ASSET ALLIANCE GROUP

Industry Monitor
2024 edition

In association with

MotorTransport Commercial Motor

Welcome...

Our annual Industry Monitor always provides some fascinating data into the health of the transport sector – and this year's report is no different. Our thanks to all of those who took part.

There can be little doubt that these past few years have seen some of the most challenging economic times in recent history, coupled with the huge technological changes that our sector is going through as operators look to decarbonise their fleets.

Rising costs, customer instability and the impact of urban legislation such as Clean Air Zones and the Direct Vision Standard all score highly when looking at the main hurdles businesses face.

But overall, the road transport sector remains in good health, with the vast majority reporting that they sense better things on the horizon. Indeed, 71% of this year's respondents are expecting their business to perform the same or better in 2024 compared to 2023, a jump of 22% in comparison to this time 12 months ago.

Perhaps unsurprisingly some of the most interesting data is about green technologies. The number of companies already using alternative fuels across their fleets has risen from 16% last year to 29% – a significant jump that indicates more operators are realising there is little time to waste in decarbonising.

Battery electric trucks are leading the way as the alternative fuel of choice for the sector, with 68 respondents now using zero-tailpipe emission vehicles, compared to just 26 last year.

However, the stumbling blocks that are slowing the transition from diesel remain, with lack of infrastructure and increased upfront vehicle costs being the top two.

We hope you find this survey useful in planning for the year ahead, and here's to a prosperous future for all those working across the sector.

Willie Paterson
CEO, Asset Alliance Group

The Asset Alliance Group online survey of the road transport industry has been run each year since 2018. The results are compiled from completed surveys by those in senior management in organisations with fleet vehicles. This year there were 357 completed responses. Of these, 60% were from board level executives; 75% were from those with direct control of fleet activities; and 25% were from respondents with influence over fleet decision-making.

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The research behind this report was conducted by Edge Insight. Respondents were entered into a prize draw to win an Amazon voucher, and a donation was made to transport charity Transaid for each completed survey.

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The industry in numbers

Operator licence numbers fell slightly over the course of 2022-23, but the number of vehicles specified across them remained reasonably steady, our survey shows

The number of licence-holders decreased in the 2022-23 period compared to 2021-22. Restricted licences decreased by 2.4%, standard licences reduced by 3%, and standard international licences grew by 3%, bucking the traditional trend. Overall licence numbers shrank by more than 1,000 from 70,319 to 69,022 – a drop of 1.8%.

There were 5,000 new licences issued in 2022-23, approximately 10% down on 2021-22.

The numbers of licences does not correspond directly with the number of logistics operators or total fleet count, but rather with the number of operating centres that are run across England, Scotland and Wales.

International haulage has always been an outlier in these statistics, as the numbers of international operators had been in consistent decline for many years until recently.

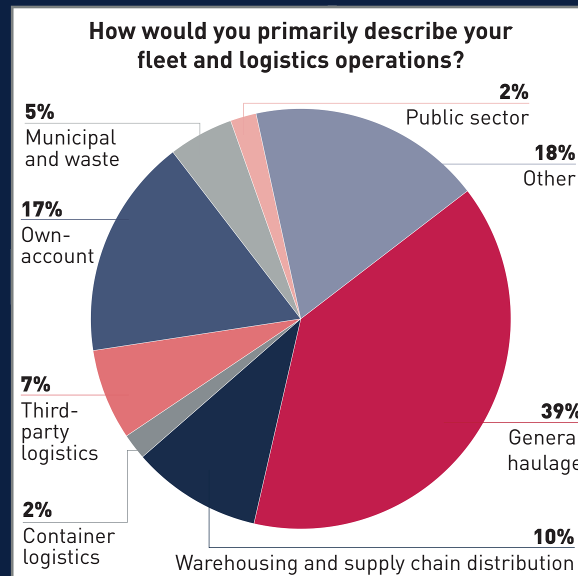
This pattern was interrupted by Brexit and Covid-19, however, and last year (2021-22) saw a 15% increase in international licences against 2019 figures.

One reason for this is that post-Brexit rules changed, stating that anyone using vans, or cars plus trailers, with a gross train weight of 2.5 tonnes to transport goods to or on the continent must have an operator's licence. The 3% growth we see in this year's report is possibly the tail-end of this re-adjustment.

VEHICLE NUMBERS

The number of specified vehicles on these licences has held fairly steady overall, however. The slight reduction in vehicle numbers on restricted licences (-0.8%) is offset by a 0.3% increase in vehicles on standard licences and a 0.4% increase for international licences. Overall, specified vehicle numbers were virtually unchanged with just 179 more specified vehicles in 2023 than at the end of the 2022 period.

The Northern Ireland market has grown since 2019 in both vehicles (1.4%) and licences (2.6%). International licence growth has led the way, but its standard licences have contracted by about 7.4% since 2019.



RESEARCH PANEL

This year's survey comprised 44.2% small fleets (below 10 vehicles); 28.6% fleets of 11 to 50 vehicles; and 10.4% fleets with 51 to 100 vehicles; 11.5% of respondents ran between 101 and 500 vehicles; and 5.3% ran more than 500.

This is relatively representative of the fleet market as a whole. Half of the fleet vehicles in the UK are operated by a relatively small number of extensive fleet organisations (typically around 3% of the licence-holding organisations), and approximately 50% of licence-holders run only a small number of vehicles.

Vehicle ownership can be roughly matched to turnover. Over one third of the respondents were from fleet organisations turning over less than £2m; 23% between £2m and £10m; 19% between £21m and £100m; and 11% over £100m. 6% had revenues of over £500m.

39% of respondents ran haulage fleets, and 10% identified as being primarily involved with warehousing and supply chain distribution, while 7% of respondents were from 3PLs, 17% were own-account operators and 5% were from the waste industry.

69,022

NUMBER OF OPERATING LICENCES IN GREAT BRITAIN DURING 2022-23 – A DROP OF 1.8%

TOTAL O-LICENCES BY TYPE IN GREAT BRITAIN

Type of licence	Restricted		Standard national		Standard international		Total licences in issue	
Year	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023
Eastern traffic area	6,305	**6,212**	4,641	**4,537**	2,346	**2,451**	13,292	**13,200**
North Eastern traffic area	5,116	**4,940**	4,116	**3,983**	1,380	**1,425**	10,612	**10,348**
North Western traffic area	4,995	**4,853**	3,470	**3,295**	1,111	**1,100**	9,576	**9,248**
South Eastern traffic area	4,406	**4,253**	2,550	**2,490**	1,187	**1,279**	8,143	**8,022**
West Midlands traffic area	3,994	**3,909**	2,932	**2,897**	1,095	**1,134**	8,021	**7,940**
Western traffic area	5,424	**5,314**	3,564	**3,452**	1,379	**1,396**	10,367	**10,162**
Scotland	2,608	**2,545**	2,413	**2,354**	579	**591**	5,600	**5,490**
Wales	2,533	**2,514**	1,742	**1,670**	433	**428**	4,708	**4,612**
TOTAL	35,381	**34,540**	25,428	**24,678**	9,510	**9,804**	70,319	**69,022**

Source: Traffic Commissioners for Great Britain Annual Report 2022-23

TOTAL O-LICENCES AND VEHICLES IN NORTHERN IRELAND

	Vehicles				Operators			
	Standard international	Standard national	Restricted	Total	Standard international	Standard national	Restricted permits	Total
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**
2021-22	11,308	**1,990**	9,157	**22,455**	1,953	**358**	3,276	**5,587**
2022-23	11,285	**1,907**	9,012	**22,204**	1,894	**335**	3,263	**5,492**

