a number of sites, as this is a great way to reduce our customers' Scope 3 emissions very quickly. We

want to push harder and are in the process of working out how we can go faster.

Lots of customers are focused on managing their Scope 1 and 2 emissions but are struggling to benchmark Scope 3 emissions, which include supply chain-related emissions. We have ways to help them measure the environmental aspects, as well as recommendations for mitigating them. As a third-party logistics provider, it's essential that we support the customer on their sustainability journey.

### Chris Walton, MD UK & Ireland, CEVA Logistics

At CEVA Logistics, alternative fuels are a vital tool in the transition from diesel to zero emission vehicles and are helping us move towards our goal of being net zero before 2050.

CEVA is taking action through commercial EV trials, award winning alternative urban transportation pilot schemes, and the continued roll-out of sustainably sourced HVO.

At the beginning of 2021 our company car fleet began its transition towards a fully electric fleet; our policy ensures all new company cars are EVs, or a hybrid in exceptional circumstances. In total CEVA saved an estimated 61.37 tonnes of CO<sub>2</sub> equivalent in 2021 by using electric vehicles.

Over 20% of CEVA's commercial fleet now runs on HVO. Using HVO ensures we are actively reducing emissions while we explore commercial EVs with the range and capacity suitable for operational requirements; something

that is not always easy to achieve.

Within our industry we should be doing everything we can to source and trial alternatively fuelled vehicles. The greater the adoption, the better refuelling capabilities should become along with potential reductions in upfront costs, which are barriers for some businesses.

### Charlie Shiels, chief executive officer, ArrowXL

UK logistics companies are all focused on their ESG strategies, but the environment is a difficult issue for many goods vehicle operators. We're all keen to reduce our carbon footprint as much as possible but are seriously constrained by the current lack of infrastructure, significantly higher capital cost, payload impacts and range limitations.

Our clients or customers might potentially pay more for a reduced or carbon-free delivery. At 3.5 tonnes with light goods being carried, the numbers look OK. However, a 7.5-tonne home delivery route, an 18-tonne rigid or a 38-tonne artic pulling a fully loaded double-deck trailer is a different story and we certainly need more thought about this.

On 7.5-tonners (an area of particular relevance to us) the significant cost increase, the loss of payload and range limitations are show-stoppers. Realistically, an economic solution is still years away.

In the meantime, driver training, engagement and telematics seem the best solution to minimise our trucks' environmental impact.

Photo: Shutterstock



# What needs doing

The cost of going green is an issue, and so is finding somewhere to refuel

## 61%

OF OPERATORS ARE PUT OFF ALTERNATIVE FUELS BY THE INFRASTRUCTURE ISSUES

Vehicle manufacturers are working hard to offer operators a range of alternative fuel options to meet different operational needs. But making alternative fuels more popular is not just about vehicles: our survey reveals that many of the key factors in the equation depend on government action.

Top of the list, cited by 61% of industry leaders, is better public

refuelling infrastructure. This is closely followed by government financial incentives such as scrappage schemes and reduced tax (59%).

Almost one in five (19%) would like to see operational incentives such as better access to kerbside space, while upfront costs are an issue for 48%, and uncertainty about residual values is demotivating 29%.

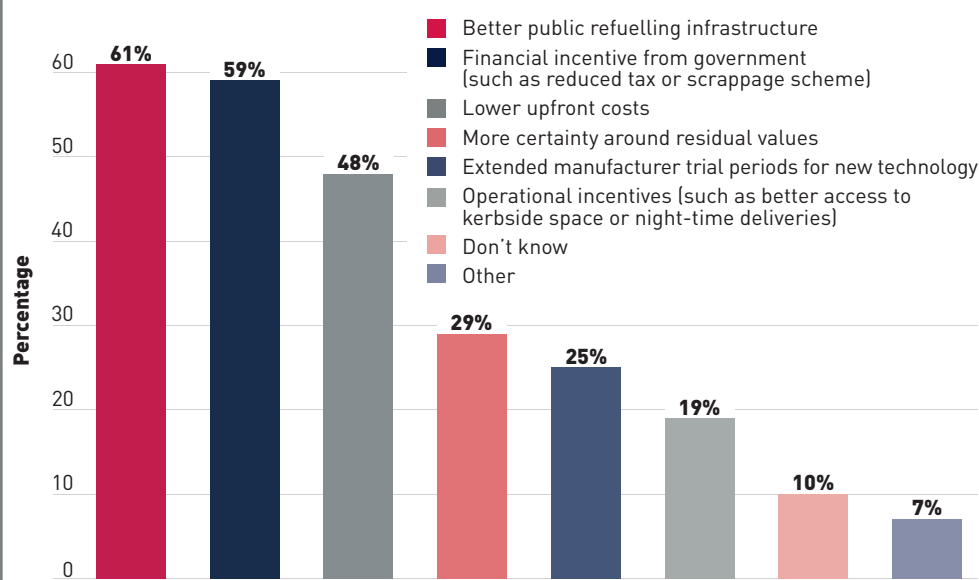
One in four respondents also said they would like to see extended manufacturer trial periods for new technology.

