ASSET ALLIANCE GROUP

Industry Monitor

2025 edition

In association with

MotorTransport Commercial Motor Brigade

Welcome...

The results are in from our annual Industry Monitor and, as it always does, the survey presents us with key insights into the health of the sector, as well as the challenges faced by those at the coalface of the road transport business.

This is the seventh issue of the report, and we are once again delighted to see so many senior leaders and executives from across the industry offer their feedback. Alongside our partners at *Motor Transport* and *Commercial Motor*, we are grateful to the respondents for taking the time from their busy diaries to provide the data for the final report.

It can't be ignored that the past few years have been some of the most difficult for the transport industry for decades, with the added challenges presented by last autumn's Budget. Perhaps unsurprisingly, the latest iteration of the Industry Monitor tells us that many businesses are expecting a tricky 12 months ahead.

Rising costs and falling profit margins were chosen by 85% of respondents as the biggest threat over the coming year.

On the back of this, more companies than in 2024 or 2023 expect a significant downturn to their business. However, it's worth pointing out that remains quite a small number of respondents overall and, despite the gloomy economic backdrop, 31% of those that completed the survey expect their business performance to remain the same as last year, with 31% expecting a slight improvement – a testament to the resilience of the sector.

With regards to the Budget, more than two thirds (67%) of our respondents are expecting the hike in National Insurance to impact both recruitment and wider investment in their operations. Indeed, only 15% said their companies would not be adversely affected on either count.

Other issues affecting fleets across the UK include increased repair costs and a rise in insurance premiums – both of which have risen higher than inflation, according to the majority of our respondents.

As highlighted on page 11 of the report, vehicle sales across the sector are set to remain slow – with 56% saying they won't be adding to their fleets. This compares with 52% in 2024. For those that will be taking new trucks, reliability, whole-life cost and fuel economy are the top three reasons driving procurement decisions.

Later in the report, we examine the decarbonisation journeys underway across the industry.

According to the data, almost a quarter of respondents are now running some form of low carbon vehicle (page 15) – with 14% choosing electric, 11% running trucks on hydrotreated vegetable oil (HVO), and just 2% using hydrogen fuel-cell powered vehicles. As was the case last year, the main stumbling blocks remain a lack of infrastructure – particularly public charging facilities – and the additional cost of the vehicles.

No doubt that there are some serious issues to address as we move forward amid a period of unprecedented change across the industry. As we always do, businesses must find ways to evolve and adapt to ensure a prosperous future.

Willie Paterson
CEO, Asset Alliance Group

The Industry Monitor Survey has been run every year since 2018, except for 2020. The responses shown are from fleet decision-makers who completed the entire survey. In 2025 we have 235 respondents who met these criteria, out of a total respondent pool of almost 1,000. Respondents completing the survey were offered entry into a central prize draw to win a £350 Amazon voucher, and a donation was made to Transaid for every completed questionnaire. Respondents can also ask to receive a copy of the full report once it's published. The survey is conducted by Edge Insight, and sponsored by Asset Alliance Group and Brigade Electronics.

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Industry in numbers

The number of operator licences in the industry shows a familiar story of contraction, through loss and merger

There were 23,864 standard operator licences, which cover domestic hire and reward fleets, in Great Britain in 2023-24, almost 4% down on the previous year. That's not a new story. Last year's report commented on a 3% drop, and those small but relentless drops have been occurring for many years now.

With the exception of a small jump following the worst of the pandemic, standard licence numbers have remained in steady decline.

Restricted licences also dropped from 34,540 to 33,303 (-3.6%) between 2022-23 to 2023-24, and international licences from 9,804 to 9,654. Total licences have fallen by 3.2% from 69,022 to 66,821.

O-licences correspond to the number of operator licences throughout the country, rather than the number of corporate entities using them. However, the government's 2022 figures for the number of road freight enterprises stood at 55,733, a 4% decrease over the previous year. This had dropped to 46,310 by 2023 and the rate of closures and new business failures in 2024 has been at a record high, according to credit experts. It seems likely, therefore, that a significant part of the licence reduction is caused through business failure rather than consolidation.

The number of vehicles specified on licences has also decreased by almost 6,000 to 373,318 (see specified vehicles by licence type). In Q1 2024 there were 512,000 HGVs licensed in total in Great Britain (gov.uk vehicle licensing statistics). That means there are approximately 139,000 HGVs in use in Great Britain, which are not specified on O-licences.

The Northern Ireland figures suggest that domestic haulage, despite a brief upswing post-Covid, has contracted by 6% since 2020-21. This is in contrast to its international haulage which has grown by 9%.

YEARLY DECREASE IN STANDARD LICENCES TO 2024

Year	Standard licences	Decrease
2015-16	28,448	
2016-17	27,140	-1,308
2017-18	26,682	-458
2018-19	25,940	-742
2019-20	25,160	-780
2020-21	25,091	-69
2021-22	25,428	337
2022-23	24,678	-750
2023-24	23,864	-814

Source: Data drawn from Traffic Commissioners' annual reports

LICENCES IN USE, BY TYPE, GB

Type of licence	Year	Restricted	Standard	International	Total licences	Total continuations sought	Continuations not sought
Eastern traffic area	2023-24	5,984	4,405	2,372	12,761	1,877	372
	2022-23	6,212	4,537	2,451	13,200	1,758	418
North Eastern traffic area	2023-24	4,771	3,820	1,422	10,013	1,682	302
	2022-23	4,940	3,983	1,425	10,348	1,533	347
North Western traffic area	2023-24	4,678	3,173	1,104	8,955	1,397	304
	2022-23	4,853	3,295	1,100	9,248	1,392	347
South Eastern traffic area	2023-24	4,065	2,407	1,235	7,707	1,239	289
	2022-23	4,253	2,490	1,279	8,022	1,099	314
West Midlands traffic area	2023-24	3,786	2,784	1,131	7,701	1,170	230
	2022-23	3,909	2,897	1,134	7,940	1,111	252
Western traffic area	2023-24	5,078	3,345	1,372	9,795	1,524	328
	2022-23	5,314	3,452	1,396	10,162	1,462	353
Scotland	2023-24	2,489	2,306	594	5,389	893	154
	2022-23	2,545	2,354	591	5,490	855	176
Wales	2023-24	2,452	1,624	424	4,500	690	180
	2022-23	2,514	1,670	428	4,612	713	185
TOTAL	2023-24	33,303	23,864	9,654	66,821	10,472	2,159
	2022-23	34,540	24,678	9,804	69,022	9,923	2,392

Source: Traffic Commissioner's Annual Report 2023-24

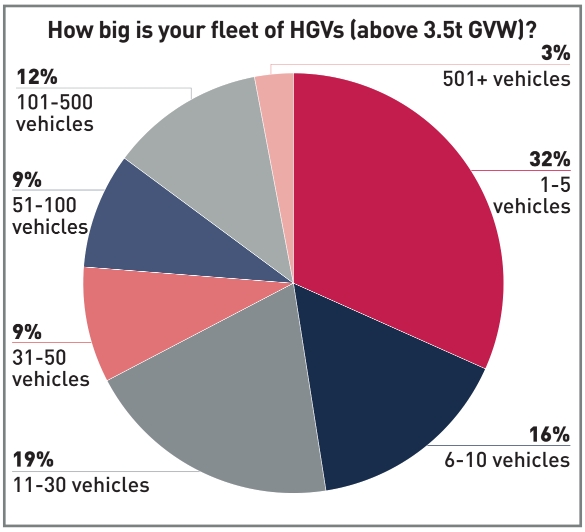
RESEARCH PANEL

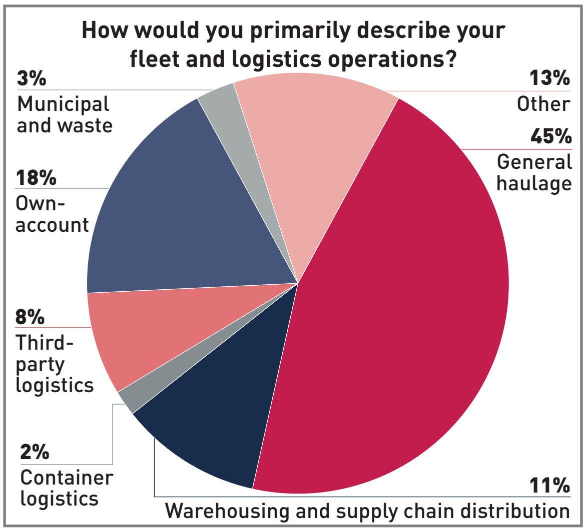
Our research panel comprised senior management with responsibility or influence over fleet. 60% of respondents were at board level, with the rest senior managers. The breakdown by fleet size follows the industry's demographic fairly closely, with 3% having more than 500 vehicles, 12% having between 101 and 500 vehicles, and 48% small operations with fewer than 11 vehicles.

