RHA

MICHELIN CONNECTED FLEET

Haulage Cost Movement 2024

How incisive data analysis enhances fleet efficiency and boosts productivity

Trading in the past year has been tough, placing the need to run an efficient road transport operation to the fore. An analysis of Companies House data by Breakwells Transport found that half (49.2%) of all haulage companies set up since 2019 have now entered insolvency proceedings or closed.

Even experienced road transport operations have been tested by a stagnant economy experiencing nominal growth, acute rate pressure, rising staff costs and fluctuating fuel and material costs, as this latest RHA Cost Movement report sets out in detail.

It means that understanding the cost of doing business and being able to make incremental changes within your operation is crucial to release bigger gains down the road. Lean, responsive businesses acting on rich data are also ideally positioned to accelerate and secure new opportunities as the economic picture brightens.

According to the latest Logistics Confidence Index, which was published in September by financial services firm BDO, 82% of operators expect business conditions to stay the same or improve during the next 12 months; 70% of respondents expect turnover to increase, and 50% anticipate a rise in profits.

So how can effective fleet management and data analysis help mitigate challenges and position your business for long term success in the next growth phase?

Lazer-like focus

A key tenet, crucial given the proliferation of technology, telematics and related data that is now available, is to maintain focus and discipline. It's very easy to be overwhelmed or take a broad but shallow approach to fleet management data. If you can't see the digital wood for the digital trees, you're not going to achieve what you want.

It's something that our teams specialise in – extracting crucial learnings by cutting through the data 'noise' so you don't have to. Effective fleet management requires actionable insights that you can use to achieve your goal. Only once you have achieved your original, defined target should you incorporate something new.

On that basis we worked with Newport-based haulier, Jaga Brothers, and over a six-month period helped them to improve driver performance by lowering the incidence of harsh driving events.

These incremental gains led to a saving of £35,000 in fuel costs across the fleet of 42 trucks and a further £5,600 saving after a reduction in tyre replacements on its 130 trailers – thanks to the use of tyre pressure and temperature alerts that cut the incidence of rapid deflations by 66 per cent. This exceeded expectations, and led to the haulier shortening the timeframe for how long it predicted the service would take to pay for itself to under one year.

Certainly, the impact of driving behaviour on fuel consumption is key. Managing driving styles can see a fuel saving of up to 14% per year according to research*, and with the latest generation of technology a carrot rather than stick approach pays handsomely. The 'gamification' of incremental improvements is a powerful tool to incentivise and recognise your best drivers too, as they compete to be the safest and most efficient.

Our work with Cash and Valuables in Transit provider Pivotal on the introduction of Artificial Intelligence (AI) cameras across its fleet to enhance driver and user safety, is another example of where a clear focus, backed by effective data management, can be used to mitigate external risks.

While the camera algorithm can identify risky situations to aid the driver, as well as making sure they are operating legally behind the wheel, Pivotal realised another significant win. With AI-cameras fitted across its 165-strong liveried Cash and Valuables in Transit fleet, the financial and time burden of spurious road traffic incidents was significantly reduced, with our teams able to quickly identify liability, while removing the need to manually trawl camera feeds.

Another cornerstone of fleet management is minimising costly unscheduled downtime. Working with your technology provider and using Tyre Pressure Monitoring Systems (TPMS), which became mandatory on new trucks and trailers in July, is another effective tool that most hauliers can call on.

We took this to the next level this year with the introduction of our Smart Predictive Tire system, which provides real-time alerts about tyre pressure and wear.

The solution combines information from the TPMS, patented drive-over tread reading technology, and telematics data, with predictive algorithms to provide fleets with key insights. This allows them to monitor, manage and proactively anticipate tyre-related maintenance issues, facilitating better scheduling of maintenance.

So, while road transport operators need to be disciplined, there's now a wealth of technology and analysis tools and services available. Something that with cost pressures ever present, can when used effectively with expert back-up, keep you on the road and profitable.

*Energy Saving Trust/ Department for Transport – Advising Fuel Efficient Driving Techniques For Your Fleet

Matt Childs
Marketing Manager, Michelin Connected Fleet.

Survey on the movement of costs

The purpose of the annual road haulage cost movement report is to assist members and their customers to understand trends in the industry. It reflects cost movements, reasons for changes, and makes predictions. Every firm has different costs and circumstances which are unique to each company but here we report on averages as provided to us by members in our annual survey. The haulage sector is responsible for moving 90 percent of the UK economy and the RHA represents around 8,500 haulage related businesses including owner operators, SMEs and 90 percent of the largest haulage companies operating in the UK.

Summary

Frankly, it has been another torrid year for operators, last year saw nearly 500 firms collapse and this year has continued with failures of many well-regarded and previously successful operators. The recent Budget fuel duty freeze until March 2026 was welcomed and will help, but other burdens have been placed on almost all businesses including of course those operating in the transport and storage sector.

The UK October inflation figures released 20 November are concerning and as expected show a reversal of the previous months low with CPI rising from 1.7% to 2.3% year-on-year and RPI going from 2.7% to 3.4%.

The Motor Transport Top 100 results for 2024 have just been released and continue to demonstrate the resilience required in logistics operations to stay profitable. This year, the pre-tax profit is recorded at just 1.58% compared to the 2.60% quoted for the previous year. Average turnover increased by 3.46% compared to just 0.8% the year before.

At this point that we can introduce our survey results which advise that the cost of operating* is still pushing ahead of inflation and the whole picture including fuel increased by 3.51%. Many operators have fuel escalators though and the increase excluding fuel, was 5.95%.

The report itself looks to expand a little on the aspects of transport and storage operations.

*44-tonne artic/trailer based on the average fuel cost from January to end of September 2024

Navigating challenging times

There is no doubting the fact that this has been another very tough year for business in general, especially so for those operating in transport and logistics as demonstrated by the recent Motor Transport Top 100 results. Remember, it was widely reported that nearly 500 logistics related companies folded in 2023 and as 2024 opened this continued with some notable names in haulage collapsing. Resilience was and still is required as the cost of operating, versus the remuneration received became a massive concern. Inflation may have come down, but so too did rates in many instances below the costs involved.

A recap, in February 2024, it was reported that UK had entered technical recession for the final two quarters of 2023. Most had felt this but that is when the data confirmed the trend. Equally, it was in early May when official data advised that the first quarter of 2024 saw the economy return to growth, albeit minor, at 0.6% Gross Domestic Product (GDP). Inflation, which was in double digits in early 2023 had started to calm as that year progressed. By January 2024, CPI had fallen to 4%. Rishi Sunak had called the General Election on 22 May which coincided with April's inflation data being released, down at 2.3%. Labour formed the current Government early July when CPI stood at 2%, it increased for two months (2.2%) then in September fell below the Bank of England's target to 1.7%.