Perhaps unsurprisingly, these figures are similar to those from last year's survey.

With so much depending on government policy, it might seem a bit harsh to expect vehicle manufacturers to do much more than they already are.

Nevertheless, there is a definite sense that operators want manufacturers to move faster to provide non-diesel options for HGV operators (cited by 55%). This figure is slightly up on last year's (47%), suggesting that momentum for change is growing.

What factors may influence your decision to operate alternative fuel vehicles?



## DAF

### Have you seen a change in interest in alternative fuels over the past year?

DAF Trucks has seen significantly more interest in alternative fuels over the past year. Transport companies in growing numbers are making serious enquiries into making the change to other fuel types, which is down to a number of factors including an increased awareness of the climate crisis and the impact of our use of fossil fuels; the government's end-of-sale dates for non-zero emission vehicles; and the availability of alternatives to diesel.

The increased price of gas as an alternative to diesel has undoubtedly made operators look towards HVO (hydrotreated vegetable oil) as a more cost-effective and less restrictive alternative for those seeking to dramatically reduce their carbon footprint. HVO offers a 90% CO<sub>2</sub> reduction well-to-wheel.

### Which alternative fuels are offered across your vehicle range?

The entire range from DAF Trucks can be operated on renewable alternatives including HVO and other paraffinic fuels conforming to BS EN15940, as well as B20/B30 blends of FAME biodiesel conforming to EN 16709.

### Which models are alternative fuels available on?

DAF Trucks also offers a range of zero-emission electric vehicles including the LF Electric at 19-tonnes GVW, the CF Electric as a 3-axle 6x2 rigid at 27 tonnes GVW, and the CF Electric as a 37-tonne GCW 4x2 tractor unit.



### What support is available to customers to make the transition to alternative fuels (financial and operational)?

DAF Trucks offers PACCAR Charging Solutions in a range of capacities from 20kW to 350kW. In-house and manufacturer-backed finance solutions are also available to assist with the acquisition of EVs, while the DAF Dealer Network – with 136

locations throughout the UK – is gearing up to support the deployment of EVs with parts and service back-up.

### What development do you have in the pipeline?

As well as future plans to expand the range – including a number of electric vehicles – DAF is actively developing hydrogen as a fuel and, in fact, won the International Truck of the Year Innovation award for the DAF XF prototype vehicle powered by a hydrogen internal combustion engine.

## RENAULT

### Have you seen a change in interest in alternative fuels over the past year?

Before there were debates around different types of alternative fuels, but in the last 12 months we feel the industry knows that the destination is electric. We are in discussion with many customers from a wide range of sectors about decarbonisation. And wherever they are on their journey, we are here to help them plan and progress.

### Which alternative fuels are offered across your vehicle range?

Renault Trucks is currently supplying electric vehicles from 3.1 tonnes to 26 tonnes through the E-Tech range. The Renault Trucks Master E-Tech is available in panel van, chassis cab and platform cab. The Renault Trucks D E-Tech can be built to 16-tonne, 18-tonne and 26-tonne specifications. We also offer our Renault Trucks D at 26 tonnes with a low entry cab. Aside from this, our Euro-6 Step E vehicles across our range can be alternatively fuelled with HVO, offering up to 90% CO<sub>2</sub> reduction (well to wheel).

### What support is available to customers to make the transition to alternative fuels (financial and operational)?

Our approach is to work collaboratively with operators and other partners. At every Renault Trucks dealer across the UK, customers are supported throughout their entire journey to switch to electric by our fully trained Energy Transitions Specialists.

Following discussions with operators around their decarbonisation ambitions, we work to



understand their operation, exploring which parts of their operation could be performed with an electric vehicle, and understanding their situation from a site infrastructure perspective to ensure they are in contact with their distribution network operator (DNO) and are aware of their total power potential in readiness for the installation of chargers and charging of vehicles.

Work then begins on designing the solution from a chassis, body and financial perspective. We have EV demonstrators for various applications in the UK for trial, we're working in partnership with a number of bodybuilders to ensure the change to building on an electric chassis is as seamless as possible, and we have contract hire options available through Renault Trucks Financial Services. Additionally, operators also benefit from the Renault Trucks Battery Promise which guarantees the performance of the batteries over the operating time of the vehicle.