Source: Transport Regulation Unit

NUMBER OF VEHICLES SPECIFIED ON O-LICENCES IN GREAT BRITAIN

	Year	Restricted	Standard national	Standard international	Total number of specified vehicles
Eastern traffic area	2021-22	**17,342**	37,188	**20,420**	74,950
	2022-23	**17,310**	37,548	**20,765**	75,623
North Eastern traffic area	2021-22	**13,929**	31,261	**15,088**	60,278
	2022-23	**13,777**	31,454	**14,638**	59,869
North Western traffic area	2021-22	**13,464**	27,208	**12,431**	53,103
	2022-23	**13,319**	26,904	**12,204**	52,427
South Eastern traffic area	2021-22	**12,678**	20,385	**9,359**	42,422
	2022-23	**12,534**	20,542	**10,050**	43,126
West Midlands traffic area	2021-22	**10,095**	21,282	**10,373**	41,750
	2022-23	**9,979**	21,534	**10,247**	41,760
Western traffic area	2021-22	**13,733**	28,740	**11,655**	54,128
	2022-23	**13,617**	28,569	**11,773**	53,959
Scotland	2021-22	**6,403**	20,031	**5,539**	31,973
	2022-23	**6,344**	20,174	**5,593**	32,111
Wales	2021-22	**5,661**	11,236	**3,401**	20,298
	2022-23	**5,641**	11,205	**3,360**	20,206
TOTAL	2021-22	**93,305**	197,331	**88,266**	378,902
	2022-23	**92,521**	197,930	**88,630**	379,081

Source: Traffic Commissioners for Great Britain Annual Report 2022-23

GIST: A CASE IN POINT

Last year, Gist was acquired by major customer Marks & Spencer. The aim was to create a united Food Export team operationally aligned with M&S Food, modernising and developing greater efficiencies in the retailer's food supply chain.

This seems in part a response to the complexities of Brexit, which can make movements of foodstuffs from the UK to the continent or Northern Ireland problematic. This is particularly true for foods of animal origin, and products which may be transported from various countries of origin, combined in a specific location, and then re-exported as a finished product.

M&S is one of the longest-serving retailers in Northern Ireland and has been well established in the Republic of Ireland for a number of decades, so integrating Gist's post-Brexit customs expertise has been important. Notably, however, for all M&S wishes to integrate Gist's food export and supply chain expertise into its own departments, it also recognises its continuing value as a 3PL: Gist will continue to offer export and freight services to other companies. This makes an unusual own-account/3PL hybrid out of what would otherwise have been the straightforward acquisition of a 3PL by a customer.

The top 30

3PLs and 4PLs show particular resilience among the UK's top 30 logistics operators

The accounts of the top 30 logistics operations in the UK (extracted from the MT Top 100) still reflect the difficulties thrown up by Covid-19 and the subsequent price volatility in the marketplace.

When judging rankings some allowance has to be made for the year in which the most recent accounts were filed.

As ever, parcels operators are disproportionately represented by revenue but they also struggled more, on average, to maintain their profit margins. By contrast, Culina Group, GXO Logistics and Turners of Soham led the field in terms of increasing already healthy profit lines.

The crucial difference here between the margins enjoyed by the 3PLs and 4PLs and those of traditional hauliers is the former's emphasis on logistics, in which physical transport of goods is only one element. Managing whole supply chains gives far more scope

LARGEST 30 COMPANIES IN THE MT TOP 100 (BY TURNOVER)

Latest rank	Previous rank	Company or trading name	Financial year end	Latest year turnover (£000s)	Latest year operating profit (£000s)	Latest year pre-tax profit (£000s)	Latest year capital employed (£000s)	Latest year employees
1	1	Royal Mail (IDS, UK operations)	26/03/2023	7,411,000	-419,000	-436,000	6,213,000	157,990
2	**2**	**DHL**	**31/12/2022**	**5,302,477**	**106,224**	**108,742**	**1,157,353**	**44,465**
3	3	DPD	02/01/2022	2,004,505	332,346	306,346	874,696	9,370
4	**4**	**Culina Group**	**31/12/2022**	**1,817,297**	**129,432**	**85,272**	**1,002,724**	**15,581**
5	5	GXO Logistics	31/12/2021	1,504,962	81,129	65,467	573,062	22,861
6	**6**	**Hermes Parcelnet (Evri)**	**26/02/2022**	**1,465,409**	**135,075**	**117,331**	**377,567**	**5,173**
7	7	Wincanton	31/03/2023	1,462,000	46,900	38,200	278,800	20,152
8	**8**	**Menzies Distribution Group**	**31/12/2022**	**1,268,500**	**14,200**	**3,500**	**205,700**	**4,711**
9	9	UPS	31/12/2021	1,238,579	91,207	91,204	609,569	8,524
10	**11**	**Whistl UK**	**31/12/2022**	**732,851**	**-1,762**	**-2,113**	**35,568**	**9,864**
11	14	XPO Logistics	31/12/2022	692,720	9,655	3,513	256,921	2,491
12	**13**	**Yodel**	**30/06/2021**	**676,014**	**32,844**	**25,621**	**121,972**	**9,148**
13	10	Fedex Corporation	31/05/2022	619,989	38,416	37,931	566,223	4,519
14	**16**	**Turners (Soham) Holdings**	**31/12/2022**	**598,256**	**84,459**	**85,723**	**520,193**	**3,921**
15	15	Gist	01/01/2022	551,506	34,389	34,166	181,838	5,638
16	**17**	**Maritime Transport**	**27/12/2022**	**482,304**	**41,590**	**40,144**	**181,080**	**4,091**
17	18	DX Group	02/07/2022	428,200	22,100	17,400	142,000	2,762
18	**19**	**Ceva Logistics**	**31/12/2022**	**407,182**	**-2,713**	**-5,421**	**71,314**	**3,769**
19	12	GXO Logistics UK II (prev. Clipper)	31/12/2022	402,291	-19,987	-25,898	173,195	3,505
20	**22**	**Yusen Logistics (UK)**	**01/04/2023**	**337,670**	**9,540**	**8,760**	**93,188**	**2,335**
21	20	Gregory Distribution (Holdings)	01/10/2022	335,624	14,070	11,917	129,785	3,807
22	**21**	**Kuehne + Nagel**	**31/12/2021**	**267,767**	**118,675**	**102,821**	**150,047**	**1,297**
23	23	Europa Worldwide Group	31/12/2021	264,031	11,381	10,110	38,445	1,007
24	**27**	**WH Malcolm**	**31/01/2022**	**224,438**	**12,756**	**11,453**	**112,308**	**1,123**
25	25	DSV Road	31/12/2022	222,926	16,141	13,305	88,721	750
26	**26**	**Kinaxia**	**31/12/2022**	**206,647**	**13,241**	**1,820**	**114,388**	**1,694**
27	24	Movianto UK	31/12/2022	204,776	-5,467	-5,835	19,452	2,000
28	**29**	**Langdon Group**	**31/12/2022**	**178,314**	**8,552**	**8,507**	**65,398**	**2,277**
29	35	McBurney Transport Group	31/12/2022	144,084	19,380	18,961	69,661	1,438
30	**36**	**Pentalver**	**31/12/2022**	**139,950**	**21,159**	**17,810**	**180,253**	**482**

5,413

NUMBER OF VEHICLES RUN BY VEOLIA ES (UK)

for defraying transport costs, and emphasising cost-effective but higher profit activities.

OWN-ACCOUNT

The own-account operators, for whom a fleet is a cost of sale rather than a revenue centre, are under even greater pressure than hire-or-reward operators to minimise transport costs.

In terms of vehicles, Veolia ES, Stark Building, Booker and Travis Perkins lead the way. However, if trailers are counted as separate fleet assets, then Tesco and Asda lead the field by some margin.

It is not always easy to distinguish between own-account and third-party logistics operators – for instance, Biffa Waste Services has one of the largest fleets in the country and carries waste under contract for others, yet until recently most waste carriers operated under a restricted licence.