Unfortunately, and as expected when the October inflation results were announced (20 November), the scenario had changed for the worst with a big uplift. The City was expecting this reversal at 2.2% (above the BoE target 2%), the result was higher at 2.3% with RPI increasing to 3.4%. Electricity and gas energy increases were the biggest contributor to the uplift.

At the beginning of October, the CBI Growth Indicator was reported advising that in the private sector, companies did not expect to see any change for the following three months. This means it is the weakest expectation so far this year.

The Autumn Budget in late October then heaped further financial burden on business in general although there were some welcome elements there, especially the freeze in fuel duty until March 2026. Rachel Reeves as Chancellor, in her first Budget announced an increase to national insurance contributions by employers which she claimed would secure a massive £25bn annually but this looks likely to come at the expense of growth. The rate itself will increase by 1.25 percentage points to 15 percent from April 2025. Not only an increase in the percentage payable for NICs but in a further twist of the knife the threshold at which this is payable falls from £9,100 to £5,000 thus adding about £615 per year for most employers (per employee).

The day prior to the Budget it was announced that the National Living Wage will increase by another inflation busting 6.7% to £12.21. The Office for Budgetary Responsibility (OBR) considered that these moves might bring in more like £15bn rather than £25bn, and since then there has already been a wave of large companies including major supermarkets effectively saying that the increases will come at the expense of jobs and higher costs. In the following few weeks since the Budget more than 70 very large retailing organisations jointly wrote to the Chancellor expressing major concerns on the NI contributions uplift, the increase in national minimum wage and new packaging levies, explaining this would push prices, and so inflation. It would also see job cuts and premises closures too. It is telling that the Bank of England governor, Andrew Bailey also waded in on this matter commenting that the retailers were right on this and that it was inevitable that jobs cuts would be a result.

The Bank of England cut interest rates early November when the base rate was cut by 0.25 percentage points to 4.75%. Wage growth had started to fall but was still higher than inflation and thus may stall any further Bank interest rate cuts. With the October inflation increasing, any further cut does indeed seem unlikely. In the three months to September, pay growth was running at 4.8%, a slight fall from the previous 4.9% (excluding bonuses). At the same time, unemployment increased to 4.3% (from 4%). The likelihood now is that wage growth will continue to fall, and unemployment will continue to rise as employers attempt to recover the added costs they are suddenly faced with.

Back to GDP and in mid-November ONS reported that Q3 GDP growth (both in services and the overall figure) had fallen to a trickle at just 0.1%, the lowest possible gain. Construction did grow, by 0.8% but production fell by 02.%. Considering the recent Budget scenario, this does not fare well for our sector which will be hit particularly hard if the general economy suffers.

In business, a major contributor to the UK economy is the automotive industry and this is a sector that requires masses of transport movements of parts, of vehicles and all the required back up of operating large industry. The SMMT represents the UK automotive industry and publishes regular updates on new vehicle registration and the types of vehicles being sold. Currently, motor dealers are trying to offload at significant discount, models of electric vehicles. For example, while the new van market has hit a three-year high to October at +2.4% for year-on-year figures it is struggling with the mandated levels for the battery electric vehicles (BEVs) and while the recent months have seen growth, the overall annual picture has uptake falling by 1.9%. BEVs currently have a market share of 5.6% while the target for the year was 10%. In mid-November it was reported that the Transport Secretary Louise Haigh, was considering flexibilities to assist manufacturers as the current electric vehicle mandate is proving difficult to cope with. The ramifications of no Government help on this matter might mean the potential loss of investment within the UK which would also likely affect jobs too. Ford is one of the first automotive giants to announce cutbacks totalling 4,000 staff in Europe with 800 of these being UK roles as they directly blamed flagging EV sales and a need to stay competitive.

The new car market has seen a 3.3% increase in 2024 so far, latest figures at the time of writing for October year-on-year though advise a 6% fall. Year-to-date figures for HGVs report a -0.7% picture for new registrations.

In theory the construction sector should look promising with the new Government house building targets following their overhaul of the planning system. The target is 1.5 million new homes over five years which the Government say will fix the foundations and help to grow the economy. This will require extensive use of trucks to deliver for construction companies. Following the Government's consultation on the updated national planning policy framework (NPPF), the RHA in late September, said it had responded to the proposals pointing out that the industry was key to the country's house building ambitions, as it relied on a reliable freight and logistics sector.
James Barwise, RHA policy lead, said: "We are pleased that the freight and logistics sectors have finally been acknowledged in the draft of the new NPPF as playing a vital role in a modern economy. Then came the collapse of ISG, a large construction firm that was a public sector builder of prisons, and police stations. It worked on local and central government contracts with annual takings in the hundreds of millions of Pounds, employing 2,400 staff.

Andrew Glider at KPMG and writing for Building, a leading construction website explained 'This has not been an easy few years for the construction industry and the collapse of ISG last week is just the latest in a series of setbacks. The covid pandemic, the shortage of HGV drivers, extreme material price inflation, an acute shortage of skilled labour and the need to adapt to much needed but increasing regulations have all put enormous pressure on firms big and small right across the sector.'

As we approach 'busy season' in hospitality this huge sector for logistics from initial delivery of goods such as to pubs, restaurants and hotels to the waste that is taken away is feeling the pressure. Battered post-pandemic, hospitality is affected disproportionally due to employing many part-time and national minimum wage staff, along with dealing with huge energy and food price increases at the same time as the nation tightens its belt. While inflation has slowed down it is still climbing, and grocery prices had been rising at an alarming rate from February 2022. The sluggish growth of just 0.1% recently mentioned wasn't helped by rising inflationary pressure on food and non-alcohol beverages in the September and October inflation data. The recent interest rate cut will help here but once we are past the New Year the dreaded slow down in January followed by the Budget changes in April will potentially lead to a loss in trade for logistics.

Insolvencies

In the final days of 2023, Price Waterhouse Cooper (PWC) were reported as predicting 30,000 companies would file for insolvency in 2024 with smaller businesses bearing the major brunt of this. The list of sectors most likely to be affected were reported as hotels & catering, the manufacturing sector along with transport & storage. A combination of high costs for energy, slow economic growth and interest rates remaining higher were also likely factors.

In early October, it was reported that half of new haulage operations set up since 2019 have either entered the insolvency process or closed. This was from official data reporting that 49.2% of these new road freight operators had closed. Companies House data showed that transport of cargo only was the biggest risk of failure at 54.4% while those offering warehouse and storage fared slightly better 42.4%.