Finally, once the vehicle is built and delivered,

we offer training and fleet monitoring via our Renault Trucks OptiFleet telematics system with regular follow up.

Renault Trucks would welcome a greater level of support for zero tailpipe emission vehicles from government. The end date for ICE vehicle sales has been announced, but there seems a reluctance to help operators make the transition to available decarbonised battery electric alternatives.

Operators in countries like France, Germany, Switzerland and the Netherlands enjoy much higher levels of incentive than is available to UK companies and we have seen electric sales in these markets outpace those in the UK.

### What development do you have in the pipeline?

In 2023 Renault Trucks will launch both the C and T E-Tech models to introduce electro-mobility to both the construction and long-haul range.

These new models in Renault Trucks' heavy-duty range will be fitted with two or three electric motors providing a combined power of up to 490kW (equivalent to 666hp). They will also be equipped with an Optidriver gearbox.

The Renault Trucks T and C E-Tech will have two to six lithium-ion battery packs with a capacity of 180kWh to 540kWh. The vehicles' batteries can be fully charged in 9.5 hours by alternating current (AC) up to 43kW, or in 2.5 hours by direct current (DC) up to 250kW. These trucks will be able to travel up to 300km on a single charge and up to 500km with a one-hour intermediate fast charge (250kW).

## SCANIA

### Have you seen a change in interest in alternative fuels over the past year?

Scania continues to see growing interest in biogas vehicles. BioCNG is considered the mature option with its established refuelling network. There are nine fuelling locations across the UK, one in construction and 12 more earmarked for 2023 (according to CNGfuels.com).

Meanwhile bioLNG is garnering interest thanks to the availability of 3-axle tractor units and higher range possibilities.

Scania expects a gradual increase in the use of HVO (hydrotreated vegetable oil), now the price premium to diesel is starting to shrink.

While there's plenty of initial interest in battery electric vehicles, the financial side of running a BEV remains a barrier.

There is less interest in PHEV. The main driver is due to prospective customers wanting to move straight to a zero emissions solution such as BEVs.

### Which alternative fuels are offered across your vehicle range?

Scania has invested in developing a range of vehicles that can be powered by a complete suite of renewable fuels – all are available on the UK market today, from the biomethane options, bioLNG and bioCNG, to HVO and FAME (fatty acid methyl ester). This now includes electrified options: BEV and PHEV.

### Which models are alternative fuels available on?

HVO: All engines, cab types and axle configurations available.

FAME: A choice of two 9-litre engines, two 13-litre engines and one V8 engine. Engines need special preparation. Available with all cab types and axle configurations.

CNG: A choice of two 9-litre engines and one 13-litre engine covering most



wheel configurations, except double front axles and 3-axle tractors. Available as an L-, P-, G- and R-Cab vehicle.

LNG: A choice of two 9-litre engines and one 13-litre engine covering most wheel configurations, except double front axles. Available as an L-, P-, G- and R-Cab vehicle (normal configuration restrictions apply).

BEV: Only available as a 2-axle or 3-axle rigid vehicle either as an L- or P-Cab. There are two battery capacity options – 297kWh for axle distances over 4,350mm and 165kWh for axle distances over 3,950mm.

PHEV: Only available as a 2-axle or 3-axle rigid vehicle, either as an L- or P-Cab. Powered by a 9-litre engine and a 230kW electric motor.

### What support is available to customers to make the transition to alternative fuels (financial and operational)?

Scania and the chosen fuel partner will work together to help operators plan for their switch. This includes understanding their operations to build a business case to make the switch seamlessly.

A demo vehicle will be provided for a two-week trial period to assess what life with these vehicles will be like, as well as support after handover, where Scania helps customers and drivers get the best from their new vehicles, while the fuel providers will assist with refuelling best practices.

### What development do you have in the pipeline?

Scania will continue developing solutions to support the reduction of carbon emissions. This includes the implementation of zero emission solutions, but also improvements for the here and now.

By developing our current fuel options, Scania can improve efficiency across all its platforms and keep pace with legal demands.

Over the next three years, heavier battery electric trucks capable of running with 40-tonne or 60-tonne loads will be developed, alongside developments in new fast charging and battery innovations. And by 2025, there will be BEV trucks designed for construction, mining and long haulage.

Meanwhile Scania will continue exploring the feasibility of other zero emissions solutions, including hydrogen fuel cell technology and electric road systems.