Equally some wholesale distributors put their emphasis on the distribution and warehousing side of their business, and yet may supply their own stores or be transporting their own goods.

Sometimes the owner of the goods in question may be determined by the fine print of the contract, in terms of whether ownership changes on shipping or on arrival.

One of the most striking aspects of the own-account list is that the major retailers, whose sector is characterised by cut-throat daily price wars, almost all choose to run their own fleets, as opposed to outsourcing the bulk of their distribution or delivery (see box opposite on Gist).

LARGEST 30 OWN-ACCOUNT OPERATORS BY NUMBER OF TRUCKS

Rank	Operator name	Trucks on O-licence	Trailers on O-licence	Total on O-licence
1	Veolia ES (UK)	4,419	994	5,413
2	**Stark Building Materials UK**	**3,681**	**211**	**3,892**
3	Booker	2,809	902	3,711
4	**Travis Perkins Trading Company**	**2,745**	**122**	**2,867**
5	Tesco Distribution	2,500	4,283	6,783
6	**Asda Stores**	**2,462**	**3,770**	**6,232**
7	Brake Bros	2,238	382	2,620
8	**Huws Gray**	**1,917**	**175**	**2,092**
9	John Lewis	1,678	1,259	2,937
10	**Suez Recycling And Recovery UK**	**1,503**	**226**	**1,729**
11	Warburtons	1,432	280	1,712
12	**G4S Cash Solutions (UK)**	**1,346**	**7**	**1,353**
13	BCA Automotive	1,286	1,286	2,572
14	**Muller UK & Ireland Group**	**1,284**	**1,235**	**2,519**
15	Co-Operative Group	1,238	1,081	2,319
16	**Cemex UK Cement**	**1,127**	**512**	**1,639**
17	Certas Energy UK	987	265	1,252
18	**ABF Grain Products**	**955**	**262**	**1,217**
19	British Telecommunications	947	197	1,144
20	**Arla Foods**	**942**	**906**	**1,848**
21	BOC	907	485	1,392
22	**Breedon Trading**	**840**	**255**	**1,095**
23	M Group Services	833	110	943
24	**Aldi Stores**	**799**	**1,100**	**1,899**
25	Elis UK	754	47	801
26	**Johnsons Textile Services**	**751**	**22**	**773**
27	Serco	747	27	774
28	**Sunbelt Rentals**	**738**	**289**	**1,027**
29	Calor Gas	719	790	1,509
30	**FCC Environment (UK)**	**707**	**228**	**935**

RICHARD BYRNE, GROUP HSE AND FLEET DIRECTOR, TRAVIS PERKINS

Travis Perkins is the UK's largest distributor of building materials. The group has one of the largest fleets in the country with over 3,000 drivers and a combination of heavy goods vehicles, light commercial vehicles, cars, truck-mounted forklifts and trailers.

As a leading partner to construction, we have set ambitious Science Based Targets initiative (SBTi) accredited carbon reduction targets and have invested significantly in the decarbonisation of our fleet in recent years.

We are in the process of switching out 900 diesel forklift trucks to electric, have purchased 400 Hiab cranes to improve fuel economy and safety, and invested in 170 Volvo FM 330 6x2 rear-steer rigids with Euro-6e diesel engines.

In 2021 we also started to use hydrotreated vegetable oil (HVO) as a replacement fuel for diesel in vehicles, something we see as a transition fuel until the infrastructure for electric vehicles improves and we get more certainty from the government about its vision for future long-term solutions such as hydrogen.

Construction has a key role to play in decarbonising the built environment, but faced with a market that remains challenging, in which skills shortages, fleet running and compliance costs are rising, there are more obstacles to overcome to maintain the pace needed to reach net zero.

Given that alternative fuels like HVO are now more expensive than diesel and battery electric is not a suitable alternative for many heavy applications, there is an urgent need for the government to publish its long-awaited low carbon fuel strategy so we can invest in decarbonisation with confidence.

In summary, we would like to see policymakers and the government continue working with the sector at a faster pace to help remove the barriers to decarbonisation.

Challenges abound

There's no obvious shortage of things keeping truck operators awake at night

The industry appears beset with challenges, as evidenced by the failure of a record number of transport firms in the past year. In the 12 months to November 2023, 463 haulage businesses went bust, more than double the number two years before, according to a freedom of information (FOI) request to the Insolvency Service by accountancy firm Price Bailey, with 33% of haulage businesses deemed high-risk.

The Office for National Statistics (ONS) says that the number of business insolvencies overall was higher in 2023, at more than 25,000, than at any other time since 1993. There have also been high-profile losses in the haulage sector during 2024.

Prices are still rising and although economists are hopeful that inflation will be controlled during 2024, February still saw a 3.8% rise in consumer price inflation (ONS CPIH Annual Rate 20 March 2024).

Not surprisingly therefore, 87% of respondents listed rising prices and falling profit margins as a significant challenge for 2024.

This year, to achieve a more holistic view, we asked respondents to rank whichever of a list of concerns might affect them. Rising prices were quickly followed by the poor economic outlook (82%), and 72% are concerned about customer instability.

It is testament to the panoply of issues affecting the industry that around two-thirds of respondents also listed local regulation, recruitment difficulties, a lack of secure → 10

Rank to what extent you expect the following to affect your business in the next 12 months

Item	Overall rank	Rank distribution	Score	Number of rankings
Rising costs/falling profit margins	1		2,482	312
Poor economic outlook for the UK	2		2,190	293
Customer instability	3		1,509	260
Impact of urban legislation, such as Clean Air Zones and Direct Vision Standard	4		1,488	271
Difficulties recruiting and retaining staff	5		1,476	265
A lack of secure parking areas with driver facilities	6		1,138	243
Decarbonisation	7		1,079	239
Cashflow problems	8		1,059	225
Other	9		288	116

Lowest rank — Highest rank

RICHARD SMITH, MD, ROAD HAULAGE ASSOCIATION

Commercial vehicle operators are the backbone of British business. The size, growth and performance of the wider UK economy and the size, growth and performance of the road freight and haulage industry are directly linked.

Households, businesses and the public sector rely heavily on our members and companies across the industry. We want to keep business and the UK supply chain moving and performing at the highest levels possible.

Our members want decision-makers to work alongside the industry closely. Pro-active cooperation and collaboration between councils, combined authorities, mayors, national government and the commercial vehicle sector (road haulage and coaches) will bring greater benefits to the wider economy.

Regionally, combined authorities and mayors play a key role in strategic planning, particularly in

transport, skills, and business support. They have the powers to plan to help alleviate congestion and enhance productivity in their respective regions of the country.

It's important for decision-makers regionally to consult and work alongside industry when developing road freight strategies, and in relevant policy areas which impact everyone. For example, we believe consultation from all levels of government will be important in areas such as facilities improvement, infrastructure, and safety measures. We continue to campaign regularly on these issues. Our members stand ready to support schemes and plans that improve important routes and connectivity.

Higher interest rates and ever-rising costs have made the cost of running an HGV 9.2% (excluding fuel) more expensive this year than last. We need to see direct assistance for the industry that keeps British business moving. At a time of challenge for many in our industry, collaboration will be key going forward between industry, education, and government to develop skills, strategies and courses aimed at providing well-paid jobs in the sector.

Addressing skills shortages in the road transport and commercial vehicle sector (haulage and coaches) will require collaboration to attract, train, and retain talent. We believe a co-ordinated approach in all of these areas will benefit everyone.

41%

PROPORTION OF SURVEY RESPONDENTS WHO EXPECT THEIR BUSINESS PERFORMANCE TO IMPROVE

KEVIN GREEN, DIRECTOR OF POLICY AND COMMUNICATIONS, LOGISTICS UK

LOGISTICS UK

This year's Industry Monitor showing 87% of respondents considering rising prices and falling profit margins as significant challenges for 2024 may not come as a surprise to anyone working in the industry, but it is still worrying.