Comments from administrators agree on energy, and specifically fuel costs as big contributors but also lingering issues dating back to Brexit including loss of cross-border trade and the significant lack of available HGV drivers. This resulted in lower profit margins and cashflow issues. The administrator's agreed it was not a high-margin industry and with the downturn in economy this made it harder still. Further commentary came from Begbies Traynor, one of the leading corporate recovery companies in the UK in mid-November when it was reported that while the Budget would be a costly exercise due to the increase in NI contributions, the company itself would see an increase in their work which of course was trying to save ailing businesses. Those particularly hard hit would be in retail, hospitality and construction due to the large volume of staff employed and particularly on national minimum wage. This of course, would affect transport, due to less work as a result.

Bloomberg were the first to pick up on news that there had been a 64% jump in businesses filing for insolvency in the week to 8 November compared to the same period of the previous year with more than 1000 companies seemingly opting to give up now rather than face even higher costs.

Growth?

Business confidence had taken a downturn in the lead up to the Budget with manufacturing contracting for the first time since April. The purchasing managers index (PMI) fell from 51.5 (September) to 49.9 for October. Anything under 50 points considered an economic contraction.

The construction sector reached a 10-month low for October as reported early November with ministers confirming their house building target would be a tougher call than first thought. The S&P Global/CIPS UK Construction Purchasing Managers' Index had dropped from a 29-month high of 57.2 (September) to 54.3. It was reported that high borrowing, and nervous consumer confidence wasn't helping allied to uncertainty over government policy.

The services sector was feeling the same loss of confidence approaching the Budget after months of effective talking down of the economy with warnings of impending higher taxation. It was worst position for the UK Services PMI falling from 52.4 in September to 52 although that was slighter ahead of the expected 51.8

Forecasts for GDP growth from 30 October as below

(relative to previous OBR forecast)

GDP forecast	OBR	BoE
2024	1.1 (0.8)	1.2
2025	2 (1.9)	1
2026	1.8 (2)	1.3
2027	1.5 (1.8)	
2028	1.5 (1.7)	

Economic indicators

Key statistics									
	2018	2019	2020	2021	2022	2023	2024		
GDP %	1.3	1.4	-11.3	7.5	4.3	0.6	1.1	Autumn Statement (2022 & 2021 revised alongside later copies)	Taken from 1.31 in 2021
RPI %	3.3	2.1	1.3	6	14.2	6.1	3.4	ONS (November data for Oct). Percentage change over 12 months	release data is 20 November
CPI %	2.4	1.5	0.7	4.2	11.1	4.6	2.3	ONS (November data for Oct). Percentage change over 12 months	
Employment (millions) - unemployment % in brackets	32.4 (4)	32.8 (3.8)	32.5 (4.6)	32.2 (4.9)	32.7 (3.7)	32.9 (4.2)	33.1 (4.3)	Autumn Statement	
Wages and salaries %	4.8	3.5	0.1	4.3	5	6.2	6	ASHE survey all sectors (private sector - full time)	
Total HGV op costs at 44t	+6.31%	+1.88%	-1.28%	11.70%	19.00%	1.38%	3.51%	RHA	
HGV costs exc. fuel	3.29%	3.85%	2.77%	11.76%	11.60%	9.21%	5.95%	RHA	

RHA campaigning over 2024

The topics and ground we engage over remain the same as the previous year albeit there was a change of Government mid-year. It was odds on that with the timing the Labour party would win the General Election, and we had been making contacts with the Labour party in preparation of this.

RHA skills	RHA facilities	RHA net zero
Ensure we have a skilled workforce across the whole industry now and in the future.	More parking spaces, better facilities, stronger security.	Embracing opportunities and protecting businesses on the road to net zero.
RHA international	**RHA costs & regulation**	**RHA infrastructure**
Removing obstacles to doing business internationally both at the border and on the roads.	Making it easier for businesses to do business through lower costs and simpler regulation.	Encouraging investment in roads, new technology and connectivity for economic growth.

Logistics

According to the latest ONS release on 12 November 2024 'EMP13 Employment by Industry' there are 1.59 million people working in the transport and storage sector with a Statista report (published September 2024) noting that in 2023, the gross value added (GVA) of the transportation and storage sector in the United Kingdom was approximately £67.8 bn, compared with £68.8 billion pounds in 2022. A ONS/DfT publication, 'Overview of the road freight sector 2023' puts the contribution of road freight at 17% of the Transport & Storage sector GVA.

The Department for Transport 'understanding the road freight market' advises that in 2023, 92% of road freight businesses were comprised of 0-9 employees, indicating a substantial portion of the industry is made up of small-scale operations, including single-vehicle owner-operators and drivers offering services through contracting relationships. These operators make up a substantial portion of RHA members.

As mentioned already by our sponsor, The BDO-Barclays Logistics Confidence Index gave a reasonable position looking forward. It was published in September however, and if taken again today might give a rather more hesitant outlook. This is a shame as the report mentioned how the biggest challenges were behind, and the future looked brighter. Key to success, focus on cost control, many larger logistics firms were likely to make acquisitions moving forward to gain market share or use collaboration to enhance their position.

Profit though, should not be considered a dirty word. Ultimately, operators must be able to make a profit. An example, hauliers working in the aggregates sector had complained in the summer when rates were reported to be cut 1.77% due to trading conditions in a weakened market. Fuel decreases can be accepted as an ebb and flow escalator consideration but rate cutting itself is a difficult pill to swallow.

The Motor Transport Top 100 results for 2024 have just been released and continue to demonstrate the resilience required in logistics operations to stay profitable. This year, the pre-tax profit is recorded at just 1.58% compared to the 2.60% quoted for the previous year. Average turnover increased by 3.46% compared to just 0.8% the year before.

The report explains how some very large operators went from good profits the previous year to massive losses, in one case a differential of £136m from £24m pre-tax profit to a £160m loss. The large firms typically struggled to make profit compared to smaller firms which perhaps were nimbler and were more likely to stay in profit. Once again, specialists such as those operating in the temperature-controlled sector fared better. Reduced staffing is also mentioned a cost control measure and sadly, looking forward to further tough trading conditions along with higher taxation this looks set to continue.

Freight crossings and international aspects

Members engaged in international movements between the UK and EU/ROI are now reasonably comfortable with their understanding of requirements. They are either generating the Goods Movement Reference (GMR) themselves or have arrangements through a 3rd party and the early teething issues appear to be resolved. Work is however still on going as additional information starts to become a requirement to appear on the GMR and upgrades to the GVMS platform by HMRC take place to improve the user experience. Equally, regular traders exporting goods know the routine in relation to customs declaration requirements for the type of load being moved.