### DAIMLER/MERCEDES-BENZ

#### Have you seen a change in interest in alternative fuels over the past year?

We have received a lot of interest in our zero emission trucks (FUSO eCanter and Mercedes-Benz eActros), but we're also receiving more and more enquiries about decarbonising the rolling fleet of diesel trucks.

#### Which alternative fuels are offered across your vehicle range?

We are fully focused on battery electric trucks, but all Euro-6 diesel Mercedes-Benz trucks can operate on HVO with no engine modification. Customers such as Howard Tenens and Hovis have successfully implemented HVO on their fleets.

#### Which models are alternative fuels available on?

As above – the FUSO Canter is a diesel truck, and we offer the 7.5-tonne eCanter. The Mercedes-Benz eActros is a 19-tonne and 26-tonne rigid. HVO can be used in all Euro-6 diesel Mercedes-Benz trucks from the Atego at 7.5 tonnes right up to the 32-tonne Arocs construction truck and the 44-tonne Actros.

#### What support is available to customers to make the transition to alternative fuels (financial and operational)?

While we no longer develop gas engines,

we are supporting our customers who previously purchased Econic NGT, like Liverpool Council.

Our all-electric FUSO eCanter has been on the road for the past four years with various customers, and we've trained our entire dealer network on the safe repair and operation of these vehicles.

With regards to the new electric trucks coming through, we train drivers, and offer a holistic eConsulting approach, supporting customers with

every step of the journey. Our teams use existing driving routes to determine usage profiles for electric trucks that are as realistic and meaningful as possible for a particular customer. Depending on the customer's demands and in addition to the electrification of the depot, eConsulting also includes all questions related to planning, ordering, and implementation concerning the charging infrastructure as well as the grid connection. Mercedes-Benz Trucks has concluded

strategic partnerships specifically for this purpose with Siemens Smart Infrastructure and ENGIE, and we can also provide assistance with sourcing possible public funding for infrastructure and vehicles.

#### What development do you have in the pipeline?

In terms of vehicles, we're committed to the Paris Agreement, and all new trucks sold will be zero emission by 2039. To get there, we're introducing the eEconic this year (which made its trade fair debut at the IFAT show), then the eActros Long Haul (2024) and the GenH2 hydrogen fuel cell truck (2027). More products will be announced in due course.



### IVECO

#### Have you seen a change in the interest in alternative fuels over the past year?

We are still seeing a positive uptake on our natural gas range, and with the cost of gas returning to well below the cost of diesel again, the total cost of ownership argument is once again compelling. Natural gas is the only viable option that is available now to drastically reduce emissions in long-haul transport operations. Dependent on the gas source, it can even lead to a negative carbon footprint through carbon sequestration.

#### Which alternative fuels are offered across your vehicle range?

Iveco offers CNG and bioCNG fuelling options across its entire range with LNG and bioLNG available at the heavier end on the Iveco S-WAY and X-WAY. These offer up to 95% CO<sub>2</sub> reductions when running on biomethane gas. Iveco diesel engines are B7 biodiesel and HVO-ready without special adjustments or technical upgrades as per DIN EN 15940. Furthermore, electrification will be joining the Daily range later this year.

#### Which models are alternative fuels available on?

As mentioned, all Iveco diesel engines are biodiesel and HVO-ready.

Iveco Daily is available across its entire range with a 136hp/350Nm 3.0-litre CNG engine compatible with the 6-speed manual or 8-speed HI-MATIC gearboxes. The battery electric eDaily is due to launch later this year.

Iveco Eurocargo is available with a CNG-powered 204hp/750Nm engine mated to a 9-speed manual gearbox or a torque converter automatic. This is available on models from 11-16 tonnes GVW.

Iveco X-WAY offers a choice of CNG, LNG or a combination of both on 4x2 tractors with the largest AS cab and the 12.9-litre with 460hp/2,000Nm and 12-speed automated HI-TRONIX gearbox with standard hydraulic retarder.

Iveco S-WAY offers the same fuelling options as above but extends to other cab sizes and rigid trucks adding 340hp/1,500Nm and 400hp/1,700Nm 8.7-litre engines to the mix. Iveco S-WAY was also the first factory-built tractor to offer LNG on a 6x2 chassis, capable of running solely on 100% biogas.

#### What support is available to customers to make the transition to alternative fuels (financial and operational)?

Iveco offers a consultancy service to customers looking to make the change, assisting in the sourcing of a gas supply partner and ensuring the best suit-

ability for a customer's mission. Iveco S-WAY also gets a two-year 3XL R&M package with connectivity box as standard.