The logistics sector generates £163 billion in gross value added (GVA) per annum, contributing significant tax revenue for the UK (including £5 billion from fuel duty and vehicle excise duty alone), yet much of the industry is operating on wafer-thin profit margins. Our Logistics Report 2023 showed the road freight industry reported the most insolvencies so it is alarming that rising prices and falling profit margins are still flagged as concerns.

However, it is great to see that more operators are bullish than pessimistic, with 41% thinking their business will improve and only 27% thinking this year will be worse than last.

Hopefully this is a sign that there are more positive times ahead and with a general election looming, it is time for the logistics sector to stake a claim to its rightful place at the centre of the economy. For too long, logistics has been considered a sideshow when, in reality, it drives economic growth.

The World Bank publishes an annual Logistics Performance Index, and unfortunately the UK has slipped from 4th in 2014 to 19th in 2023. If we make the right investments in logistics and the supply chain to reduce friction at our borders and to reduce congestion and delay, and claw our way back to 4th, then that would inject up to £8 billion per annum into our GDP. When everyone is looking for growth, investing in logistics could stimulate growth across the whole economy.

Logistics UK is also calling for a cross-departmental Minister of Logistics to help join up decision-making across government. The issues we need to address, to drive growth across the whole economy, including skills, infrastructure, decarbonisation, planning, tax, technology, borders and trade, span many departments and require joined-up thinking to stimulate real growth.

The sector is ready to play its part in driving economic growth. In return, our voice needs to be heard and we need joined-up government to unleash the power of logistics.

➜ parking, decarbonisation and cashflow as pressing issues. 63% are concerned about their cashflow stability, which suggests a potentially unprecedented level of risk in the industry at large.

Of our respondents, 116 operators also listed other concerns, including:

- Fuel prices and fuel theft
- Lack of available vehicles or cost-effective land
- Alternative fuels and the lack of an alternative fuel infrastructure
- Legislative changes
- Journey delays due to congestion, road closures or customs
- Customers cutting rates or refusing increases to mitigate inflation
- Other hauliers going bust.

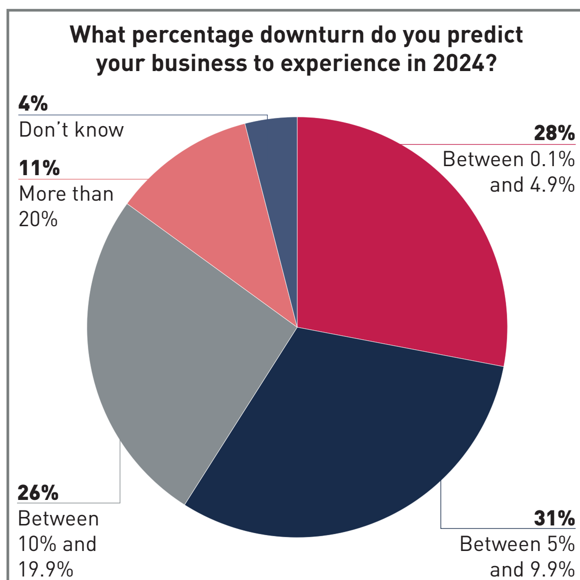
The extent and severity of operator concerns are not reflected, however, in the projections of business success during the year.

Only 27% of company leaders consider their operations will perform less well than last year (comparable with last year), while 30% think they will match last year's performance (against 25% last year). Meanwhile, 41% think business performance will improve, against 33% of respondents last year.

This suggests that while most recognise significant challenges, 71% think these issues should be manageable.

Of the 148 companies that predicted growth in 2024, the mood is generally bullish. 39% of them predict modest growth of up to 5%, but 41% expect growth of between 5% and 10%, 9% expect growth between 10% and 20%, and 5% are going for gold with more than 20%. This is similar to 2023's pattern.

Those companies who expect business to be worse are slightly less pessimistic than in 2023, however. Of the 27% who expect contraction, most expect it to be significant, 31% suggesting it will be between 5% and 10% (against 37% last year); 26% expecting between 10% and 20% revenue loss (31% in 2023); and 11% anticipating a decline of more than 20% (12% in 2023).



ANDREW MALCOLM, CEO, MALCOLM GROUP

Market conditions remain challenging with oversupply driving rates down at a time when the industry is still seeing increasing costs across all areas of supply.

On a positive note the general calibre of drivers looking for jobs and security is of a better standard – unfortunately in many cases at the expense of other operators going out of business.

I do believe the all-round package of service, reliability and investment in new fleet and technology will be advantageous to the many companies like us who have a strong focus on investing in tomorrow.

2024 will remain challenging; I believe it will be the second quarter of 2025 before we see any real stability coming back in.

SUKKY CHOONGH, ENVIRONMENTAL MANAGER, SMMT

Fleet renewal is one of the most important, long-term commercial decisions for HGV operators. If Britain is to meet its net zero ambitions, we need policies that promote making zero-emission vehicles (ZEVs) part of that decision, particularly when operators already find it challenging to invest in conventional vehicles.

From 2035, all new trucks weighing up to 26 tonnes need to be ZEVs. Already, there are 27 different models available on the UK market offering outstanding performance, the latest technology and reliable uptime. But despite 2023 being a bumper year for new truck registrations, ZEVs comprised just 0.5% of the market which – compared with cars (16.6%) or vans (5.9%) that have the same deadline – makes clear that the HGV sector needs support. Those who act now will be in a much stronger business position come the day new diesel trucks cease to be available – less than 11 years away.

ZEVs involve higher production costs and operators need to invest in depot infrastructure to charge or refuel them, which creates a total cost of ownership challenge. We need policies that tackle these challenges so that all operators can switch to the benefits of zero-emission operations and grow their business at the same time.

With less than half the ZEV market currently eligible for the Plug-in Truck Grant, due to a lengthy approval process, a new-generation purchase incentive for today's needs, not 2016's, will make acquisition more accessible. By 2035, we'll also need a nationwide network of HGV-dedicated infrastructure at depots and on public routes. Faster grid connections and the right en route locations are crucial, as are local infrastructure strategies to deliver shared hubs for operators.

This will take time – so we need new policies, rapidly, for more operators to begin their zero-emission vehicle journey and gain the benefits of a greener fleet.

When we asked operators about their concerns, vehicle costs and vehicle availability featured high on some respondents' list of worries. Yet overall this is not reflected in fleet plans for vehicle replacement or fleet expansion.

29% of fleet operators say they will not be replacing vehicles this year, and 52% will not be expanding their fleets. On the surface this sounds grim. However, last year 33% said they would not replace trucks and 56% did not intend to add any trucks to the fleet. So while 2024's results are unlikely to bring joy to the hearts of vehicle manufacturers, the results are four percentage points more positive than in 2023.

62% of our respondents are expecting to replace trucks, with 36% predicting between one and five vehicles, 11% between six and 10, and 6% between 11 and 30 vehicles. 3% each anticipate the replacement of between 31 and 50, 51 and 100, and more than 100 respectively.

Of those who are adding trucks in 2024, 26% or 92 operators intend to acquire between one and five vehicles, and 5% or a further 18 fleets between six and 10. However, only 7% of our respondents will increase by more than 10 vehicles. That includes the 1% intending to acquire an extra 51-100 trucks, and a further 1% intending to acquire more than 100 extra vehicles.