April 2024 saw the introduction of import controls on Sanitary and Phytosanitary (SPS) goods, and the 'Common User Charge' (CUC) took affect at Sevington, Kent which is the only government funded border control facility. There is a set rate based on the 'Risk Level' of the SPS commodity being imported although a maximum charge for one CHED (Common Health Entry Document) is limited to five commodity lines on it, even if there are more and information can be found here: https://www.gov.uk/guidance/common-user-charge-rates-and-eligibility

There was some confusion though, as other ports of entry doing SPS inbound checks will have been charging their own rates for inspections and use of port facilities. An unhelpful delay occurred when Sevington CUC invoices for goods that arrived between April and July were not actually issued until 5 August. This meant many import traders received invoices several pages long and which required scrutiny.

Certain import processes were delayed into 2024, like the GB Entry Summary Declarations (also known as safety & security declarations) (GB ENS). These will be required on all loads arriving in the UK, and although a date of 31 October 2024 was originally given, on 3 October 24, industry was informed that the mandatory requirement for GB ENS to be used had been pushed back to 31 January 2025. The EU Import Control System (ICS2) is undergoing an upgrade which requires more data fields to be completed and will be applicable for road transport from April 2025 for most, but some sea routes will require it from the end of Nov 2024 (cross channel will be 2025).

Border Target Operating Model (BTOM), published in April 23, is also still being worked through relating to biosecurity, public health & food safety documentation and import processes. Traders and hauliers also had to watch out for changes from the 3 September if loads were of Plant or Animal Origin (POAO). Since 30 April 24, landbridge transit POAO consignments were noticed that an inspection was to take place via IPAFFS, but from 3 September, this notification would only be identified through GVMS, so it potentially fell on to the haulier/driver to make sure they were aware/notified if the vehicle needed to stop at the BCP for an SPS check. HMRC finally completed all trader's migration from using CHIEF (Customs Handling of Import & Export Freight) to CDS (Customs Declaration Service) by the end of March 2024.

Then the full migration to the Customs platform, NCTS5 took place in early July 2024. This was completed over 2 dates over a weekend, one for Northern Ireland (XI EORI) and the other for GB EORI. While it didn't go quite as smoothly as hoped, the teething issues were resolved reasonably quickly.

All EU National Authorities need to be using NCTS5 by 22 January 2025, this is the date that the 'Final State Rules' apply from. Once this takes place traders and hauliers will see six key changes, they need to be aware of. One of these is the removal of mandatory carriage of a paper copy of the Transit Accompanying Document (TAD) on board. Although a paper copy of the TAD Movement Reference Number (MRN) can be asked for by the driver when he arrives at customs office or at the authorised consignor the driver need only be required to produce an electronic version via iPad or iPhone, another key change is that pre-lodged declarations will be able to be amended up to 30 days prior to the movement being made. HMRC will communicate updates on the changes.

HMRC will move on to NCTS6, and work is already taking place for that, however we were informed at an HMRC meeting in October 24, that the UK will not initially be taking up the option to use a combined Transit Movement Reference Number (MRN) and Safety & Security Declaration (SSD) declaration – a Transit Safety Accompanying Document (TSAD), which will be disappointing for many, although we were told, it would be taken up at some stage.

Work on the Single Trade Window for 2025 continues. When fully operational, the Single Trade Window will provide a secure gateway between businesses and UK border processes and systems, allowing users to meet their import, export and transit obligations by submitting information once, and in one place.

Dover TAP remained a feature for those heading out of the country via the Dover Straits and it is deployed as required dependent on traffic flow of freight into the Port of Dover. The reality is this generally deployed because of heavy traffic at the port due to either increased tourist traffic taking priority on the ferries or weather considerations hampering sailings. Operation BROCK was in operation during the summer holiday period of 2024 (July-August), and Kent & Medway Resilience Forum introduced a Dover TAP permit. Like previous BROCK deployments, drivers still tried to use alternative routes into Dover (M2-A2), resulting in the town becoming very congested and local traffic affected.

By issuing the new TAP Permit, it meant that all HGV freight vehicles heading to the cross-channel operators HAD to stay on the correct routing, when BROCK is deployed, all freight needs to use the M20. The new TAP Permit was issued to drivers when Dover TAP was made active and handed to them as they came through the M20 junctions 8-9 control area. Initially only issued to drivers heading to Dover TAP, any driver who arrived at a further control point on the A20 as they arrived in Dover and did not have a TAP permit, were turned back to rejoin the M20 to go through the control point.

The EU intended to introduce its new Electronic Entry/Exit system (EES) in late 2024, an initial date of 6 October, was pushed back to 10 November. It now indefinitely delayed!

The 90 days in 180 free assess (Schengen) remains a concern as if 90 days has been exceeded, then the driver could be refused entry. RHA has been engaging with the Home Office to ensure they are fully aware of the scale and importance of this issue, and for them to work with us to bring forward solutions in line with the new international agreements.

International hauliers are required to have retrofitted their HGV vehicles with Smart 2 tachographs by 20 August 2025. If hauliers still have vehicles for international work that have old analogue or original digital tachograph, the retrofit to Smart 2 tachograph will be even earlier, 31 December 2024.

Several EU countries had indicated that members had been having issues with complying to this legislation, either because the SM2 availability, the truck being available to go into workshops, workshop availability or the very high and prohibitive cost of getting the retrofit done – device, additional hardware plus workshop fees.

Northern Ireland

In the past two years, there has been a 30% drop in goods moved in Northern Ireland and businesses are feeling the impact. In September, we met with MPs in Westminster to discuss the challenges faced by hauliers when it comes to GB-NI and NI-GB trade, particularly the lack of HMRC guidance on the movement of parcels due to come into force on 30 September and the ongoing issues with the Trader Support Service.

The 30 September deadline was withdrawn, and in mid-November, HM Revenue and Customs announced they would be hosting a webinar to help operators that make parcel movements between Great Britain and Northern Ireland to prepare for upcoming changes to arrangements by 31 March 2025.

The one-hour webinar would take place on at 11am Tuesday 3 December with the session covering:
- The new arrangements for consumer and business parcels
- The UK Carrier Scheme and how to apply
- The Goods Vehicle Movement Service for parcel movements

There is an information link on the GOV.UK website however it was last updated mid-September so the assumption would be that this would be updated too. We have concerns about the impact of increased bureaucracy, and a lack of industry-specific expertise amongst the Trader Support Service (TSS).

In our recently released blueprint document, we called for the UK Government to establish a new specialist haulage taskforce, led by industry, to tackle GB to NI trade issues.

Road freight travelling to Europe

We normally include freight statistics majoring on the roll-on roll-off data supplied by the Department for Transport. However, this year it appears that the data is delayed for the most recent period – July 2023 to June 2024. This appears to be related to data omitted from a ferry operator and means an ongoing investigation has meant this has no publication date as such yet.