While we would welcome further support from the government, the fuel tax freeze on gas is in place until 2032 and there is derogation in place to uprate 3.5-tonne vehicles to 4.25 tonnes. This is to counter the extra weight of batteries or gas tanks but still allow those holding a Cat B licence to drive.

#### What development do you have in the pipeline?

We have recently launched extended range tanks on the Iveco S-WAY CNG, and the new eDaily will launch later this year. We are also partnered with Nikola, which is building battery electric and hydrogen fuel cell heavy trucks in Ulm. A number of memoranda of understandings have been signed with key players in the arena, such as Hyundai and Enel X, to explore electric/hydrogen heavy truck platforms and commercial vehicle e-mobility respectively. We have also signed a letter of intent to explore collaboration possibilities for sustainable mobility initiatives with Eni.



## TEVVA

### Have you seen a change in interest in alternative fuels over the past year?

Most definitely. Climate change and climate change action have become more mainstream over the past 12 months due to a number of factors, including the influence of COP 26, the clean air results of Covid lockdowns, increasing clarity of the news narrative around climate change, and a growing recognition that electric vehicles are fully practical. This has generated an increase in government focus in the shape of taxation, infrastructure funding, incentives and the ever-increasing cost of diesel.

### Which alternative fuels are offered across your vehicle range?

Tewva sells pure battery electric commercial vehicles (BEVs) and BEVs equipped with hydrogen fuel cell range extenders, which can extend the vehicle's range up to approximately 300 miles.

### Which models are alternative fuels available on?

Tewva will initially offer a 110kWh BEV from September 2022. The next model in Tewva's timeline will be a hydrogen fuel cell, range extender 7.5-tonner, which goes into production in the first half of 2023. This will be followed by a fuel cell range extender 12-tonner in the second half of 2023, which will be joined by a 19-tonne version in 2024.

### What support is available to customers to make the transition to alternative fuels (financial and operational)?

The UK government extended its plug-in van and truck grants by an extra two years as recently as March 2022 and in May a £200m boost to zero emission HGV roll-out was announced. This comes ahead of the 2035 phase-out of new diesel-powered trucks as part of the government's net zero commitment.

### What development do you have in the pipeline?

Tewva is working on innovative autonomous vehicle solutions, evaluating long-haul truck technologies, and is working towards the launch of North American homologated products to augment the European Whole Vehicle Type Approved product line.



## VOLVO

### Have you seen a change in interest in alternative fuels over the past year?

Yes, we have continued to build our LNG offer which has been very successful with major fleets. As well as growing this, electro-mobility is gaining traction in a big way and we expect to see orders starting to grow very soon.

### Which alternative fuels are offered across your vehicle range?

LNG and electric.

### Which models are alternative fuels available on?

LNG is available as both a 13-litre 420 and 460 on FM and FH ranges. Electric is available on all models giving a solution from 16 tonnes to 44 tonnes.

### What support is available to customers to make the transition to alternative fuels (financial and operational)?

We have a dedicated team of electro-mobility specialists offering customers solutions from truck specification to finance, R&M, and infrastructure. We also have and work with strategic partners supplying charging solutions.

### What development do you have in the pipeline?

We don't comment on future product plans but our alternative fuel offers will develop over the next couple of years. All options are on the table.



## MAN TRUCK & BUS

### Have you seen a change in interest in alternative fuels over the past year?

Yes, today all customers are asking about alternative fuels. There is a real drive to become cleaner and greener. We are also seeing customers being asked for their green credentials as part of their tendering process (for work).

At IAA Hannover 10 years ago, we showcased a hybrid electric drive TGL on our stand and we were quite surprised at the level of interest. The higher level of interest shown towards alternative fuels has been something that we have witnessed over the last eight to ten years. Naturally, due to conditions and changing operating environments, we have seen a step-change in the last four years.

MAN already offers a 3.5-tonne all-electric eTGE van in right-hand drive, and MAN Truck & Bus UK has sold over 100 vehicles here in the UK to both fleet and retail customers.

From a truck point of view, we are having lots of conversations with interested companies. 2024 is when we will see a production MAN e-Truck. We are currently installing a charging infrastructure within our dealer network as and when we undergo re-builds and/or openings.

### Which alternative fuels are offered across your vehicle range?

We currently offer a 3.5-tonne all-electric eTGE van, and the entire MAN truck range (TGL, TGM, TGS and TGX) can run on HVO with no implications or additional servicing requirements.

In 2018, in Austria, we entered an electric truck trial with nine different customers. This trial, with 26-tonne vehicles, is ongoing and has been a

huge success. Also in 2018, Porsche took delivery of an eTGM tractor for its production logistics in Stuttgart-Zuffenhausen.