Despite the vehicle supply industry's intense focus on

→ 12

FULL YEAR TRUCK SALES BY BRAND

Manufacturer	2022	2023	% Change
DAF	13,068	13,885	6.3
Dennis Eagle	815	878	7.7
FUSO*	205	281	37.1
Isuzu	970	1,198	23.5
Iveco	3,387	3,865	14.1
MAN	3,324	3,919	17.9
Mercedes-Benz	4,788	5,248	9.6
Renault Trucks	2,598	2,908	11.9
Scania	5,655	7,519	33
Volta Trucks	0	4	-
Volvo	5,906	6,522	10.4
TOTAL	40,716	46,227	13.5

*Source: SMMT. *FUSO is part of the Daimler Group and its trucks are sold exclusively by Mercedes-Benz in the UK.*

Main image: Shutterstock

To buy or not to buy?

62%

PROPORTION OF OUR SURVEY RESPONDENTS PLANNING TO REPLACE TRUCKS

Whatever the economic climate and the business uncertainties, truck operators still need trucks. So how are they going about their acquisitions?

PENCE-PER-MILE COSTS

Vehicle type (GVW)	2019	2022	2023	% change vs 2019
Rigids				
7.5 tonnes	107	143	144	35
13 tonnes	124	163	165	33
18 tonnes	140	185	184	31
26 tonnes	160	208	213	33
32 tonnes (tipper)	198	261	250	26
Artics				
32 tonnes 4x2	165	220	220	33
38 tonnes 4x2	174	232	229	32
44 tonnes 6x2	186	245	239	28

Source: Motor Transport total cost of ownership tables. These figures assume 80,000 miles per year.

CHANGE IN ANNUAL OPERATING COSTS

Vehicle type	2022	2023	% change
44-tonne tractor (100,000 miles/year)	217	210	-3
18-tonne rigid (60,000 miles/year)	222	224	1
3.5-tonne van (30,000 miles/year)	205	213	4

Source: Motor Transport total cost of ownership tables. Costs in pence per mile.

45%
PROPORTION OF RESPONDENTS BUYING NEW VEHICLES

contract hire and leasing options for several years, 45% still buy new vehicles outright and 20% purchase used vehicles outright, either in cash or through hire purchase. Only 17% will use leasing, rental or contract hire in 2024, although 18% say they use a mixture of methods.

These purchasing choices are relatively stable with only 16% changing their method. Last year's results also showed 45% preferring outright purchase for new vehicles, and 16% outright purchase for used vehicles. The proportion leasing has risen by two percentage points since last year.

Of the 16% that have changed their method of acquiring vehicles, 46% have moved away from outright purchase of new vehicles and 21% away from lease options.

BRAND LOYALTY

60% of respondents told us they have a distinct loyalty to one HGV brand, and 28% a loyalty for a trailer brand. 38% prefer to run mixed fleets. This year's figures for brand loyalty are higher than last year by two percentage points for HGVs and six percentage points for trailers.

The key reasons stated for brand loyalty are: reliability (74%); whole life costs (53%); fuel economy (42%); and dealer relationship (40%). Driver preference also inspires (25%), as well as safety (21%) and brand reputation (19%).

The weightings given to reliability and whole life costs have risen markedly, and fuel economy has overtaken dealer relationship since last year. This almost certainly reflects inflationary effects, which make cost a higher priority. Reliability is also more important, as the price and time taken for repairs have risen considerably.

Safety as a factor has dropped by four percentage points to be a top three priority for just 21% of operators. This apparent lack of emphasis on safety issues could be due to operators' perception that all modern truck design is tightly regulated and prioritises safety, as well as the increasing regulatory and optional use of safety aids, such as ADAS and cameras. It possibly also reflects the awareness that the driver is the most important safety factor in any vehicle.

MAINTENANCE

Vehicle maintenance is almost equally split between in-house workshops, dealers or lease companies, third party providers, and a mixture of the three. However, half the market reports seeing falling service levels from dealers, leasing companies and independent third-party

MARK CARTWRIGHT, HEAD OF CV INCIDENT PREVENTION, NATIONAL HIGHWAYS

HGVs and vans are becoming ever more sophisticated. Whether or not the UK government adopts General Safety Regulation 2 into domestic law, HGVs are likely to be manufactured with an increasing amount of computerised safety kit which has the potential to make drivers and other road users safer. From July 2024, under UN and EU rules, intelligent speed assistance, reversing detection with camera or sensors, attention warning in case of driver drowsiness or distraction, event data recorders as well as an emergency stop signal will be added to all new vehicles; new cars and vans will have features such as lane-keeping systems and automated braking; and additionally buses and trucks will have better blind spot and moving off system warnings to prevent collisions with pedestrians or cyclists, and tyre pressure monitoring systems.

There are three key things to remember if this technology is to achieve our aims of ending death and injury on the road:

- The driver is the most important piece of safety equipment in the vehicle. They must be fit to drive, alert, qualified and properly managed.
- Drivers must be trained on these technologies. They need to understand how they work, what the technological limitations are and how to tell if they aren't working. Studies into driver assistance technologies tend to show a polarity in drivers' attitudes – they either become over-confident, or they turn it off. Neither is useful, or safe.
- There is a huge amount of data to be gleaned from these technologies. Yes, they help to prevent or mitigate collision in the moment – but they can also give operators essential insights into better route planning, driver difficulties, training gaps, and in-transit vulnerabilities. It's vital the opportunity this provides employers to better investigate and learn from incidents is grasped.

All operators, drivers, and vehicle suppliers should take responsibility for encouraging the positive and informed use of any technology that can help us to stop the large number of at-work driving fatalities that occur each year. It represents a huge opportunity for better safety and better productivity – but only if we embrace it intelligently.

You can find free, high-quality resources to help operators at drivingforbetterbusiness.com and drivingchange.info.

ALLAN JAMIESON, OPERATIONS DIRECTOR, CURRIE SOLUTIONS

Currie Solutions recently took delivery of 13 Mercedes-Benz Actros trucks, supplied on three-year contract hire agreements. The new arrivals join our fleet of 130 vehicles and 450 trailers at strategically located depots in the UK, France, the Netherlands and at our partners in Germany and Italy. The vehicles will run out of our Warrington site on trunking applications throughout the UK.

Knowing our supplier and building strong relationships is important to us as we grow and further develop our fleet. We sourced these vehicles along with 18 DAF XF 530 Super Space Cab 6×2 tractor units and three MAN rigids that we acquired last year from Asset Alliance Group. We have a good relationship with them, and, as with many business relationships, that means trusting individuals within the organisation and relying on their expertise about the best options for your operation.

Getting quick answers to questions and accurate lead times are really important, as is a good understanding of our operational needs.

THOMAS VAN MOURIK, CEO, CULINA GROUP

Culina Group is possibly the fastest growing 3PL in the UK today. From a standing start in 1994 as the UK logistics provider for the global Müller Group, its growth has been nothing short of phenomenal.

The group now operates a diverse fleet across a wide range of specialist businesses within both chilled and ambient arenas. Furthermore it operates businesses that specialise in fields as diverse as elite event logistics and e-commerce.

Our business is all about delivering sustainable logistics solutions that our customers can trust. Our aim is to reduce the average age of our overall fleet to below three years by 2026. We are investing heavily in the latest and most efficient vehicles from Scania, Volvo, MAN, and DAF.

At Culina we have set out a clear vision for our road to a sustainable future. We aim to be at net zero carbon emissions by 2050. We are exploring a range of alternative fuel options. Hydrotreated vegetable oil (HVO) trials and usage are ongoing across the group. We are looking at ways to introduce biomethane. We already have electric 40-tonne BEVs and EV rigids in our fleet. We are continually exploring and trialling low-carbon fleet and fuel technologies.

We are embedding sustainability into our group. The procurement function, all fleet acquisitions, sales, compliance, and management are now all handled centrally. Our group fleet of 5,000-plus vehicles and 9,000-plus trailers are now operated and optimised by Culina Asset Management. The fleet is allocated across the group to maximise utilisation. While we are committed to researching new fuel alternatives, a big priority is for us to run our fleet as efficiently as possible to minimise miles and maximise fleet utilisation.

workshops, which is perhaps unsurprising in view of the shortage of vehicle technicians (see page 17 for more on this).