Containers

Container storage is currently very low, causing empty container yards and therefore expensive land and equipment not being fully utilised. The result of a slow economy but also and the delays in shipping. The lines are changing alliances and that brings uncertainty. The Red Sea became a problematic and costly area of shipping in 2024 where the Houthis were targeting shipping in support of Iran and its proxies.

The Loadstar, recently commented on a UN report suggesting that $2 billion was being extorted for safe passage although there have also recently been suggestions that now that Donald Trump has been re-elected President of the USA that this situation would simply go away. Rerouting of shipping has added major delays to western supplies along with the huge added costs involved.

If the Red Sea route was to open back up, then ocean freight rates reduce and volumes may increase as a result, but with inflation and interest rates still above pre-pandemic levels, we don't see the volume growth being consistent nor a long-term prospect, so once the glut of volume comes, then it will likely disappear very quickly just like the short-term rush following Covid.

RHA and industry representatives met with the Felixstowe Port Users' Association (FPUA), BIFA and representatives from the Port of Felixstowe to discuss the urgent matter of the port's new Container Booking System (CBS) in August following members concerns about potential working practices for entry along with huge added cost. Over the following months things seem to have improved with ongoing dialogue which is reflected below.

At the most recent and well attended meeting of the (EGM) of the Felixstowe Port Users Association general updates were given from various categories as below, with presentations and updates from Border Force Felixstowe and the Harwich Haven Authority.

Category 1 – Shipping Lines – It was noted that currently in the Port there has been an increase in volumes going through the port, however it was also noted that productivity was down. Last week there was a total of 65,000 TEU coming through the port.

Category 2 – HMRC and Freight Forwarders – It was noted that there will be a new levy to be introduced on Carbon (Further details to follow).

Category 3 – Hauliers – It was confirmed that volumes have increased but productivity was down. More remote cranes have been introduced by the port authority. Further updates on the VBS to CBS will be addressed by the port later in the meeting.

Category 4 – ERTS/Warehouse Keepers – A reminder that UKWA training course are available to FPUA members if required.

Category 5 – Port Related Services – An update was provided on cyber security and members were advised to ensure that they are doing all that they can in relation to the 'destin8' system. A brief update on the new employment regulations being introduced including the Worker Protection Act, National Minimum Wage, Employers National Insurance Contributions and the Employment Rights Act.

Adam Ramsey, Commercial Director from Hutchinson Ports, gave an update on the port and confirmed that there is marginal growth for the port predicted for 2025. The figures comparing 2023 to 2024 show a 10% increase in quayside activities, 4% increase in Rail activities and 1% increase in RORO activity. Further facilities are going to be provided to the port to increase the number of autonomous vehicles in operation. And changes will be made to introduce larger cranes to service the larger vessels coming to the port.

James Hunt from the Port of Felixstowe updated on the VBS to CBS changes. He confirmed that the Port wanted to work in a collaborative manner with all parties concerned in the changes. And he confirmed that the concerns of the hauliers have been noted and understood. It was stated that the Late Notification Period of 12 hours will be significantly reduced, however, the port is not able to confirm at this time what the period will be. Also, that the charges initially suggested of £35.69 per change will also be significantly reduced. The port is now looking to go live with the changes from January 2025 but have advised they will give a full months' notice prior to implementation. Changes to the computer system are required and this may take longer than December, if this is the case it will be postponed, again, allowing the hauliers 1 months' notice prior to implementation.

The Port has agreed to hold a weekly 'Teams Meeting' with all operators to listen to their concerns and answer any questions up until the changes come into effect.

While developments at Felixstowe appearing to be more encouraging, DP World at Southampton and Gateway is a harder curve ball, insisting that at London Gateway and soon in Southampton to have banded tariffs for CBS which will be very expensive and restrictive to operations.

There is always disruption and issues in the industry, unfortunately, there is concern that Maersk and Hapag Lloyd may change strategy and potentially move all vessels out of Felixstowe and into London Gateway. This will cause a huge issue in London with the driver-shortage, and probably rail shortages as well. It may also create some capacity for haulage in Felixstowe but that may cause a race to the bottom.

Abnormal loads difficulties

Issues with Abnormal load movements and various police forces around GB have been costing operators and the economy potentially millions of Pounds this year. The policing of abnormal loads has become increasingly inconsistent in recent years creating significant challenges for the haulage industry and the vital sectors it supports including caravans, construction, manufacturing and renewables.

The Abnormal Loads Group recently met with the National Police Chiefs Council (NPCC) as part of our ongoing collaboration to improve police consistency on supporting abnormal loads movements.
This was a productive session with the NPCC and police leaders from many forces present. Officers will be issuing updated guidance to forces soon.

Members in the waste management sector have recently reported a fairly steady but dull market overall although this did seem to be affected by where in the country a company operated. The North-East appeared to have been the slowest market in the past five years. In general, members were hunkering down and some reported that there is an excess capacity of trucks in the market.

As previously announced at Spring Budget 2024, both the standard and lower rates of Landfill Tax will increase from 1 April 2025 in line with the Retail Prices Index (RPI) adjusted to account for high inflation in the period 2022 to 2024 and rounded to the nearest 5 pence. It does seem that HMRC appears to be increasing their focus on Landfill Tax and the incorrect use of the Lower Rate. It is leading to Increased visual rejection of loads at this Lower Rate which of course then becomes very expensive.

Material sent to landfill	Rates from 1 April 2024	Rates from 1 April 2025
Standard rated	£103.70 tonne	£126.15 tonne
Lower rated	£3.30 tonne	£4.05 tonne

Congestion, 'on road' facilities and freight crime

From the recent Budget, we welcome the additional £500m in the local road maintenance budget allocated for potholes, however it is vital that local authorities receive long term road maintenance funding to enable better planning and scheduling of essential road and pothole repairs. Investment in new and improved roads will reduce congestion and increase productivity.

The continuation of work on major strategic roads – the A47, A57 and A75 – is also welcome, but we are concerned about delays and cancellations to other significant road projects such as the Lower Thames Crossing and the A303 Stonehenge tunnel. Economic growth will only be achieved with investment in the infrastructure to support it.

With the roads minister, Lilian Greenwood recently revealing the Road Investment Strategy (RIS3) which looks at period 2025-2030 has been delayed until the Spending Review of 2025. We urge the Government to ensure that it backs new projects that eliminate congestion, connect the country, and unlock economic growth. The minister herself agrees that the strategic road network is 'an economic engine' and needs attention and a long-term plan.

Better facilities, and more safe and secure parking for drivers remains a key priority for us. Commercial vehicle drivers are vital to our economy, yet they still face a poor standard of facilities at service stations and truck stops throughout the country, including a severe lack of secure parking.

We have seen significant progress in the recognition of the importance of truck and coach parking in recent years, including an acceptance of the outstanding negative issues and measures to help address them.