### Which models are alternative fuels available on?

Currently, we can offer a 3.5-tonne all-electric eTGE van, and HVO across all MAN truck, bus and coach products.

### What support is available to customers to make the transition to alternative fuels (financial and operational)?

MAN already offers a 360-degree consulting service for the e-mobility ecosystem to support customers today with their path to e-mobility. MAN Transport Solutions Consulting will take them through the following phases:

Phase 1: Interested customers can use an interactive application to evaluate the possibility of converting their fleet to battery electric vehicles (Electric Vehicle-ready app).

Phase 2: Specific analysis of possible ranges and vehicle deployments, charging strategy and charging infrastructure concepts as well as energy concepts and optimisation strategies.

Phase 3a: Detailed analysis of the entire network and the fleet in operation (route analysis and fleet optimisation).

Phase 3b: Data analysis (TCO optimisation) based on actual data.

### What development do you have in the pipeline?

MAN Truck & Bus is accelerating the change to zero-emission commercial vehicles. Production of heavy-duty e-trucks in Munich is now scheduled to begin as early as the beginning of 2024, almost a year earlier than originally planned. It will also

provide in-house assembly of the battery packs.

In February 2022 MAN presented a near-production prototype of the new electric truck to the public in Nuremberg. In addition to the new emission-free drives, MAN is developing comprehensive e-mobility solutions that prepare customers for vehicle use at an early stage.

A special technical feature of the trailblazing electric commercial vehicle is its capacity for future megawatt charging. ABB E-mobility, a leading global provider of charging solutions for electric vehicles, aims to bring megawatt charging technology to market maturity in the next three years, and MAN and ABB E-mobility are preparing for the next phase of electromobility: operational capability for heavy-duty long-haul trucking with daily ranges of 600-800km.

Meanwhile, in our bid to drive eco-friendly innovative trucks in the future, in May 2021 we started conducting research into fuel cell technology. The initial prototypes were released onto the test track in summer 2021.







# Living in the zone

The rise of urban clean air zones is an added challenge for vehicle operators

Moves to create clean air zones in Britain's cities are ongoing, notably in London where the Ultra Low Emission Zone was extended in October to the area within the North and South Circular roads. Our survey highlights how the industry is responding to these changes.

Transport for London (TfL) estimates that more than 80% of vehicles are now ULEZ-compliant, though it has warned that the expanded zone could affect 35,000 vans and 3,000 lorries.

The expansion of the ULEZ is not stopping there. London mayor Sadiq Khan has now told TfL to

consult on expanding the zone to cover the whole of London from next year.

TfL also introduced its Direct Vision Standard last year. It says 136,000 permits were issued to HGVs that met the standard in the first three months of operation. Some 70,000 vehicles have been fitted with systems to enable them to comply. Some 7,000 penalty charge notices were issued during the first three months. The charge is £550, so this would have raised some £3.8m.

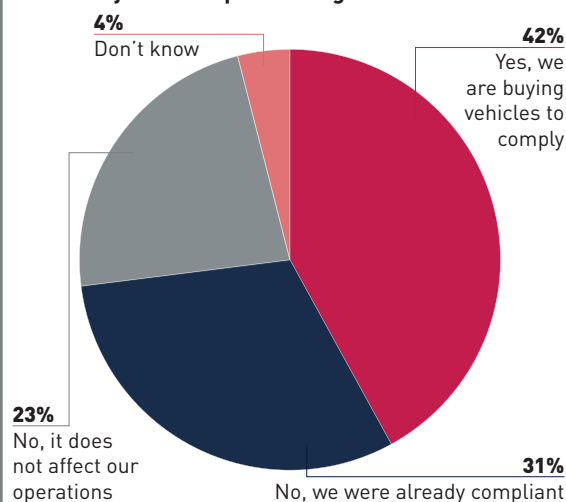
The regulations are due to be tightened in 2024. In the meantime, we are still waiting for statistics that show what impact

the DVS is having on accidents.

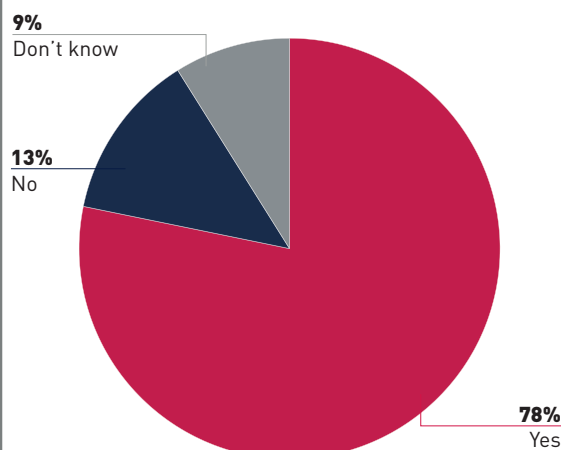
In tandem with the DVS, TfL is pushing on with plans to set lower speed limits. Earlier this year, it introduced 20mph speed limits on four roads including sections of the A10, A13 and A107. It plans to impose 20mph speed limits on 220km of the London road network by 2024.