34% of respondents are in firms which earn less than £2m, 15% between £11m and £15m, 4% between £51m and £100m,10% between £100m and £500m and 5% over £500m.

RESPONDENTS BY SECTOR

The proportion of general haulage operators is slightly higher this year at 45%, compared with last year's 39%. Municipal and waste contractors were slightly less well represented at 3%, rather than last year's 5%. Overall, however, the pattern of participation is very similar to 2024. The 13% who designated themselves as 'other' operated in sectors such as construction, bulk aggregates, civil engineering, heavy haulage, ADR, livestock and recovery.





SPECIFIED VEHICLES BY LICENCE TYPE

Type of licence	Year	Restricted	Standard	International	Total vehicles	UK community licences
Eastern traffic area	2023-24	**16,722**	36,465	**21,056**	74,243	**8,414**
	2022-23	**17,310**	37,548	**20,765**	75,623	**8,111**
North Eastern traffic area	2023-24	**13,341**	31,014	**14,161**	58,516	**5,805**
	2022-23	**13,777**	31,454	**14,638**	59,869	**5,765**
North Western traffic area	2023-24	**13,128**	26,309	**12,258**	51,695	**4,543**
	2022-23	**13,319**	26,904	**12,204**	52,427	**4,528**
South Eastern traffic area	2023-24	**12,269**	20,286	**10,154**	42,709	**5,115**
	2022-23	**12,534**	20,542	**10,050**	43,126	**5,190**
West Midlands traffic area	2023-24	**9,636**	21,056	**10,196**	40,888	**3,517**
	2022-23	**9,979**	21,534	**10,247**	41,760	**3,570**
Western traffic area	2023-24	**13,303**	28,440	**11,753**	53,496	**4,887**
	2022-23	**13,617**	28,569	**11,773**	53,959	**4,920**
Scotland	2023-24	**6,230**	19,966	**5,707**	31,903	**2,415**
	2022-23	**6,344**	20,174	**5,593**	32,111	**2,491**
Wales	2023-24	**5,564**	11,095	**3,209**	19,868	**1,567**
	2022-23	**5,641**	11,205	**3,360**	20,206	**1,527**
TOTAL	2023-24	**90,193**	194,631	**88,494**	373,318	**36,263**
	2022-23	**92,521**	197,930	**88,630**	379,081	**36,102**

Source: Traffic Commissioners' Annual Report 2023-24

TOTAL O-LICENCES AND VEHICLES IN NORTHERN IRELAND

	Vehicles				Operators			
	International	Standard	Restricted	Total	International	Standard	Restricted	Total
2020/21 Q4	10,880	**1,955**	9,137	**21,972**	1,878	**359**	3,219	**5,456**
2021/22 Q4	11,308	**1,990**	9,157	**22,455**	1,953	**358**	3,276	**5,587**
2022/23 Q4	11,285	**1,907**	9,012	**22,204**	1,894	**335**	3,263	**5,492**
2023/24 Q4	11,300	**1,919**	8,720	**21,939**	1,863	**315**	3,084	**5,262**
2024/25 Q3	11,642	**1,864**	8,461	**21,967**	2,006	**341**	3,043	**5,390**

Source: Traffic Commissioner's Annual Report 2023-24

The movers and shakers

Margins are tightly squeezed and cost pressures impact the UK's top 30 logistics operators

The Motor Transport top 30 is taken directly from the MT Top 100 Logistics Providers 2024 list. The rankings are necessarily dynamic as the figures are taken from the latest complete set of accounts.

The first nine in our top 30 list, all of which have £500m+ turnovers, have relatively stable ranks against 2023, although GXO Logistics has climbed a couple of rungs, leapfrogging DPD and Culina. The overall constituents of the top 30 haven't changed, with the exception of Pentalver which has dropped out of the top 30 rankings in 2024.

Europa Worldwide Group, Gregory Trading and CEVA Logistics have all improved their positions slightly, with Europa gaining three places.

The major parcels operators are as always over-represented compared to 3PLs with more extensive offerings.

Margins have been tightly squeezed as UK economic growth has sputtered and faltered its way across an inflationary landscape.

Overall, 2024 logistics revenues grew by an average of 3.5% among the Top 100, but some big players saw revenue fall back – including DHL, DPD, UPS and Wincanton.

Return on capital employed was down from 7.4% to 4.8% as operating profit fell by 35% on average.

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

Latest rank	Company or trading name	Latest year turnover (£000s)	Latest year operating profit (£000s)	Latest year pre-tax profit (£000s)
1	Royal Mail (IDS, UK operations)	7,834,000	**-348,000**	-372,000
2	DHL	5,242,257	**82,895**	84,886
3	GXO Logistics	2,321,891	**88,712**	73,978
4	DPD	1,960,802	**323,627**	290,778
5	Culina Group	1,886,404	**94,867**	45,265
6	Evri (formerly Hermes Parcelnet)	1,464,113	**77,996**	50,533
7	Wincanton	1,406,600	**-38,800**	-44,900
8	Menzies Distribution Group	1,215,600	**22,200**	7,800
9	UPS	1,185,214	**98,205**	99,340
10	FedEx Corporation	1,058,715	**51,115**	52,309
11	Yodel Delivery Network*	809,112	**-151,938**	-160,274
12	Gist	730,150	**27,494**	35,481
13	XPO Logistics	713,967	**3,772**	-1,553
14	Whistl UK	624,555	**5,169**	5,259
15	Turners (Soham) Holdings	575,377	**66,066**	71,371
16	DX Group	471,200	**30,000**	25,400
17	CEVA Logistics	427,686	**-6,351**	16,580
18	Maritime Transport	404,348	**20,195**	20,671
19	Gregory Trading (Holdings)	341,665	**11,685**	8,008
20	Europa Worldwide Group	290,374	**16,891**	15,419
21	Yusen Logistics (UK)	273,931	**-3,129**	-793
22	W H Malcolm	252,203	**16,895**	15,997
23	Kuehne + Nagel	208,244	**41,045**	42,355
24	Kinaxia	206,647	**13,241**	1,820
25	DSV Road	205,304	**16,034**	13,507
26	Movianto UK	201,847	**-5,250**	-6,398
27	Oxalis Logistics UK	185,139	**11,920**	13,759
28	Langdon Group	174,728	**9,827**	9,950
29	Arrow XL	164,833	**-6,055**	-9,077
30	McBurney Transport Group	152,611	**15,421**	16,499

*Note: *Yodel figures taken from accounts filed 31/12/2022*

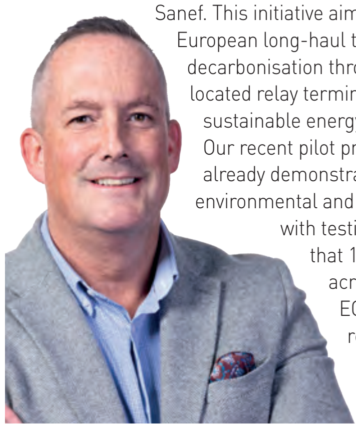
PAUL FARR, MD GROUND & RAIL – NORTHWEST EUROPE, CEVA LOGISTICS

CEVA Logistics, a world leader in third-party logistics, is leading the way in decarbonising the transport and logistics industry. As part of the CMA CGM Group, we have committed to achieving net zero carbon emissions by 2050 across all our activities through a comprehensive, staged approach.

Last year, we launched CEVA FORPLANET, our dedicated sub-brand for sustainable logistics solutions. That enables customers to reduce their supply chain impact by accessing low carbon transport and circular economy solutions, whilst providing precise CO_2e calculations.