MT COST TABLES

The 2023 cost tables were published in December last year, and inflation has remained above 3% between then and the time of writing (April 2024).

Purchase prices have increased substantially, while fuel overall dropped in price in 2023. This means that the higher the mileage and the more fuel a vehicle used, the greater the chances its overall cost would remain stable. Hence the artics perform better on cost per mile charges in our tables than smaller vehicles.

Nonetheless, compared to 2019, of course, running costs have risen by an average of 31%. The average fuel cost per litre excluding VAT was just 113p in 2019 – the 2023 figure was 130p.

The cost of a 6x2 44-tonner has risen from its 2019 level of £84,628 to £114,744 in 2023.

Vehicle prices will continue to be affected going forwards by the General Safety Regulation which covers all new vehicles in the EU from July 2024. Following Brexit this is not automatically law within the UK, although it is believed to be part of a tranche of EU regulation that will be reviewed and perhaps eventually adopted. In the meantime the advanced safety technologies specified in GSR2 will be factory-fitted by any EU-based manufacturer at an estimated cost of £2,500 per vehicle.

Of course, arguably, safety technologies should also reduce repair and collision costs, although statistically these benefits are not always apparent because their effectiveness also relies on driver education and compliance.

2024 also sees the next phase of the Direct Vision Standard progressive safe system (PSS) which will require most vehicles scoring less than three stars at factory specification to completely retrofit their safety systems.

For added spice, GSR2 technologies and the PSS do not entirely align technically. Transport for London says that factory-fitted GSR2 technology will be acceptable as part of the PSS, but retrofitted technology should align to the TfL technical standards.

130

AVERAGE COST IN PENCE PER LITRE OF FUEL IN 2023

A game of two halves

While some vehicle operators are forging ahead with decarbonising their fleets, others have yet to get started

Our survey suggests that it's full steam ahead on decarbonisation for half of our respondents – while the other half have barely started. And yet there is evidence of huge leaps being made in fleet decarbonisation.

47% of companies surveyed have already started to investigate their decarbonisation options, while 53% haven't made any enquiries. 52% said if their current vehicle provider could walk them through every step of adopting low carbon vehicles, they would take advantage of this, but 48% wouldn't. The market therefore seems cleaved in two – half are jumping on the decarbonisation train, and half have no current plans to even visit the station.

Crucially, given the higher capital or leasing cost of alternatively-fuelled vehicles, 62% said they were not confident that they could raise the necessary capital or credit lines to fulfil their – or the government's – decarbonisation ambitions. One quarter of these companies said this was because they had already exhausted all their credit lines.

STRIKING PROGRESS

However, there has been some striking progress since last year. The first big surprise is the huge surge in battery electric vehicles (BEVs). Last year only 6% of respondents ran electric vehicles and in Q1 2024 this had grown to 19%. This far outstrips the 6% of operators who, in 2023, announced their intention to run BEVs within three years. Hybrids are up from 3% to 5%, and biomethane (CNG) has also grown, though marginally.

Biodiesels are the other big winner this year. Last year biogas and biodiesel combined were used by only 7% of respondents. This year 11% use hydrotreated vegetable oil (HVO) and a further 5% are running vehicles on biodiesel. This is a significant surge in demand for

Rank the following in terms of what would deter you from running alternative-fuelled vehicles

Item	Overall rank	Rank distribution	Score	Number of rankings
The lack of a public refuelling infrastructure	1		1,453	318
Upfront cost of vehicle lease or purchase	2		1,328	303
The cost of depot recharging infrastructure	3		1,117	299
Lack of suitable range for your application	4		1,039	283
Lack of suitable payload for your application	5		929	275
Lack of suitable model for your application	6		582	250

Lowest rank — Highest rank

ANDY SALTER, MD, DVV MEDIA INTERNATIONAL

What a difference a year makes! Judging by the responses to this year's survey, it's clear the industry is making rapid progress on its journey to net zero – awareness is building and plenty of operators are moving forward with their plans.

Indeed, with nearly 25% of respondents in scope of the ESOS reporting requirement, which means they are now having to start reporting their energy usage and by extension carbon emissions, clearly the topic is fast bubbling to the top of their business agenda.

Nearly 40% have an ESG strategy in place and over 40% either have or are in the process of setting emissions reduction targets for their business. This has all the indicators of an industry on the move to net zero. Of course there are plenty of challenges still to be overcome on the way to the decarbonised holy grail, but we should also take a look at the items operators have said would encourage them to take up low- and zero carbon vehicles.

On this point customer demand scores highly, as does total cost of operation (TCO), which you could argue are two sides of the same coin. If the TCO of zero emission vehicles was less than diesel-powered trucks, then you could be pretty sure customer demand would increase.

Despite the wishful thinking of some industry analysts in the sector, TCO parity with diesel is a good while off yet and without any movement on that key indicator, the accelerated decarbonisation of the road freight sector is going to be challenged. Unless – and here's the rub – the customers of the transport companies start putting their sustainability target money where their mouths are and start specifying low carbon logistics solutions in their transport contracts (and paying for them).

This might require incentives (or penalties) to nudge the freight buyers in the right direction, but something has to give or we're going to keep returning to this same decarbonisation blockage.

At FreightCarbonZero.com, our resource dedicated to the decarbonisation of the commercial vehicle and road freight sector, we're tracking all the routes open to companies as they start their journey to reduce carbon emissions – register today for our weekly newsletter and regular updates at www.freightcarbonzero.com.

Image: Shutterstock

19%

PROPORTION OF SURVEY RESPONDENTS ALREADY RUNNING ELECTRIC VEHICLES

53%

PROPORTION OF OPERATORS WHO HAVE YET TO LOOK INTO FLEET DECARBONISATION

several reasons. Firstly, it shows that operators recognise they need an immediate, relatively low-cost, low-risk means of cutting transport emissions. Secondly, these fuels will continue to be important for legacy fleets even after internal combustion engine vehicles are withdrawn from sale. Thirdly, the HVO market needs a critical level of demand to encourage more imports, inspire domestic production and suppress the price. The UK government removed import tariffs on HVO in Q1 2023 in order to widen supply and choice for users.

Of those who already run electric vehicles, only 7% have not passed on any of the cost to their customers. A further 3% have negotiated a rate rise of up to 5%. Only 3% have managed a rate rise over 10%. 9% of the companies running electric vehicles do not charge for their transport services, so the question is moot.

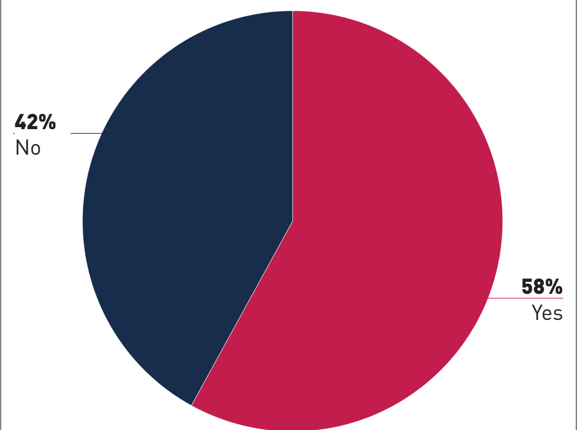
OPERATIONAL SHIFTS

58% of our respondents said that decarbonisation would cause fundamental shifts in their operational models.

Respondents volunteered anticipated changes including:

- Different routeing, changeover points and operational schedules to accommodate charging
- Reductions in stem mileage, and a review of depot locations
- An end to tramping

→ 16



OLLY CRAUGHAN, HEAD OF SUSTAINABILITY, DPD UK

DPD's leadership in fleet decarbonisation began in 2018 when we opened an all-electric micro-depot in Westminster. The facility launched with a 100% all-electric fleet delivering through the original ULEZ. This was an industry first in the UK.