Other UK cities that have introduced clean air zones include Bath, Birmingham, Oxford, and Portsmouth. Bradford and Bristol are due to implement zones this year. But in Manchester, plans to charge higher polluting commercial vehicles from 30 May were put on hold.

### Has incoming urban legislation such as clean air zones and the Direct Vision Standard influenced your fleet purchasing decisions?



### Would you consider exiting a contract if city regulations made it not cost-effective to work on?



# 78%

OF VEHICLE OPERATORS WOULD CONSIDER DROPPING WORK MADE UNATTRACTIVE BY ENVIRONMENTAL REGULATIONS



Photo: Shutterstock

The government withdrew the original legal direction in February requiring Greater Manchester to implement a charging category C clean air zone, after concerns about financial hardship for local people and the availability of compliant vehicles were raised by mayor Andy Burnham and other Greater Manchester local authority leaders. A new plan should still ensure implementation by 2026 at the latest.

## SIGNIFICANT IMPACT

The introduction of urban legislation such as clean air zones and the Direct Vision Standard has had a significant impact on

operators, our survey respondents have revealed.

Some 42% of industry leaders surveyed said they were buying vehicles to comply with such legislation. This is slightly up from last year (35%).

About one third (31%) said they were already compliant, while 23% have not been affected by the legislation.

But there is a clear concern among operators that they could be priced out of certain markets by badly thought-out city regulation. Some 78% said they would consider exiting a contract if such regulations meant it was not cost-effective to work on.

## VOX POPS

### Michael Chambers, chief executive, Gist

The London and other regional Direct Vision Standard zones are adding another level of operational complexity but are undoubtedly the right direction for society. We are fitting front- and side-facing cameras to the entire Gist fleet, not just those required by legislation.

As a large chilled operator we are initially focused on running more environmentally-friendly fridge units. The trials we have progressed suggest higher capital costs can be at least in part offset by lower running costs.

And for the longer term we're also gearing up for changes to technology and infrastructure to support alternative fuels.

Lack of skilled drivers might have been pushed down the list of operator worries by the rising cost of fuel, but the issue has not gone away.

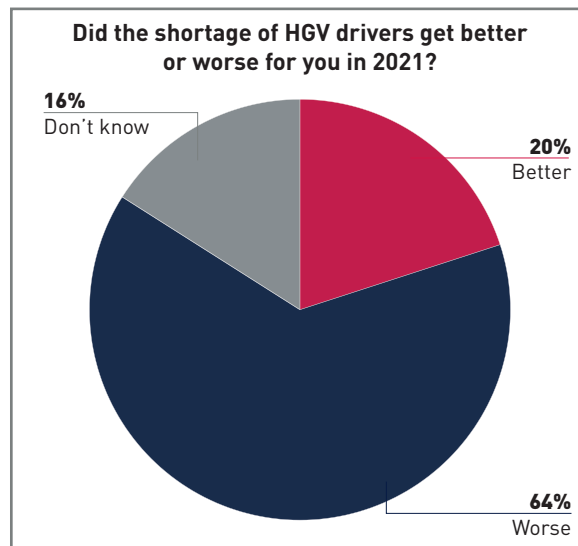
The scale of the challenge has been spelled out in government figures showing that the number of people employed as HGV drivers fell by 53,000 between January 2016 and June 2021. There were 28,000 EU nationals working as HGV drivers in the year ending June 2021 – 12,000 fewer than the year ending June 2017.

Our survey found that 64% of industry leaders felt the HGV driver shortage had got worse in the last year, with only 20% saying it had got better. Worryingly, more than a quarter (27%) said they had turned away work because of the driver shortage.

The most common response was to increase driver wages. This was the chosen route for 64% of the respondents in our survey.

Other solutions include using more agency drivers (27%), recruiting more trainees (22%), and training warehouse staff (16%).

One in 10 respondents said they had put more work onto vehicles under 7.5 tonnes, while 13% had taken advantage of extended drivers' hours to get more shifts from existing staff.