We've made significant investments locally and around the world to modernize our fleet with over 450 electric trucks in our European ground transport operations. We plan to increase this to 1,450 low carbon vehicles by the end of the year. Additionally, our global Ground & Rail business currently operates 460 trucks powered by HVO100 and B100 biofuels and we project that we will use nearly 3.5 million litres this year in the UK, with estimated savings of approximately 14,000 tonnes of CO_2e annually.

CEVA is also pioneering collaborative solutions through the European Clean Transport Network Alliance (ECTN), which we launched with energy company ENGIE and motorway operator Sanef. This initiative aims to accelerate European long-haul trucking decarbonisation through strategically located relay terminals equipped with sustainable energy infrastructure.



Our recent pilot programme is already demonstrating impressive environmental and operational benefits, with testing and data indicating that 190 relay stations across Europe, like ECTN's solution, would reduce GHG emissions by 60% compared to current road transport.

Operating profit margin was down from 3.3% last year to 2.1%.

Pre-tax profit, which includes non-trading items such as interest payments, was down by an average of 37%.

These declines were driven by some big reverses: Yodel went from a £24m pre-tax profit to a £160m loss (see table notes on page 6), while Wincanton went from a £38m profit to a £45m loss. XPO Logistics also dipped into the red, with a £1. 5m loss. Only six of the 15 biggest operators managed to increase pre-tax profit.

The vast majority of companies which stayed in profit nonetheless had their profit margins squeezed.

OWN-ACCOUNT

The top 30 own-account operators by fleet size comprise sectors like retail, manufacturing, specialist supply (eg aggregates or agricultural products) and facilities management. Those in civil engineering and facilities management are likely to also run a high number of light commercial vehicles, which will not appear on their O-licence.

These sectors face a double whammy of cost pressures, as they must embrace all the vehicle costs of their hire and reward counterparts and also the inflationary pressures in their specific sector.

At the time of writing, Tesco has warned that profits could fall by £400m this financial year if price competition with rivals intensifies.

The BCIS Construction Industry Forecast predicts building output to increase by 19% but costs to rise by 17% over the next five years.

Manufacturing, another staple of the UK economy which also drives logistics demand, contributes 45% of the UK's exports.

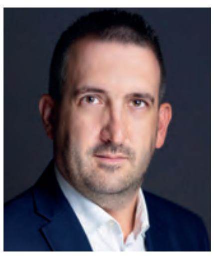
The US is the UK's largest trading partner, receiving £60.4bn in goods in 2023. A recent trade deal has left steel, automotive and ethanol exports from the UK in good shape and the trade deal with India has lowered levies on outgoing aerospace parts, spirits, electrical goods, medical provisions and some high-end foodstuffs.

LARGEST OWN-ACCOUNT OPERATORS: FLEET SIZES

Rank	Operator name	Trucks on O-licence	Trailers on O-licence	Total on O-licence
1	Tesco	**5,506**	5,449	**10,955**
2	Travis Perkins	**3,829**	310	**4,139**
3	Stark Building Materials UK	**3,686**	193	**3,879**
4	Sysco GB	**2,658**	477	**3,135**
5	Asda Stores	**2,462**	3,770	**6,232**
6	Huws Gray	**1,878**	175	**2,053**
7	BFS Group	**1,668**	127	**1,795**
8	John Lewis Plc	**1,629**	1,233	**2,862**
9	Warburtons	**1,442**	285	**1,727**
10	G4S Cash Solutions (UK)	**1,346**	7	**1,353**
11	Co-Operative Group	**1,238**	1,081	**2,319**
12	Cemex UK Cement	**1,127**	512	**1,639**
13	Certas Energy UK	**987**	265	**1,252**
14	A B F Grain Products	**955**	262	**1,217**
15	SIG	**952**	80	**1,032**
16	BOC	**907**	485	**1,392**
17	Amey	**899**	11	**910**
18	Arla Foods	**888**	832	**1,720**
19	Aldi Stores	**859**	1,220	**2,079**
20	British Telecommunications Plc	**850**	195	**1,045**
21	M Group (Services)	**834**	126	**960**
22	Breedon Trading	**823**	255	**1,078**
23	Lanes Group	**818**	69	**887**
24	Johnsons Textile Services	**796**	22	**818**
25	Elis UK	**754**	47	**801**
26	Serco	**742**	24	**766**
27	Sunbelt Rentals	**727**	286	**1,013**
28	M K M Building Supplies	**724**	81	**805**
29	SSE Plc	**677**	37	**714**
30	Ringway Infrastructure Services	**602**	62	**664**

Source: MT Fleet Data. Notes: Ranked by number of HGVs. More data is available upon subscription

ANDREW SMITH, HEAD OF TRANSPORT (SOUTH), LANES GROUP



Over the last 12 months, Lanes Group has cemented its position as the UK's largest drainage and wastewater service specialist with the acquisition of new businesses and the mobilisation of major new contracts.

The company operates more than 2,600 specialist vehicles. Most complete multiple short journeys during each shift and often operate in complex live environments, supporting hazardous tasks.

Given these complexities, our innovative use of our Samsara vehicle telematics platform is helping us deliver a consistent, measurable and scalable approach to vehicle safety.

We are one of a few businesses with a dedicated team to manage the platform. Its work has proved invaluable in mobilising contracts involving 500 drivers and a similar number of vehicles for Southern Water and Yorkshire Water, both on 1 April 2025.

Going forward, the team is playing a key role in two initiatives: creating a paperless driver, vehicle and operational management system, and reinforcing a high-performance safety culture.

Our managers and supervisors will use Samsara's new AI assistant to identify both negative and positive driver performance trends. Where necessary, short e-learning sessions can be sent directly to drivers.

We also send kudos messages, backed by a rewards scheme, to reinforce good practice. Our experience shows this helps embed positive change.

In the first four months of 2025, speeding fell by 50%, compared with the same period in 2024. We're showing smart and sensitive use of driver and vehicle data can have a very positive effect in a rapidly transforming and growing business.

Money, money, money

The pressure is on operators, on margins, and on cash. We asked operators how confident they were about the year to come

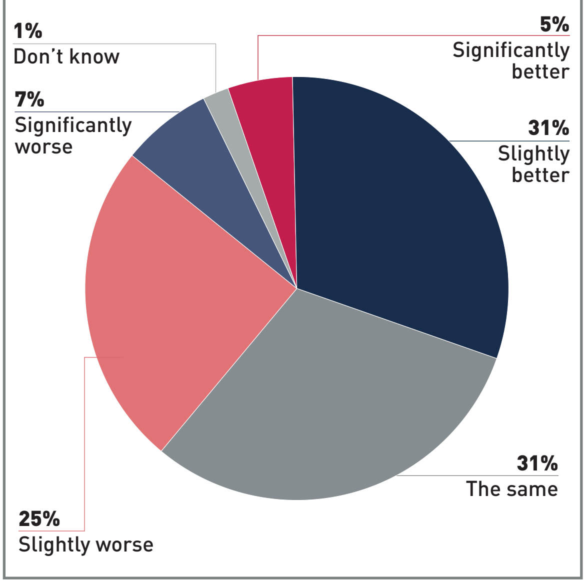
Our survey asked respondents what they expected their major challenges to be in 2025. Their top pick? Rising costs/falling profit margins were chosen by 88% of respondents as the biggest threat to logistics and, for 85% of them, specifically the biggest challenge to their business over the coming year.

Other industry challenges ranked in order were the poor economic outlook for the UK, difficulties recruiting and retaining staff, the impact of urban legislation, such as Clean Air Zones and the Direct Vision Standard, and cashflow. These were mirrored almost exactly in the challenges for respondents' own business, except that 72% of them listed customer instability high on the list.

Other industry challenges listed in comments by operators included the weight of legislation, some discontent with the government, and driver shortages and attitudes, which are all perennial complaints. However, some new items had traction this year. International instability and tariff uncertainty, poor road maintenance, and a shrinking amount of land available for logistics use were all mentioned.

When it came to their specific businesses, respondents volunteered cashflow, inflation, and the dual tension of customer and shareholder pressure. → 10

How do you predict your business will perform in 2025 compared to 2024, in terms of growth?