In the six years since then, DPD has continued to invest in fleet decarbonisation and in late 2023 opened its brand-new Docklands all-electric hub, with capacity for 500 electric vehicles. This will enable an all-electric DPD delivery service within London's North and South Circular area.

DPD UK's parent, the Geopost group, now has two key targets, a near-term of 2030 to reduce emissions by 43% and a net zero target of 2040. Both targets are fully validated by the Science Based Target initiative and have been key to our decarbonisation strategy.

Our all-electric vehicles, which now account for over 33% of our final-mile delivery fleet, delivered 64 million parcels in 2023 and we expect to reach 100 million this year.

The volume of parcels being delivered by electric vehicles is increasing significantly (along with deployment of HVO in our transport fleet) and has helped DPD to reduce its carbon emissions by 34% (2020 to 2023).

We continue to purchase all-electric vehicles as we de-fleet their diesel equivalents, in such a way as to meet our net zero targets and ensure that the new vehicles are deployed on routes that are within their range and capability.

This transition is not easy. It remains challenging. We've said throughout that you can't wait for the perfect time to do this. You just have to make a start. Six years on, we have a much better understanding of the obstacles and have demonstrated that we can keep navigating them successfully.

IAN DENNIS, BUSINESS DEVELOPMENT DIRECTOR, ZENOBĒ

The commercial vehicle industry has been set challenging targets to achieve net zero.

According to the UK government, the road transport sector currently emits approximately 20% of the UK's total domestic transport emissions.

Already, supply chains are being tasked with providing evidence of carbon emission reductions under Scope 3 emissions reporting. However, operators and hauliers are faced with significant challenges in respect of adopting electric vehicles (EVs) into their fleets.

The cost of electric trucks, their battery lifetime and utilisation, space and power requirements are the key areas of concern for a typical operator wanting to move to an electrified fleet.

Bringing a single BEV into a fleet is relatively straightforward. Most depots are able to support a charger in the 22kW-60kW range. However, moving to multiple vehicles simultaneously is a different case entirely, with faster chargers requiring a significant increase in power supply. Zenobē can help with approaching a distribution network operator (DNO) for grid upgrades, but this takes time in a period when the pace of change is accelerating.

Being able to provide both overnight and opportunity charging places different demands on the infrastructure. To future-proof, operators should focus on DC chargers – unlike AC chargers, these have the ability to slow-charge overnight and preserve battery health while also providing opportunity charging where batteries can be replenished during driver breaks or while loading and unloading.

Space in yards is always at a premium, however, and being able to fit charging infrastructure into the depot is challenging, especially in urban locations. Transport managers need to plan vehicle movements in greater details and be conscious of vehicle constraints.

Zenobē has encountered all these obstacles in the 75 depots we have electrified to date and learnt what works and what does not. This experience and expertise places us at the forefront of depot electrification and enables us to create bespoke innovative solutions.

➜

- An end to double and triple-shifting due to recharging times – although some argue the cost will drive greater efficiencies and that electric vehicles are more likely to be double-shifted
- More collaboration with customers and competitors
- Nine respondents (mostly but not exclusively from micro-operations) said they would close their business or retire
- Those using cranes, carrying abnormal or very heavy loads, or running internationally are specifically concerned about the lack of suitable models and range available to them.

For many, of course, the type of operational changes involved will ultimately depend on how well the vehicle technology develops and whether a reliable public charging or refuelling network is put in place.

TOP INCENTIVES

The top three incentives to running low carbon vehicles would be lower running costs, financial incentives from government, and customer demand. Operators would also be swayed by clear operational benefits and extended opportunities to run vehicle trials. 64% would deploy them to meet their carbon reduction targets. Curiously, almost half felt that brand enhancement was unimportant.

Conversely the top ranked disincentives included a lack of public refuelling infrastructure, the capital or lease cost of the vehicles, and the costs of charging infrastructure at depots.

GREEN AMBITIONS

39% of respondents have an environmental social governance (ESG) policy in place. A further 34% say they are actively working on developing such a policy.

29% of respondents have existing targets for reducing transport emissions and a further 42% are finalising targets.

The top 3% are aiming to achieve zero emissions and a further 3% intend to at least halve their emissions. Almost one-third of respondents intend to cut emissions by more than 20%.

29%

PROPORTION OF SURVEY RESPONDENTS WHO ALREADY HAVE TARGETS FOR REDUCING THEIR TRANSPORT EMISSIONS

STUART KEEDWELL, CHAIRMAN, RT KEEDWELL

Decarbonisation throws up lots of challenges for road transport operators. We are committed to lowering our carbon footprint, but many of our operations do not yet have suitable alternatively-fuelled models available.

RT Keedwell does a lot of crane and Hiab work, which isn't currently supported by battery electric trucks. We have innovated in creating a new light-weight crane drawbar vehicle capable of carrying well over 27 tonnes.

Features include plastic flooring on the bodies, no air tank on the trailer (air tanks are built into the axle tubes), aluminium wheels throughout, and specially designed aluminium side rails which double up as the strapping point.

We will be trialling an electric crane in the very near future.

We hope that innovating in the construction of vehicles like this will help to close the gap between power requirements and the available driveline technologies.

For other applications, such as our pallet network deliveries and collections, we have trialled a fully electric rigid on the pallet network service and gas on our general haulage fleet.

However, the challenge we have had in both applications is that neither had enough range, nor enough infrastructure to refuel out on the road.

There is also a commercial challenge as the capital cost is much higher.

Our main consideration with all vehicles, whether internal combustion engine or alternative drivelines, is fuel consumption – we need the maximum productivity for the amount of energy expended.

We are keeping an eye on the development of hydrogen truck models.

We have established several long-term haulier relationships in our network, and hope that this will pay dividends in the future when collaborative sharing of charging facilities may be one way in which the industry can overcome the lack of a public truck charging network.

A changing landscape

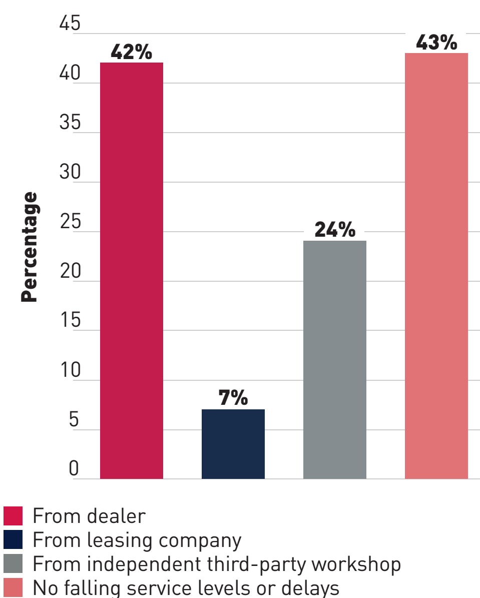
We asked survey respondents how they managed vehicle maintenance, and their answers divided almost perfectly between in-house, dealer or lease organisation, an independent workshop, and a mixture of the three.

We also asked if they had seen a decline in service, and 42% said their dealer's service had declined; 24% that their third-party workshop service had declined; and 7% that their lease company service had declined. And 63% of those handling maintenance in-house said they struggled to recruit/retain vehicle technicians.

While 54% of our respondents still say that driver recruitment is the toughest hiring challenge, 40% list vehicle technicians. Though effort is being put into this area, vehicle sophistication is arguably increasing faster than technicians can be trained, making it increasingly difficult to keep technicians skilled up and workshops increasingly expensive to run.