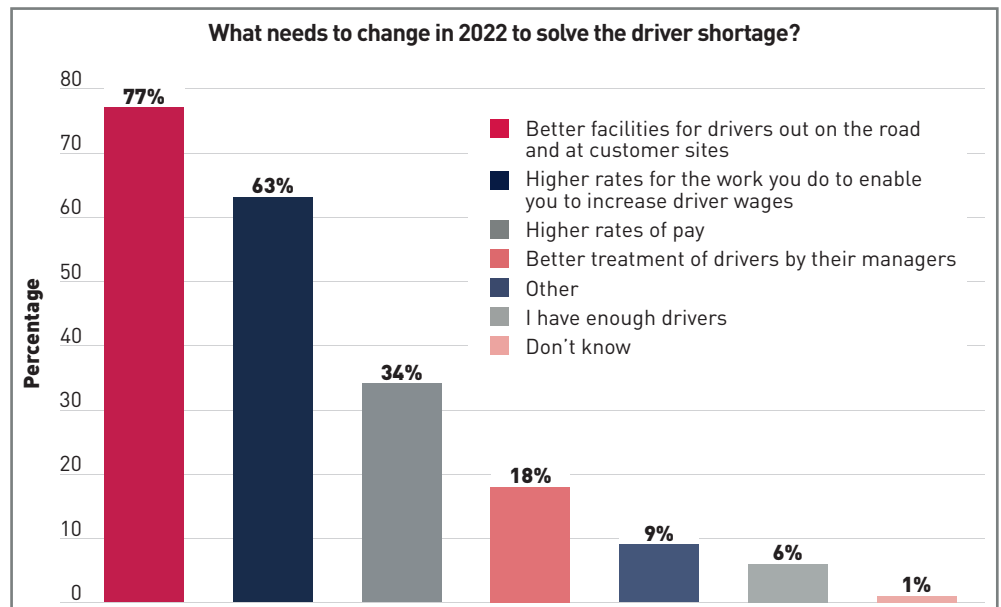


We asked industry leaders what needed to change in 2022 to solve the problem. Almost two thirds (63%)

felt haulage rates needed to rise to allow for increased driver wages. But this was beaten by the need for better driver facilities out on the road and at customer sites (77%).

A third of respondents (34%) said it would take higher rates of pay for drivers to solve the problem, while 18% highlighted the importance of better treatment of drivers by their managers.

The shortage of drivers has put an increased focus on the development of autonomous trucks but there is not a lot of faith in this being a practical solution any time soon. In fact, 62% of the industry leaders in our survey said they did not expect to see autonomous trucks on the road in the next decade – a very similar proportion to last year.



Truck

operators

are finding

ways to recruit

and retain drivers

#### HGV DRIVER PRACTICAL TESTS

Year	Conducted	Passes	Pass rate %
2014-15	55,161	30,574	55.4
2015-16	70,233	39,000	55.5
2016-17	78,237	44,346	56.7
2017-18	70,619	40,808	57.8
2018-19	73,895	43,065	58.3
2019-20	70,288	41,434	58.9
2020-21	27,569	15,979	58.0

# Waging war on the driver shortage



Asset Alliance Group continues to move forward as a key supplier to the industry

In times of challenge, Asset Alliance Group understands the value of service and support.

The business was founded on these principles in 2012 and is going from strength to strength in its ambition to provide the most competitive finance and outstanding service packages in the sector.

And its ability to achieve this goal significantly improved last year when the group set out to find a new owner which culminated in the sale to private and commercial banking organisation, Arbuthnot Latham and Co.

Group CEO Willie Paterson explains: "Joining forces with Arbuthnot Latham has been a fantastic step. The major funding that sits in our group enables us to invest in continual fleet upgrades as we work towards owning the country's youngest fleet as well as develop general asset funding and capital expenditure support for our customers.

"It makes us more competitive in our rates and our cultures align completely, giving us the platform to push on with confidence, even in these difficult economic times."

# Relationships built on service and support

Since launching in 2012, Asset Alliance Group has been uniquely positioned as a CV specialist, independent in its ability to sell, purchase, refinance, lease, contract hire and rent commercial vehicles using its own funds and across all manufacturers and most dealer networks.

The company's purchasing power, residual value expertise and own funding give Asset Alliance Group three key levers to ensure it can provide the most competitive rates in the sector.

Today the business owns and manages more than 4,500

OVER  
**4,500**  
NUMBER OF COMMERCIAL VEHICLES  
OWNED AND MANAGED BY ASSET ALLIANCE GROUP

commercial vehicles and has 130 team members working across five UK sites including Wolverhampton, Ipswich, Newmains, Manchester and Ringwood. The business has been recognised as a UK Top 50 General Asset Funder.





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