ANDREW BAXTER, CEO, EUROPA WORLDWIDE GROUP

Internationally, I'm optimistic about the short term-economic outlook given our trade deal with the USA. I'm not feeling hugely optimistic about the UK, as I don't believe we'll get the growth rates that are being projected.

Particularly challenging to growth will be increased regulatory burdens imposed by recent changes in employment legislation. For the country to succeed we must have successful businesses, and the way you do this is to have teams of people doing a great job. Compelling companies to employ poor performers will stifle growth. Better to create flexibility so that businesses can adapt more quickly in this competitive market.

In terms of the longer-term future for the sector, there is going to be massive change. There is a huge shift towards automation, robotics and AI, whilst at the same time cyber-attacks remain the number one threat.

In the future, I also believe that road transport will be much more about transparent pricing. The transport sector is quite opaque in terms of charging.

At Europa, we're tackling these challenges by relentlessly focusing on optimising our European road freight groupage, part-load and full-load services. This has seen us expand into Belgium, the Netherlands and Ireland at the same time as investing in software development, specialist customs teams and frictionless trade services like Europa Flow.

A lot of change lies ahead for the road haulage sector. You can either be ahead of that curve or behind it. Successful businesses will be those who get ahead.

Jarek Kilian/Shutterstock

67%

PROPORTION OF SURVEY RESPONDENTS THAT BELIEVE THE RISE IN NATIONAL INSURANCE CONTRIBUTIONS WILL IMPACT BOTH RECRUITMENT AND INVESTMENT

RICHARD SMITH, MD, ROAD HAULAGE ASSOCIATION

In these challenging economic times, the road transport sector continues to be the backbone of Britain's long-term growth prospects.

We've consistently said that significant infrastructure projects are essential investments in the future economy. Local roads need long-term solutions too, with potholes currently costing the economy £14 billion each year. A modern economy needs a high-quality road network that reduces congestion, enhances connectivity and unlocks productivity.
By reforming planning and accelerating project timelines, we can get spades in the ground sooner, ensuring that vital supply chains are protected.

There has been uncertainty around the US trade tariff situation but we are optimistic that the recent UK-US agreement will provide clarity. Businesses need solutions that protect jobs and shield firms from major disruption. Government negotiators must therefore secure favourable terms amid global turbulence, hopefully leveraging our 'special relationship' to Britain's advantage.

Many operators face difficult decisions following the recent increases in National Insurance contributions. After years of tightening margins and rising costs, additional expenses put further strain on businesses, potentially limiting expansion plans and new jobs.

For our sector to effectively drive growth, we need the right support. We want to see clear policy direction that gives companies the confidence to invest, and we'll continue to call on policymakers to work collaboratively with us to reduce financial burdens and ease restrictive regulations. There are both challenges and opportunities ahead, but through partnership on infrastructure, skills investment, and creating a business-friendly environment, we can accelerate economic growth.

➜ Decarbonisation also came up several times, but usually in terms of the lack of government support, incentive or infrastructure.

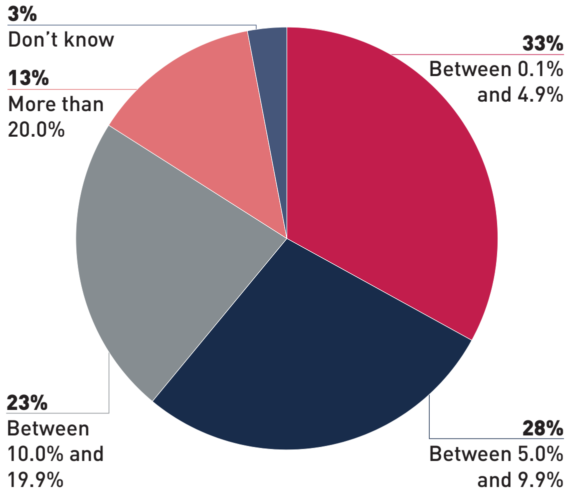
36% of respondents believe their business will thrive this year, despite all the challenges facing them, and 31% think they will hold steady. In 2024, 41% of respondents expected business improvement and 30% thought they would match their previous annual revenue.

Of those who predict growth, just under half place that between 1-5%, with one-third predicting between 5% and 10% growth; a further 10% predicting up to 20% growth, and 5% were very ambitious, expecting more than 20%.

Last year only 27% of business leaders believed their companies would fare worse than in the previous year. However, in 2025 this increased by five percentage points to 32%.

While there are considerably more pessimists this year, their pessimism is not quite as profound as in previous years. Of the 32% who expect contraction, most expect it to be significant, 28% suggesting it will be between 5% and 10% (against 31% in 2024 and 37% in 2023); 23% expecting between 10% and 20% revenue loss (26% last year and 31% in 2023); and 13% anticipating a decline of more than 20% (11% in 2024 and 12% in 2023).

What percentage downturn do you predict your business to experience in 2025?



DAVID WELLS OBE, CHIEF EXECUTIVE, LOGISTICS UK

Trading conditions continue to be tough for logistics businesses and the economic outlook for the rest of the year is mixed, with the Office for Budget Responsibility recently revising down its GDP growth prediction to 1% year on year. I believe the government needs to prioritise logistics and create the policy environment that enables the sector to thrive and drive growth across the economy.

Geopolitical risks, rising energy prices and trade tariffs are some of the factors that are creating this uncertainty, but UK businesses are also contending with rising employment costs. These costs, largely driven by higher employers' national insurance contributions and national minimum wage increases, could have a significant effect on potential investment and business confidence, especially with smaller companies.

Smaller businesses are expressing concerns over the Employment Rights Bill, which could potentially expand the grounds for unfair dismissal and increase sick pay costs. While we all want to see exploitative working practices eradicated, any new legislation must not remove helpful and flexible working arrangements that suit both the employee and employer.

In the opinion of our members, the government must seize the opportunity that the release of the UK's Industrial Strategy offers to drive growth, by making the logistics industry a cornerstone of the final strategy.

Giving the logistics sector its proper place in the Industrial Strategy would send a strong signal that government sees strengthening UK supply chains and boosting productivity as essential levers for driving growth. Working together we can achieve the maximum impact for the country and focus on driving the growth we know is possible for the UK, its businesses and its long-term prosperity.

Logistics UK is one of the UK's biggest 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.

EXPECTED PERCENTAGE REDUCTION IN REVENUE

	2025	2024	2023
Between 5% and 10%	28%	**31%**	37%
Between 10% and 20%	23%	**26%**	31%
More than 20%	13%	**11%**	12%

INDIRECT TAXES

Chancellor of the Exchequer Rachel Reeves introduced fiscal measures in the last Budget which some commentators called 'anti-growth'. These included a rise in employers' National Insurance contributions to 15%, with a much lower threshold of £5,000 at which these become payable. The changes came into effect in April 2025 and are expected to add approximately £900 to the cost of a £33,000 salary.

We asked our respondents whether the change to National Insurance would inhibit either their investment or their recruitment in the coming year.

11.5% said it would limit their recruitment, but not other investment in the business. 7.3% said it would limit investment but not recruitment. However, a compelling 67% of respondents said it would have an impact on both recruitment and their wider investment in their business. Only 15% said their companies would not be adversely affected on either count.

A hard sell

Rigid sales are up, artics are down, and operators want vehicles they can keep

In 2024, 25,909 rigids and 19,079 artics were registered, according to data from the Society of Motor Manufacturers and Traders (SMMT) data. This was 2.7% down on 2023 overall, with the 12.4% drop in artic sales partially offset by a 6% growth in rigids.

At the end of 2023, there were 510,000 HGVs registered in Great Britain, according to government statistics (vehicles at the end of the quarter by licence status and body type – VEH0101). This will not include some specialist vehicles, which have their own category. By the end of Q2 2024, this was 512,400 (GB), and 538,100 across the whole of the UK. UK figures were 5,000 up on the previous quarter.

With new registrations running at approximately 45,000 per year, this suggests a renewal rate of around 8.3% or just under one in 10. This does not account for minor fluctuations in overall figures as the quarters when the industry sheds vehicles almost cancel out those in which it expands.

It is no surprise, therefore, that 27% of respondents to our survey are sure they will not be replacing trucks this year, and 56% say they won't be adding to their fleets.

Last year, 29% of fleet operators said they would not be replacing vehicles, and 52% said they would not be expanding their fleets. So while the replacement market may be relatively healthy, the hold on purchasing new vehicles is four percentage points up on 2024.