The HGV technician apprenticeship is particularly challenged, with the RHA and Logistics UK both warning that levels of funding, albeit slightly increased in 2023, do not cover the capital cost of the new vehicles necessary for students to strip down and rebuild. As a result a large proportion of course providers have withdrawn.

> The industry has stopped bemoaning the acute shortage of drivers and is now struggling with more subtle but equally vital recruitment difficulties



AUTOMATION

The biggest operators are now deploying increasing levels of automation in their warehouses, and this will continue.

Of our respondents, 54% expect automation to significantly reduce warehouse roles within the next decade and 17% expect automated vehicles to significantly reduce driver numbers in the same period.

Automation will also change the type of worker required in warehouses, with technical, engineering and digital skills replacing traditional blue-collar roles.

The large players are starting to invest in these skills now as it takes several years to create skilled, qualified technical staff, whether that is in vehicle maintenance or coding and maintaining robots.

SCOTT MERRICK, PRODUCT DIRECTOR AUTOMATION AND ROBOTICS, WINCANTON

Wincanton is accelerating the adoption of technology for its customers and in March agreed to acquire Invar Group, a specialist in the integration of automated warehouse solutions powered by its proprietary Invar Warehousing Software (IWS).

This intuitive, configurable and scalable software suite intelligently orchestrates warehouse activity and enables the smooth integration of wider warehouse technology, particularly robots and automation.

Merging multiple technologies into one single solution is the future of warehouse automation. Using a robot or multiple robots may solve one part of a problem but, for example, when it works seamlessly with a pick-to-light system and a carton erector machine it really improves the impact of the solution. You do not want three separate systems working in isolation; they all need to be working together to build resilience and efficiency.

In shared-user warehousing we have led

the way with the first multi-user deployment of autonomous mobile robots (AMRs) in the UK. Our AMRs provide Wincanton and our e-commerce customers with greater flexibility in operations, enabling better management of the fluctuating product volumes associated with high volume e-fulfilment.

We're fulfilling direct-to-consumer orders from multiple customers in the same space, using the same AMRs, dynamically picking items from different vendors side by side on our warehouse shelves. As a result, fast-growing SMEs are now able to access leading robotics solutions without incurring capital costs through a solution that is scalable for business growth.

AMRs offer flexibility and increased speed of deployment at a lower cost. However, AMRs alone do not increase accuracy. What has increased accuracy in our multi-user AMR solution is the integration with the picker, from barcode scanning to the use of pick-to-light and put-to-light technologies. Linking these elements builds a powerful solution for our customers.

The implementation of robotics and automation in the warehouse will continue to grow as UK businesses seek a variety of innovative solutions to solve supply chain problems. At Wincanton, we are investing in a wide breadth of offerings, including shared-user and single-user robotics and automation, point automation and software integration to provide a true end-to-end solution for our customers.

Asset Alliance Group outlines what it really takes to be a successful vehicle supply partner in 2024

Flexibility is key

A prominent player in the UK's commercial vehicle finance and sales sector, Asset Alliance Group has benefited from its strategic foresight, resilience, and customer-centricity. From its beginning the company has undergone significant growth, solidifying its position as a trusted partner for businesses in need of commercial vehicle solutions.

The company prides itself on being more than just your typical lender – not only offering a range of flexible finance packages, but also purchasing, refinancing and procuring for its clients. It buys assets outright and tailors monthly contracts to meet the needs of its customers, ultimately helping them to save time and money.

Established in 2012, Asset Alliance Group is now the UK's fastest growing commercial vehicle finance and sales company.

£80m

VALUE OF NEW VEHICLES PROCURED BY ASSET ALLIANCE GROUP'S ASSET MANAGEMENT DIVISION IN 2023

Backed by the financial strength of Arbuthnot Latham, the company's evolution has been increasingly rapid. With flexible services designed around customers' needs, expansion of its General Asset Finance and Vendor Finance divisions is now allowing the business to help its customers with other elements of their capital expenditure beyond vehicles.

CLEAR ETHOS

Chief executive Willie Paterson (pictured left) says: "Asset Alliance Group has grown from a start-up to a key player in our industry. However, rather than succeed at all costs, our success has been driven by a clear business ethos and commitment to staff values, plus a customer charter that guides the way we operate and with whom we partner.

"The heart of our business and the

RECENT DEALS

Asset Alliance Group has helped Ratho Coaches to become the first operator in Scotland's central belt to put an electric coach into service.

It has also provided Scottish haulage and courier operation Woody's Express Parcels with eight new tractor units, rigid trucks and trailers to help the firm manage new contracts.

Keedwell Scotland, meanwhile, has recently taken delivery of 11 new DAF LF 230 curtainsider rigids and two DAF XG 530 6×2 tractor units from Asset Alliance Group as part of its fleet renewal programme.

key behind our success is our hard-working staff. We have nurtured a strong culture within the business and that is so important to the success we are seeing today."

MAJOR MILESTONES

The past 12 months have seen some major milestones across the business. A new site was opened at Trafford Park, in Manchester. The business' fourth main sales depot – alongside Wolverhampton, Newmains and Ipswich – becomes its main base for its rapidly expanding Asset Management Division, which helped procure more than £80m of new vehicles in 2023. Trafford Park offers space for around 50 of the company's stock of ex-fleet used trucks and trailers and provides over 2,000sq ft of modern modular office space for 20 regional staff. Crucially, it also provides a perfect location from which to serve its increasing customer base in the north of England.

Elsewhere, Asset Alliance Group's Bus & Coach Division added a further string to its bow earlier this year with the launch of its rental offering, significantly expanding its market share in the sector.

"This is a huge investment for the business and a major innovation for our rapidly growing Bus & Coach Division," says Paterson. "We are confident it will be widely welcomed by operators of all sizes. As we strive to become the number one bus and coach funder and supplier in the UK, this is a significant step in the right direction."

Several key appointments were made across the business too.

Michael Bycroft was promoted to the new position of managing director, asset finance and leasing. Previously managing director of bus and coach, Bycroft now assumes responsibility for the strategic development of the group and will oversee the truck and trailer contract hire and leasing and finance sales divisions, as well as the bus and coach, vendor finance and general asset finance sides of the business.

Experienced transport policy and public affairs specialist Robert Gwynn joined the company in the new position of strategic development manager. His main focus will be to support Asset Alliance Group's plans to increase the number of alternatively fuelled vehicles across its fleet, part of a long-term commitment to serving customers' changing needs.

Most recently, Amanda Figg joined the leadership team as chief technology officer to support a programme of transformation across the business. Figg previously worked as an independent management consultant, supporting a number of organisations such as RBC Brewin Dolphin, Marsh, AXA UK and Hiscox.

AWARD-WINNING

To cap off a fantastic 2023, in December Asset Alliance Group landed the Rental, Leasing and Contract Hire Provider of the Year accolade at the prestigious Commercial Motor Awards.

"It has been an exceptional 12 months, to say the least," comments Paterson.

"There is a saying that I believe in: change is inevitable, growth is optional. I believe we understand this right across our business. There are so many examples in our company right now of staff positively embracing the changes in our industry. It's wonderful to see.

"These changes and the desire for improvement are evident everywhere – from our business platform and processes and our ex-fleet stock disposals programme to our successful pursuit of vendor finance opportunities and an increasingly prominent brand position in the market. And we've seen further advances in our approach to customer insight, targeting a new customer service accreditation, and by bringing in some new exceptional talent to the business.

"The sector we work in is undergoing a huge transformation and we want to be a leader on that journey. With the evolution of our business in recent years, we firmly believe we are now well placed to achieve that goal."

TRANSAID TIE-UP

In 2023 Asset Alliance Group signed a three-year corporate partnership agreement with international development organisation Transaid.

Under the agreement, Asset Alliance Group will give time, knowledge, and resources to support Transaid's road safety and access to healthcare projects across sub-Saharan Africa, where it has been working to save lives for more than 25 years.

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