Lorry parking utilisation is at crisis levels in key freight corridors and very high in many other areas. Drivers require and deserve secure conditions where they can rest and recuperate. Adequate facilities are vitally important for driver welfare including their physical health, mental health and overall wellbeing.

The poor conditions of roadside facilities and lack of availability of safe and secure commercial vehicle parking have been recognised as key elements of issues around recruitment, retention, and diversity in the driver pool. Not only are good quality services important to driver health and wellbeing, but so is safety as we mention below.

It's important to acknowledge the good work that has already taken place though. The Future of Freight strategy and DfT Lorry Parking Survey have recognised and quantified the extent of the problem. The £52.5m match funding first announced in March 2023 is already being used to make significant improvements in England. (The UK Government recently announced matched funding for upgrades to existing truck stops, but that recent funding was not matched in Wales meaning that the gap in quality services is increasing.)

The 12-month Task and Finish Group, of which RHA has a vice-Chair, is identifying what industry experts can do to tackle the poor quality and quantity of safe secure truck parking in the UK where we consider that we need another 11,000 spaces.

Current planning rules do not sufficiently support local planners to grant permission for new and expanded lorry parks. This is partly because the current guidance is too narrowly drafted for it to be fit for purpose, with other planning priorities e.g. environmental concerns being given much greater weight than those related to truck parking. Relevant policy on truck parking is also not clearly codified in one location.

This makes it difficult for local planners when determining applications to both identify relevant policies, such as DfT Circular 01/2022, and give them adequate weight. Planning for truckstop's needs to be included at all levels of policy, both national and local. Alongside potential reforms of the National Planning Policy Framework (NPPF), government needs to both make clear the need to include truck parking in local plans, along with guidance on how to do so, while also ensuring that additional truck parking is provided for in NSIPs and other major roadworks.

We were pleased to see October's announcement from the UK Government on further grants awarded to truck stops to improve toilets, showers, security, rest areas and more. The funding is from the third year of the HGV parking and driver welfare grant scheme, which will come in addition to £8 million from industry, for a total funding boost of £12.5 million to improve truckstops.

RHA Director of Public Affairs & Policy for England, Declan Pang welcomed the move.

He said: "We are delighted to see funding allocated to drive improvements to standards and capacity at lorry parks and truck stops across England.

"The grant scheme continues to be a very welcome commitment from government and the industry to bring about much-needed improvements for lorry drivers who are a vital workforce in keeping the country's supply chains moving. We look forward to seeing the impact of these investments in improving conditions and driver welfare."

The announcement follows successful RHA lobbying for £100m combined government/industry investment for truck parking improvements. The £12.5m funding boost for truckstop's follows £31 million in previous joint government and industry funding as part of earlier application windows.

The RHA also secured and spearheads a government and Industry taskforce to address issues limiting the construction of new truck parking facilities.

On the 19 November 'Securing our Supply Chains' was launched, as part of the APPG for Freight and Logistics, report into Freight Crime. RHA is funding this work because this is such a huge issue and the fact that the group of MPs involved are behind this is very useful indeed. Freight crime offences in 2023 were responsible for the loss of £68.3 million in stolen goods. This figure only represents the wholesale value of these goods, with National Vehicle Crime Intelligence Service (NaVCIS) – a national police unit hosted by Hampshire Constabulary – estimating the true value of these goods to be between £680-£700 million, when accounting for loss of value in revenues, VAT and insurance. Since 2020, the direct cost of freight crime has been £306.8 million, with the true value of losses likely being over £1 billion.

The report calls for action that considers the needs of hauliers who are vital to the UK economy and supply chain. The APPG is calling for reform to the National Planning Policy Framework, the launch a national parking programme which tackles the chronic shortage of parking spaces and actions that facilitate an increase in support for law enforcement.

RHA Recommendations to Government:

- Create a new recording category for freight crime incidents.
- Create a specific offence with appropriate sentencing options to reflect the seriousness of freight crime.
- A national crime reporting code for theft from a commercial van.
- Work with industry to create a national truck parking security standard with certified sites.
- Increase the funding available to support operators improve safety and security measures at roadside facilities and parking spaces.
- Creation of a National Police Chiefs Council (NPCC) lead for freight crime
- Set minimum standards of police investigation and crime recording to be agreed by NPCC and police forces.
- A new awareness campaign in partnership with industry and Government on best practice to protect logistics businesses from fraud including impersonation, cyber-crime and diversions.

Toll rates

The midlands M6 toll remains at £15.90 for Breeze account operators having increased in October 2023 and those without an account and a class 5 truck would pay £17.20. In the north, the Tyne Tunnel increased tolls in January 2024 from £4.40 to £4.80 (9%) for those without pre-paid crossing tickets, it is £4.32 pre-paid.

Another northern toll also facing a hike into 2025 is the Mersey Gateway where Halton Borough Council and the Mersey Gateway Crossings Board are consulting around proposed changes to toll charges and scheme details for crossing the Mersey Gateway and Silver Jubilee bridges. The proposed changes, which could take place from 1 April 2025, include: An increase in toll charges by approximately 20%.

Skills

At the Labour party conference in late September, Prime Minister Sir Keir Starmer announced changes to apprenticeships in England and expanded on the new Growth and Skills Levy, which is replacing the Apprenticeship Levy.

A new body, Skills England has been put in place to make the skills system in England simpler and work better for employers and learners. They recognise that it has become too fragmented and complicated. Skills England are going through the process of reviewing apprenticeships and determining what other training should be available via the new Growth and Skills Levy. The new levy will give greater flexibility in how businesses fund apprenticeships.

For those paying into the Apprenticeship Levy, this means that going forward, there will be other shorter courses that you can spend levy funds on. It was also announced that they will be reviewing some apprenticeship standards to see if they could be completed in under 12 months. Currently, it is written within legislation that all apprenticeships must be at least 12 months in duration.

They have also recognised that apprenticeship starts for young people and entry level roles have decreased since the levy was introduced – they want to refocus apprenticeships on young people. There will also be a review into the maths and English requirements for apprenticeships, which we welcome. New foundation apprenticeships will be launched to give young people "a foot in the door". RHA will scope out possible courses for our sector such as workshop roles and a route for young people to gain their Cat B licence.

The Driver Certificate of Professional Competence (Driver CPC) was 15 years old on 9 September 2024 having begun on that date in 2014. This made it a busy year as the third anniversary of the original drivers requiring the training back then. It was announced on 13 November 2024 that the Driver CPC reforms would finally come into force on 3 December following a debate in Parliament.