35.7% of those replacing vehicles will swap out one to five of their HGVs and, of those adding to their fleets, a quarter (25%) will be acquiring one to five vehicles.

➜ 12

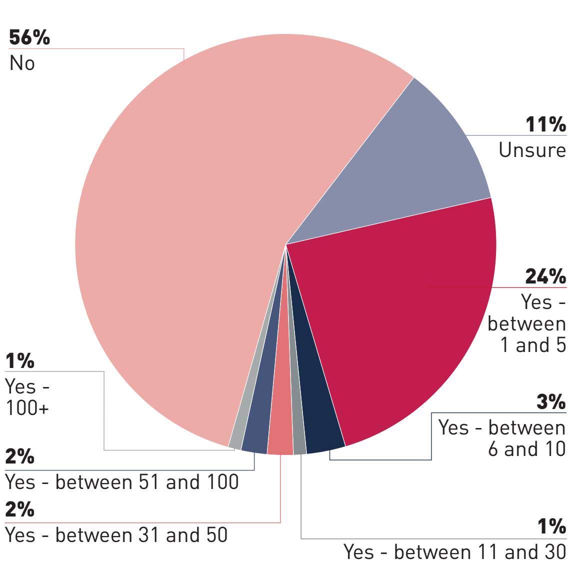
27%
PROPORTION OF OUR SURVEY RESPONDENTS THAT WILL NOT BE REPLACING TRUCKS THIS YEAR

HEAVY GOODS VEHICLES (HGV) REGISTRATIONS

Type	Market sector line	Q4	Q4 LY	% Change	YTD	YTD LY	% Change
Rigid	Rigids >=6 – 16t	2,059	2,232	7.8%	9,104	8,441	7.9%
	Rigids >16t	4,215	4,023	4.8%	16,805	15,998	5.0%
	Total rigid	6,274	6,255	0.3%	25,909	24,439	6.0%
Artic	2 axle artics	791	839	-5.7%	2,471	2,499	-1.1%
	3+ axle artics	4,547	4,911	-7.4%	16,608	19,289	-13.9%
	Total artics	5,338	5,750	-7.2%	19,079	21,788	-12.4%
Total		11,612	12,005	-3.3%	44,988	46,227	-2.7%

Source: SMMT registration data 2024

Have you/are you planning to add extra trucks to your fleet during 2025?



TOTAL COST OF OWNERSHIP

Pence per mile costs			
Artics	**60,000 miles**	**80,000 miles**	**100,000 miles**
32-tonne 4x2 unit, taxed for tandem-axle trailer	264	**215**	186
38-tonne 4x2 unit, taxed for triaxle trailer	272	**223**	193
44-tonne 6x2 unit, taxed for triaxle trailer	280	**230**	200
Rigids	**40,000 miles**	**60,000 miles**	**80,000 miles**
18 tonnes GVW (curtain-sided+TL)	312	**227**	185
26 tonnes GVW 6x2 (curtain-sided+TL)	346	**254**	208
32 tonnes GVW 8x4 (tipper)	390	**294**	246

Notes: The Motor Transport cost tables were created in November 2024. Actual costs will vary according to application. In the previous 12 months fuel fluctuated between £1.02 and £1.29 per litre and was at £1.07 in November. Wages had risen by 3.2% year on year; tyres by 4.8%; repairs by 4.6% and funding by 5.5%.

➜ Only 2% of respondents expect to replace more than 100 trucks, and 1% of respondents expect to add more than 100 vehicles. However, their obiter comments make clear just how much power the largest O-licence holders have in the marketplace, as they identify 1,000 additional vehicles for a single fleet, and between 250 and 400 replacement vehicles across each of another three participant fleets.

18%

PROPORTION OF RESPONDENTS THAT USED A MIXTURE OF ACQUISITION METHODS IN 2024

49% of purchases will still be cash or HP ownership, with only 13% choosing leasing, contract hire or rental, and 23% using a combination of methods.

16% choose outright purchase of used vehicles. It will be interesting to see if this latter segment grows over the next five to 10 years, as the results of our decarbonisation questions suggest that some operators intend to run internal combustion engine (ICE) vehicles until they are not allowed to continue. We'll discuss the challenges facing these operators more on P15-17.

Outright purchase of new vehicles has climbed four percentage points since last year, while the outright purchase of used vehicles has dropped by four percentage points. Those choosing leasing, rental or contract hire options has also decreased by four percentage points. This suggests that operators have confidence in the residual values of the vehicles they are buying, probably because they foresee a strong used market ahead as decarbonisation targets limit the number of new ICE vehicles available. Outright purchase also gives operators the option of continuing to run vehicles registered in 2025 for far longer than they would have done previously.

It is also interesting that while leasing appears to be the predominant option for alternative fuelled vehicles, given their high upfront cost and uncertainty about residual values, that preference does not extend to ICE vehicles, for which leasing in all its forms has become less popular. Only 18% of respondents used a mixture of acquisition methods in 2024, but this has shifted upwards as well.

15% have changed acquisition model in the past year, similar to last year's 16%.

57% still have a brand allegiance for trucks, three percentage points down on 2024's 60%. Brand loyalty for trailers has also dropped from 28% in 2024 to 25% this year.

The key criteria for choosing vehicles has not changed: reliability, whole-life cost and fuel economy are still the top three reasons for purchase, with dealer relationship close behind them.

WILL REEVES, SMMT COMMERCIAL VEHICLE AND BUS & COACH SECTION MANAGER

The UK's new HGV market in 2024 reflected a normalisation of demand and supply following an extended period of post-Covid volatility. Despite a small dip, it came after two years of robust growth as the sector caught up with pent-up orders, including a very strong 2023 – the busiest year of fleet renewal since the pandemic.

Looking ahead in 2025 – and beyond – economic confidence will be essential for operators looking to make the business case for further fleet investment, particularly with the looming challenge of decarbonisation. The sale of all new, non-zero emission HGVs weighing up to 26 tonnes will end in 2035, now just a decade away, and while massive industry innovation has brought more than 30 different ZEV models to the UK, they represented just 0.5% of uptake last year – unchanged from 2023.

Government's ZEHID programme and an extended and simplified Plug-in Truck Grant will help greater uptake, but operators ultimately need confidence that investments will be recouped through lower operating costs and minimal downtime.

Depot charging infrastructure is, of course, an essential part of this but operators face onerous planning procedures for grid connections and potentially years of waiting. Similar constraints hamper rollout on the strategic road network. Solving this challenge, by prioritising approvals for HGV infrastructure, is a crucial next step.

Decarbonisation promises significant gains for the environment and economy and offers clear ESG advantages. A robust, growing HGV market that puts more new ZEVs on the road will be crucial for green growth.

JOSHUA LINE, NATIONAL FLEET MANAGER, ARDENT HIRE SOLUTIONS

Ardent Hire Solutions is a leader in the UK plant hire industry, specialising in telehandlers, roto telehandlers, and Fuel-IT smart tanks. To meet growing customer demand and support rapid delivery from our six UK depots, we've ordered 12 high-spec Volvo FMX's, with more tractor units and low-loader trailers on the horizon.

This investment is part of our ongoing commitment to operational excellence and ensuring we have the best kit and best tech on the market. These new trucks will strengthen our nationwide coverage, maintain our reputation for fast, reliable service and also create a pleasurable work environment for our drivers.

Strong relationships are at the heart of our supply chain. Partners like Asset Alliance and Volvo Trucks have been instrumental in helping us secure competitive deals, which is essential when operational costs are always on the rise. Like most in the industry, we've felt the sting of soaring vehicle prices, which is why these trusted relationships aren't just helpful, they're vital! A good deal is worth its weight in gold.

But from the HGV fleet side of the business, it's not just about the trucks, it's about how they're driven. We place a strong focus on driver engagement, ensuring safe, efficient, and sustainable transport operations. Our drivers are ambassadors for Ardent, and their commitment is key to our operation.

As demand grows, we remain focused on staying ahead in terms of investing in technology, people, and partnerships.

PAUL EVE, HEAD OF FLEET, WOODLAND GROUP

Our strategy is based on commercial awareness and our ongoing customer commitments. Being flexible in terms of whether we purchase or lease gives us a strong platform to make the right commercial decision for the company and our customers, who benefit from our expertise when sourcing equipment.

We are not manufacturer-specific, our decision is driven by value, back up and service, three factors critical to our success. Our customers and I meet with all manufacturers as often as possible to keep up to date with the market.

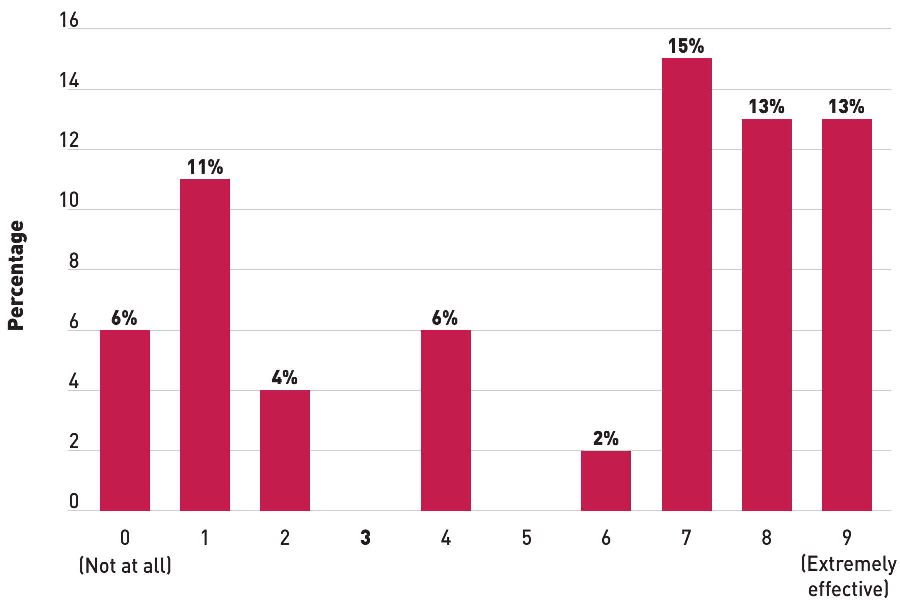
We've predominantly had one manufacturer for some time, but recently a commercially beneficial deal enabled us to source a different make along a different avenue to our historic acquisitions and with a new supplier in Asset Alliance Group (AAG).

Until the last deal, we have always outright purchased and run on to year six/seven or even eight, with the capital usually paid off by year five. We would use manufacturer R+M for the first five years, then manage maintenance externally through our vendor network. Our tyres are managed in-house, backed by a nationwide tyre manufacturer as I think that's the best way to manage tyre usage.

We have a replacement requirement of around 30-40 vehicles per year.

We have been large users of HVO for some time and use it daily. While decarbonising is important, I can only see HVO working in the long term. Right now the costs simply don't work unless there are a lot of specifics attached to what you are trying to achieve. BEV, the simplest and most popular zero emission alternative, can work on a specific platform but the costs need to be spread over a much longer period than any ICE vehicle. It's as simple as that.

If you have a new vehicle (registered from 2022 onwards) with factory-fitted side or front detection systems, to what extent would you agree with this statement: 'The safety features on my vehicle have actively helped prevent collisions with vulnerable road users'



DOES THE TECH HELP SAVE LIVES?

The Direct Vision Standard progressive safe system is now live, as are the EU's General Safety Regulations 2, both of which specify blind spot information systems and moving off information systems, plus cameras which eliminate blind spots. We asked respondents who have vehicles factory-fitted with front and side detection systems how far they agreed with the statement: 'The safety features on my vehicle have actively helped prevent collisions with vulnerable road users.'

27% did not appear to think the technology was particularly effective, scoring it between zero and four out of nine. However, 43% of respondents scored the tech between six and nine, indicating a high degree of confidence that it could save lives.

The question was only included in 47 of our surveys and, of those, 30% of respondents had no relevant vehicle.

SIMON TURNER, ENGAGEMENT MANAGER FOR DRIVING FOR BETTER BUSINESS

With fleet operators facing such significant increases in both repair and insurance costs, a road risk management strategy, which identifies the root cause of collisions becomes essential. Most HGV operators report a high frequency of collisions, with the majority during low-speed manoeuvring. However, not only do such 'damage-only' knocks add significant cost – particularly when so much sensitive equipment is now embedded in the front and rear of vehicles to identify vulnerable road users – but they are also indicators of more serious collisions, and of significant lapses in drivers' judgement or attention.

The recent National Highways conference on *Managing Road Risk: What, Why & How* examined the relationship between minor and major incidents. In transport, minor incidents are a significant precursor of more serious collisions for two reasons. One is that if the driver didn't see the gatepost, neither would he have seen a child or cyclist enter that space. And secondly, we must ask why the driver made that error? The underlying cause of his error is crucial, because it will probably cause other errors, which may be far more significant.

The underlying cause of errors can include organisational issues, such as journey planning, access points, pressured schedules, or a lack of policy and training; and human factors, such as distraction, fatigue, mental health, physical conditions, impairment, skills fade or attitude to risk or compliance. It is essential to investigate even minor incidents in order to learn what causes them and put it right.

Driving for Better Business is an award-winning free programme from National Highways and has a wide range of excellent free-to-use resources to help fleets cut collisions. This includes our new publications *Driver Roadworthiness: managing physical and mental health and wellbeing in at-work drivers* and the *Guide to Incident Investigation*, as well as our driving-for-work policy builder, which makes it easy to create, edit or update all the essential policies.

A comprehensive road risk strategy is the key to minimising repair costs and driving down insurance claims and premiums. Check out our new resources at **drivingforbetterbusiness.com/support**

ASSOCIATED COSTS ESCALATE

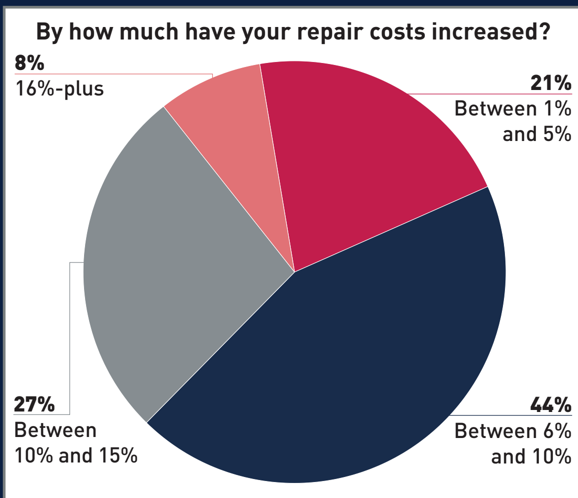
87% of participants had experienced higher repair costs, with 63% saying their dealer repairs and servicing had gone up and more than half (52%) saying the same about independent workshops. Only 17% highlighted higher costs from their leasing company – this is possibly because the R&M costs are rolled into the overall lease cost so increases are not as apparent.

Only 13% of operators said they hadn't experienced rising repair costs.

The cost increases are significant. 21% felt that repair costs had increased roughly in line with inflation – between 1 and 5%. Almost half (44%) said that costs had gone up by 6% to 10%, and 27% of participants noted an increase of between 10% and 15%. Almost one in 10 (8%) of operators had seen their R&M costs increase by more than 16%.

Three operators reported 20% or greater increases, while a further two reported 25% increases, and one said their repair costs had doubled.

Insurance costs have also increased, with only 15% of operators not facing higher premiums. 28% of participants said insurance costs had increased by up to 5%, and almost the same number had seen them climb by 6% to 9%. 20% had increases of between 10% and 15% and 7% of respondents had seen their insurance rise by 16% to 19%. Of the 3% who faced increases of 20% or over, one identified a 30% increase.



87%

RESPONDENTS HAD EXPERIENCED HIGHER REPAIR COSTS

Zeroing in on change

A quarter of operators are running low carbon vehicles, but infrastructure and finance remain barriers

As Bob Dylan said, 'I feel a change coming on.' This year's results show that decarbonisation is no longer a buzzword or aspiration. It is a definite change, which is occurring now. 14% of our respondents this year use battery electric vehicles (BEVs), 2% hydrogen fuel cells and 6% hybrids.