The reforms coming into force on that date include:

- introducing a National Driver CPC that will cover driving a lorry, bus or coach in the UK
- allowing training courses to be done in blocks of 3.5 hours, rather than the current 7 hours, to allow greater flexibility
- decoupling e-learning from trainer led courses
- those who travel abroad will continue with the International Driver CPC (formerly the Driver CPC)

The measure to speed up the process for drivers to return to driving a lorry, bus or coach in the UK if their Driver CPC has expired will come into force on 1 February 2025. Our Skills lead, Sally Gilson welcomed Driver CPC reforms announced by the Government after RHA campaigning.

A new National CPC will offer more flexible training options, and a new Return to Driving option will allow people getting back behind the wheel to undertake phased training. We believe this is likely to come to fruition in 2025.

In mid-November, a consultation focusing on zero hours workers was published under the Employment Rights Bill. Titled "Making Work Pay: the application of zero hours contracts measures to agency workers,"

The Employment Rights Bill aims to introduce measures to address "one-sided flexibility" in zero-hours contracts which for employees RHA is generally in favour of.

This includes:

- Right to Guaranteed Hours: Workers can request a contract reflecting the average hours worked over a 12-week reference period.
- Reasonable Notice of Shifts: Employers must provide adequate notice for shifts, with compensation for cancellations or curtailments made on short notice.

However, this new consultation looking at the agency worker is fraught with problems and added costs from an employer's perspective which we have already pointed out but will be responding to formally.

Environmental - delivering Net Zero – what next?

In our survey, the percentage of member operators advising they were trialling or using alternative fuelled vehicles had jumped to 19% and this includes those using HVO. On the face of it this is a gigantic leap, however, when you consider that 35.7% of responding members operated fleets of 50 plus trucks and a further 47.6% operated between 10>49 trucks you can see how difficult it is for smaller operators to get involved financially with such trials.

In the bigger fleets it is most often the case too that there are just a few commercial vehicles being trialled or operated. One such example would be a member operating electric 3,500kg vans where their fleet includes less than 1% of these vehicles. Customer perception is fantastic, and marketing departments love them but operating at a £20 per day uplift on conventional diesel would mean a seven-figure hit to this company.

A comment by another very large member *'we are seeing truck costs increase and then as we explore electric trucks, we see the costs being exponentially higher and the cost of infrastructure just making the operation unviable. The market also doesn't seem to want to pay a premium for low/zero carbon emissions and so this is also a blocker to the transition.'*

Our net-zero policy view

We support investment in the environment and will facilitate pragmatic and viable ways to reduce emissions from commercial vehicle operators. As part of our commitment to Net Zero, we have identified and are working through five **structural barriers** that must be overcome. These are: vehicle cost and performance, investment in energy infrastructure, skills and mindset change. Our aim is to provide our members with the knowledge they need to make investment decisions that meet the UK's net zero objectives.

When HGVs and coaches account for around 20% of UK transport greenhouse emissions, we know our sector must play its part to decarbonise. Our success in improving air quality where nitrogen oxide (NOx) emissions have fallen by over 70% since 2013 shows how decarbonisation can be achieved with investment in vehicle standards and new technologies.

The cost of decarbonising the HGV sector alone is estimated to be £100bn, with between £40-£75bn of additional finance needed for operators; between £11-£24bn needed for depot infrastructure, and between £1-£2bn needed for public infrastructure.

There are just over 300 UK-registered electric HGVs on our roads out of a UK-fleet of 535,000 lorries. There are currently no registered hydrogen-powered HGVs on UK roads, and just one public electric HGV rapid-recharging point (at Rivington Services on M61).

In the interim, the use of low carbon fuels should be promoted. Low carbon fuels are a category of fuels that include hydrotreated vegetable oil (HVO), compressed natural gas (CNG) and liquid natural gas (LNG). Although, CNG and LNG require retrofitting, HVO can be used in existing diesel vehicles. HVO could reduce emissions by up to 90% during the transition.

We welcome the confirmation of the HGV phase out dates, which provides the certainty businesses need to plan vehicle replacement cycles. However, a similar date needs to be set for coaches to help provide certainty to that industry.

In addition, we welcome the £200m investment by the Department for Transport (DfT) in the Zero Emission and Hydrogen Infrastructure Demonstrator (ZEHID) programme – this will trial how battery and hydrogen fuel-cell HGVs perform with data arising from ZEHID helping operators plan their investments.

Our core ask is that policymakers and industry work together to establish the conditions that **create an adequate supply of zero emission HGVs and coaches** – allowing, all businesses to acquire these vehicles fairly and at reasonable cost. For our vital micro-businesses employing fewer than 10 people but who make up 95% of our sector, the end-goal is establishing a vibrant second-hand market so that vehicles can be obtained affordably. The RHA Net Zero Forum, drawn from the across the full diversity of the RHA membership base, estimate this will occur from 2037 onwards with the right policy support from Government.

To facilitate the transition, our recommendations to Government are:

- a Net Zero roadmap to 2050 for our sector
- confirmation of phase-out dates for new diesel coaches
- investment in the energy infrastructure
- unequivocal support for the use of low carbon fuels in road transport including Hydrogen Combustion Engines
- supportive financial conditions for businesses
- vehicle regulations (such as weights and lengths plus MoT requirements) updated to accommodate new battery and hydrogen powertrain technologies.

Meanwhile, operators can begin preparing for a Net Zero future by researching the vehicle market to understand whether zero emission vehicles are available to meet operating needs. Currently, there are 27 different types of zero emission HGV available.

In addition, operators should talk to their local electricity distribution network operator (DNO) to understand what additional energy may be needed at depots to power the future zero emission fleet. Practical "how to" guides from the energy industry will be available from 2025 to assist operators with this task.

Finally, practical advice on how to reduce emissions from your business in general (such as LEDs or installing other energy saving measures to your buildings) is available from the UK Government's "Business Climate Hub" – see: https://businessclimatehub

Traffic Commissioners' annual report

Another report presumably delayed by the mid-year General Election was The Traffic Commissioners for Great Britain, which was eventually published early October. The report details that between 2023-24 operator licences declined by 3.19% (2,201 less licences) while vehicles numbers declared fell 1.5% at 5,763 vehicles.

The Traffic Commissioners explained they had set a service standard to determine goods and standard public service vehicle applications within an average of 35 working days. The figures for the 2023/24 reporting year came in within the target at 32 days for both goods and PSV respectively.
Last year they reported on DVSA's plans to restructure the OTC by implementing its Target Operating Model and it was explained that this has suffered delays due to both retention and recruitment issues of OTC staff. The process for operators will be going fully digital over the coming year when it comes to five-year licence continuity. This will mean a faster process, reduced burden and enhanced security.

The Traffic Commissioner also reissued bridge strike guidance in late October in response to ongoing concerns and repeated strikes, damage and holds ups from the actions of the complacent. It was reiterated that regulatory action is a real possibility for those operators who fail to take appropriate control measures to prevent bridge strikes, as well as for the drivers involved.