Of the low-carbon options, which will be phased out under current plans, 5% use compressed natural gas (CNG), 11% hydrotreated vegetable oil (HVO) and 3% biodiesel. In total, that's a quarter of the marketplace running at least some low or zero-carbon vehicles.

Encouraging as that is, it is slightly down from last year when 19% were running BEVs, but this possibly reflects operators trialling vehicles in different applications. In 2023, 6% were running BEVs and only 6% thought they would within three years, so overall we're well ahead of their predictions.

HVO has held steady, although the financials are still challenging, and the recent revelations that virgin palm oil may be supplementing the market might affect its regulation and its popularity. Almost 700 million litres of HVO were used in the UK in 2024, according to government figures.

The barriers to adoption our respondents identified are no surprise – the lack of a public charging network, high capital costs of vehicles, and lack of suitable range for the application being the top three. The one interesting shift is that range is more of a concern this year than the cost of depot infrastructure, which was cited as the third most prevalent barrier in 2024.

Three-quarters of the operators who run EVs have increased their prices to account for the increased cost (and that's including those who do not charge for transport, so the reality among hire-and-reward operators is probably higher). However, most haven't increased it by much. A quarter (25%) have raised rates by less than 5%, 22% between 6% and 10%; 20% → 16

KASIA CHODUREK, DIRECTOR OF BUSINESS DEVELOPMENT, AEGIS ENERGY

The need to decarbonise commercial transport is increasingly clear, with the sector contributing 10% of the UK's total emissions. This has brought the issue into public focus, and the government is backing the switch to clean vehicles via regulatory measures. Forward-thinking fleet operators are grasping this opportunity, recognising that declining vehicle costs and rising demand for sustainable supply chains mean timely investment in transition offers competitive advantages.

Yet infrastructure remains a key barrier. While 90% of electric cars can be charged at home, and public car charging infrastructure is expanding rapidly, these options do not meet commercial fleet needs. Larger vehicles, long distances, and tight schedules make standard infrastructure impractical. Truck and van drivers require specialised, high-speed refuelling hubs, with bookable, 24/7/365 access. The sites must be strategically located along freight routes and support driver wellbeing by offering secure, comfortable facilities.

Fortunately, change is underway. Aegis Energy recently secured £100m to build a network of clean, multi-energy hubs for commercial vehicles across the UK. Not only will they be tailored to meet the requirements of supply chain logistics, but they will also have a multi-fuel offering – electric, HVO, bio-CNG, and hydrogen – to support operators with their evolving energy needs throughout their transition journeys.

As Aegis Energy continues to scale this infrastructure, each new hub will add to a growing nationwide network, boosting the range and reliability of clean commercial transport. With the right infrastructure and effective partnerships, we can ensure the shift is not only achievable, but profitable and energising.

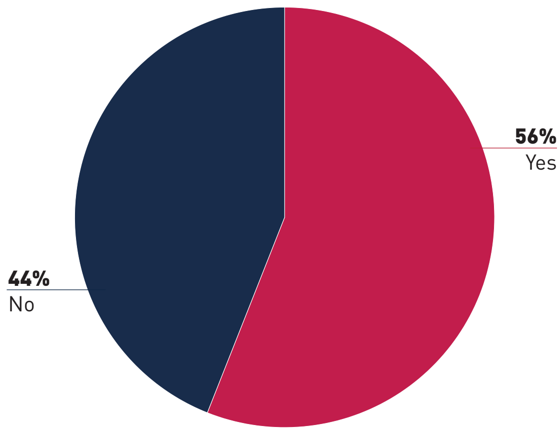
➜ between 11% and 20%; and a brave 9% have increased prices by more than 20%.

More worryingly, the number of respondents who do not believe their company has the necessary capital or credit to realise their full decarbonisation goals has risen from 62% last year to 63% this year. And while the vast majority say this is not because they have already maxed out potential funding, the number who have has edged up one percentage point to 27%.

The proportion of respondents who say that decarbonisation will require shifts in operating models has dropped from 58% in 2024 to 56% this year. While some recurrent and strong themes emerged in the comments, the two-percentage-point change isn't statistically significant. However, it is probably fair to say that the market will start to divide into those who are already considering or implementing operational changes and those who feel that zero emission vehicles are simply incompatible with their operation or, in some cases, with their outlook.

The comments on operational change split into four broad categories: many participants were concerned about higher costs, not just of vehicles but of the number of vehicles, drivers and journey legs that would be necessary. A few were

Will decarbonisation require you to change your operational models?



JOHN WHYBROW, SECTOR LEAD DIRECTOR (EHGV), GRIDSERVE

The decarbonisation of the heavy goods industry is well underway and we're already seeing the first electric heavy goods vehicles (eHGVs) on the road as forward-thinking hauliers take the first steps on their electric journey.

To truly enable the widespread adoption of eHGVs, we need a high-capacity charging infrastructure. That's where the Electric Freightway project – part of the Department for Transport and Innovate UK-backed Zero Emission HGV and Infrastructure Demonstrator programme – comes in.

Soon we'll see the first eHGV charging depots opened and that'll be followed by the first eHGV charging hubs on key logistics routes that are well-used by heavy goods vehicles.

The overall goal is to deliver high-power chargers UK-wide, supplied by 100% net zero energy, that can power fleets of eHGVs across the country. Data collection will run for five years.

Cards on the table, it's not easy. Doing something for the first time rarely is but that's why we know it's important work. There are myriad challenges to rolling out such a pioneering charging network, but we have the right people, businesses and investment to overcome these and electrify the UK logistics industry.

A cohesive charging network that includes both depot, shared, and public charging sites will not only accelerate electrification but deliver transformative environmental and economic benefits.

14%

PROPORTION OF SURVEY RESPONDENTS USING BATTERY ELECTRIC VEHICLES considering outsourcing their entire transport requirement, or offering hire and reward work to subcontractors.

By far the biggest number of 'constructive' comments – ie with a plan – said they would need massive rescheduling, to take into account vehicle range and payloads and how this would affect driver hours. This does not only affect vehicles, many pointed out – it's the number of depots needed, exchanging loads with other hauliers becomes more complex, and the differing fuel requirements of a mixed fleet means more rest and refuelling locations.

Several of our respondents felt that their current work would no longer be feasible, usually either tramping or international contracts. And a further eight said they had no intention of changing their fleet and would choose closure.

EXTERNAL PRESSURES

EU vehicle energy consumption calculation tool (VECTO) targets for HGV manufacturers require them to reduce the average CO_2 emissions of heavy-duty vehicles by 15% in 2025 and 45% by 2030. This means that manufacturers will come under increasing pressure to provide more zero-emission vehicles to the market as time goes on, and that will translate into pressure on operator procurement. Manufacturers will continue to make headway with internal combustion engine (ICE) fuel efficiency but this cannot yield enough carbon credits to achieve their VECTO targets.

If the manufacturers are under pressure to reduce carbon across their portfolio then operators will come under pressure to take zero emission vehicles (ZEV) for any appropriate application. It is quite possible that anyone buying directly from OEMs (including big leasing and asset managers) will find that they must take both ICE and ZEV in helpful ratios, whether that is achieved by carrot or stick.

LOUIS JONES, EV & CONNECTED SERVICES DIRECTOR, DAF TRUCKS

The move to zero-emission heavy goods vehicles represents both our industry's greatest challenge and greatest opportunity, and there's every reason to be optimistic about the progress we're now seeing in the transition.

The government's Zero Emission HGV & Infrastructure Demonstrator (ZEHID) programme is starting to take shape, with vehicles entering service and operators beginning to bring their own charging infrastructure on stream. It's an important milestone that will provide valuable insight for the wider industry.

It's also encouraging to see developments beyond the ZEHID programme. The recent opening of the Milence public charging hub at Immingham is a significant moment – the first dedicated public charging facility for HGVs in the UK. This is just the start, with more sites planned, including facilities at motorway service areas across the country. As is widely known, public infrastructure will be critical in supporting a broader range of zero-emission transport operations.

While the Plug-in Truck Grant doesn't quite match the scale of incentives seen in some other European markets, it's encouraging to see the UK government confirm its continuation for another year. This kind of policy stability is important as operators plan their transition to zero-emission vehicles.

Of course, challenges remain – particularly for long-haul and high-utilisation applications. It's encouraging to see weight dispensations at certain vehicle and combination weights for zero emission solutions, however further coverage across all categories would support adoption across all applications. Advancements in areas such as battery density will support operators, unlocking further routes and driving the balance between payload, range and cost.

But the direction of travel is clear – as an industry, we're moving from merely talking about zero-emission transport to actually delivering it. That's an exciting and positive place to be, and I'm confident that through collaboration, innovation and investment, we'll continue to make great strides.

CHRIS CUBBERLEY, HEAD OF FLEET, MITIE

Mitie, the UK's leading facilities transformation company, is proud to operate one of the UK's largest electric fleets, with more than 6,000 electric vehicles. The rapid acceleration from our 4,000th to 6,000th EV in 2024 reflects our determination to make sustainable transport central to our mission of reaching net zero operational emissions by the end of 2025.

This success stems from a range of strategic actions – from procuring industry-leading deals with manufacturers (including our order of 750+ Volkswagen Buzz), to installing home charging points and introducing public charge cards and direct reimbursement systems to remove barriers to EV use for colleagues. Sustainable transport adoption is deeply embedded into our business, and we've been creative to ensure EVs are used by colleagues all across Mitie, from solar engineers to cleaners and landscapers.

However, our journey has not been without challenges. National charging infrastructure remains insufficient, and slow grid connection approvals are hindering the rollout the UK urgently needs. The Competition and Markets Authority found that almost 600,000 more EV chargers will need to be installed by 2035 if the UK is to achieve a full EV transition. To meet this demand, not only do we need infrastructure, quickly, but we must also attract and nurture the talent and develop the skills to deliver this.

Decarbonising heavier vehicles presents its own hurdles – we operate a diverse fleet, from vans to HGVs and gritters, and currently, there aren't suitable electric alternatives for these latter vehicles. As fleets account for over 60% of EVs in the country, policy reforms to encourage manufacturers to invest in specialist EVs are urgently needed to support organisations like ours in scaling up.

We have worked tirelessly to overcome challenges and find creative ways to get to where we are, but the journey is far from over, and we have our eyes firmly set on electrifying the rest of our fleet.

Building for a bright future

The competitive advantages Asset Alliance Group enjoys are particularly important to a market facing strong commercial and operational challenges

Asset Alliance Group delivers 'tailored vehicle requirements' to the road haulage and passenger transport sectors, and specialises in offering the right vehicles with the right support, wrapped up in a competitively priced package.

The business provides operators with light and heavy, dry freight, temperature-controlled and specialist vehicles via financing options including contract hire, hire purchase, operating lease and rental.

Currently, it has around 5,000 vehicle and trailer assets on its books, including 750 on the rental fleet, with half of the rolling stock maintained 'in-house', and the company is planning for further growth. It replaces 1,000 vehicles a year, and with purchasing rates like that it has a great deal of pricing power to ensure the best possible terms for customers.

Four years ago Asset Alliance Group was bought by private and commercial bank Arbuthnot Latham & Co, Ltd, a subsidiary of the longstanding Arbuthnot Banking Group plc.

This allows the company to fund its own assets, which is a significant competitive advantage. "Some of our competitors will be using back-to-back financing or third-party finance, whereas we have the backing of a very strong banking group," says Andrew Morley, Asset Alliance Group's head of commercial vehicles *(pictured)*.

MAINTENANCE

Uptime is essential to achieve a good return on investment, and Asset Alliance Group has great success via its proactive maintenance division. In the year he has been with the company, Morley has been impressed with the fleet and compliance management operation headed up by group fleet director Ian Padley.

By using the manufacturer's franchised network through repair and maintenance packages, Asset Alliance Group delivers seamless national support.

It also has strict internal and external performance measures. Proactive maintenance is about ensuring that unscheduled vehicle downtime doesn't occur, but if it does, Asset Alliance Group is always determined to minimise the effects. "Breakdowns should be rare, but if something does go wrong with a vehicle, we aim to have it back on the road within four hours. Currently, we achieve that 87% of the time," says Morley.

In addition, the company's first-time MOT pass rates is at 98%, compared with the DVSA-stated national average of 89.9%.

Providing fleet management opens doors for the business. "When we offer fleet management on customer-owned assets, it's normally an opportunity to prove our fleet

CASE STUDY: NX GROUP

Daventry-based NX Group has marked its 13th year of partnership with Asset Alliance Group with the delivery of 12 new DAF XG 530 trucks.

Neil Powell, managing director at NX Group, says of the enduring relationship: "Our first interaction with Asset Alliance Group was when they provided six vehicles in 2012, and they have since supplied a large part of our fleet.

"At NX we pride ourselves on forming lasting partnerships with both our customers and suppliers, and Asset Alliance Group is a great example of this. They have consistently proven themselves, delivering a reliable and efficient service and modern vehicles, with a proactive attitude and excellent communication and customer service. We hope to continue our successful working relationship with them for many years to come."

The 12 new units are primarily based at NX Group's Crick depot, near the Daventry International Rail Freight Terminal, where its warehousing and transport teams are based.

The DAFs have been supplied on two-year contract hire deals with repair and maintenance packages. "We do tend to prefer short lease deals. They suit the business and allow us to ensure that our fleet is kept up-to-date with new vehicles. It also minimises costly additional maintenance or excess mileage charges," says Powell.

management capability and in the future we can potentially provide a vehicle with one of our financial or funding solutions.

"Some customers have in-house fleet maintenance capability but there are many operators out there who need the fleet management capabilities."

EXTENSIVE ACQUISITION

Buying so many assets a year gives the company a stronger bargaining position. This year's survey indicated a slight move towards outright purchase among survey respondents and away from leasing options. However, Morley says that is not Asset Alliance Group's experience with its own customers.

He says most of the operators he meets prefer to find funding solutions rather than expend their capital, and Asset Alliance Group can leverage its own high-purchase levels to make total cost of ownership figures palatable to the end user, wrapping all the services they need into one cost-effective package.

"When you're looking at tractor units that are now into six figures, people are moving away from ownership, which might have been their preferred option, to contract hire," says Morley.

"Our contract hire market is as strong and popular as ever. A lot of companies are looking to see how they can preserve working capital in their business."

NET ZERO STRATEGY

Asset Alliance Group is planning its strategy to start buying and supplying zero-emission products to operators too.

Morley says that while bigger fleets or final mile companies have had greater opportunities to explore EVs, many are waiting to see changes in the battery technology and range. However, the 2035 deadline which will end the sales of new ICE vehicles under 26 tonnes is fast approaching.

Morley is working closely with Rob Gwynn, Asset Alliance Group's strategic development manager, to create an 'alternative fuel strategy', and the conversation with customers over the move to net zero is ongoing.

For Asset Alliance Group, buying BEVs and providing an affordable funding package for the end user depends very much on how the asset depreciates, which is handled by the 'residual value committee'.

"We are constantly looking at the used vehicle market and the demands and have a lot of transparency around what the markets are doing in terms of used vehicles. The committee has got a very good feel for where we need to position ourselves for residual values on new vehicles," says Morley.

However, more work is needed to determine RVs on battery electric vehicles. Asset Alliance Group has bought around 30 BEVs, but there is still too little market experience to say what they will be worth at the end of their first life.

"At some point there will be a used BEV market, and I think it's a conversation we could be having in two- or three-years' time. In the meantime our role is highly consultative, looking at potential replacement vehicles, charging solutions and infrastructure," he says.

CASE STUDY: COILLE HAULAGE

Argyll-based timber transporter Coille Haulage has secured three Volvo FH 540 tractor units on a four-year contract-hire deal via Asset Alliance Group.

Two of the new arrivals have replaced older assets, moving the firm's heavy loads from Scotland's west coast to paper and sawmills across the country.

Bruce Johnston, workshop manager at Coille Haulage, says: "It's the first time we've used Asset Alliance Group, and they did us a great contract-hire deal. It means we have the peace of mind of new trucks that we can rely on for our demanding work, and as they come with repair and maintenance included, we only handle the fuel and tyres.

"We were so impressed with our experience with Asset Alliance Group that we've ordered a third truck with the same specification, which should be on the road in the next few months."

Running at the 44-tonne weight limit, often in demanding off-road conditions, the Volvos will average 120,000km a year.

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