This follows news that one bridge in Cambridgeshire had been struck 18 times in a year with another two being hit 17 times each!

Financial Standing Requirements – Standard and International Operator Licences

No changes to the Senior Traffic Commissioner's Statutory Document No. 2 on finance which was updated to reflect new financial standing levels in January 2021. These rates are now fixed in legislation and will not be subject to any further alterations without amending legislation. The link below gives an updated document where the values have not changed however additional categories have been added for certain vans / trailers / cars combinations on hire and reward international work.

Statutory Finance Document No.2 (March 2023)

Licence type		*Heavy goods vehicles (HGVs)*	*Public Service Vehicles (PSVs)*
International	First HGV vehicle	£8,000 or £1,600 for each light goods vehicle	£8,000
	Each additional HGV vehicle	£4,500	£4,500
	Each additional light vehicle	£800	
Standard	First HGV vehicle	£8,000	£8,000
	Each additional HGV vehicle	£4,500	£4,500
Restricted	First vehicle	£3,100	£3,100
	Each additional vehicle	£1,700	£1,700

Traffic Commissioner data on operator licences and vehicle numbers

Number of goods vehicle operators licences (associated vehicle numbers in brackets)	Restricted	Standard National	Standard International	Total	Certified copies of European Community Licences
2014-15	39,896 (94,545)	27,739 (172,260)	7,960 (76,869)	75,595 (343,674)	33,121
2015-16	40,265 (99,567)	28,448 (195,487)	8,289 (82,694)	77,002 (377,748)	33,629
2016-17	38,132 (95,701)	27,140 (192,271)	8,186 (82,634)	73,458 (370,606)	30,174
2017-18	37,514 (95,282)	26,682 (199,575)	8,351 (83,619)	72,547 (378,476)	32,433
2018-19	36,475 (94,661)	25,940 (195,342)	8,348 (83,572)	70,763 (373,575)	33,174
2019-20	35,542 (93,207)	25,160 (189,223)	8,281 (80,200)	68,983 (362,630)	33,791
2020-21	35,505 (92,196)	25,091 (192,831)	8,932 (84,260)	69,528 (369,287)	34,421
2021-22	35,381 (93,305)	25,428 (197,331)	9,510 (88,266)	70,319 (378,902)	34,676
2022-23	34,540 (92,521)	24,678 (197,930)	9,804 (88,630)	69,022 (379,081)	36,102
2023-24	33,303 (90,193)	23,864 (194,631)	9,654 (88,494)	66,821 (373,318)	36,263
O-Licences 2024 v 2023	decrease 1,237	decrease 814	decrease 150	decrease 2,201	
Vehicles 2024 v 2023	decrease 2,328	decrease 3,299	decrease 136	decrease 5,763	

Northern Ireland – Goods vehicles operator licences & vehicles

Number of goods vehicle operators licences for Northern Ireland (associated vehicle numbers in brackets)	Restricted	Standard National	Standard International	Total
2019/20 Q4	3,165 (9,041)	362 (1,992)	1,828 (10,692)	5,355 (21,725)
2020/21 Q4	3,219 (9,137)	359 (1,955)	1,878 (10,880)	5,456 (21,972
2021/22 Q4	3,276 (9,157)	358 (1,990)	1,953 (11,308)	5,587 (22,455)
2022/23 Q1	3,305 (9,180)	353 (1,987)	1,943 (11,365)	5,601 (22,532)
2022/23 Q2	3,335 (9,169)	344 (1,956)	1,929 (11,351)	5,608 (22,476)
2022/23 Q3	3,326 (9,147)	343 (1,952)	1,917 (11,367)	5,586 (22,466)
2022/23 Q4	3,263 (9,012)	335 (1,907)	1,894 (11,285)	5,492 (22,204)
2023/24 Q1	3,239 (8,993)	329 (1,892)	1,865 (11,248)	5,433 (22,133)
2023/24 Q2	3,204 (8,935)	324 (1,940)	1,861 (11,258)	5,389 (22,133)
2023/24 Q3	3,164 (8,885)	318 (1,910)	1,856 (11,323)	5,338 (22,118)
2023/24 Q4	3,084 (8,720)	315 (1,919)	1,863 (11,300)	5,262 (21,939)
2024/25 Q1	2,976 (8,595)	313 (1,865)	1,842 (11,444)	5,131 (21,904)

Driver and Vehicle Standards Agency (DVSA)

The reforms of Driver CPC finally take effect from 3 December 2024 and more on that under 'skills' although some aspects are still to be worked on.

The Guide to Maintaining Roadworthiness was finally published after a six-month delay in early November. This brought in a useful (and much needed) method of risk assessment in place of laden brake testing for some specific vehicle types such as chemical tankers. This was a welcome addition.

HSE

Fee for Intervention
The HSE charge rate for 'Fee for Intervention' is subject to annual increments and once again increased from 1st April (2024), from £166 to £174. In the previous year the increase from £163 to £166 represented an increase of 1.84% yet this latest increase lifts the latest increase by 4.8% for a one-year period.

Forklifts powered by LPG
The issue of poor-quality LPG (but apparently within spec of the standard BS4250) has been ongoing now since at least early 2023 and yet despite extensive investigations HSE have yet to finalise any report on the matter. For affected operators this has been an extremely costly and delaying exercise costing around £700 per call out and in Teams meeting one large operator talked of 40 FLTs at one depot being out of action at the same time.

HSE have reiterated their safety guidance on what to do when there are problems starting FLTs however the root cause has yet to be reported on. It appears that the anticipated report is near and is going through internal governance with a target of being published by the end of November 2024.

The 2024 Survey

Results and tables produced by RHA/Apprise Consulting following the 2024 costs survey to members held in early October.

A whopping 66% of members advised that one of the matters that concerned them most was concern over the economy. Members responding to the survey talked about making savings where possible identified through efficiencies, smart working practice.

Policies and data gathering are great, however if you don't act on the results it leads to areas of added cost. That might be less mpg, therefore wasted fuel. It could be empty mileage or ignoring risks from unsafe driving practices. All have that potential to change the financial well-being of a company.

Many went to lengths to explain about rate cuts with some elaborating that they would rather turn work away if it doesn't pay. This issue has been a problem in the industry since the 1950s with previous authors highlighting this matter. At present, it is a buyer's market.

The overall percentage increase for 2024 inclusive of fuel is 3.51%. We separate the two percentages because many firms or work streams operate on fuel escalator basis and so fuel is constantly adjusted. Others cannot or do not for a variety of reasons. The excluding fuel scenario is still running much higher at 5.95% and it is against these results that members are telling us that costs are outstripping any increases to rates and in many cases, certainly earlier in the year that rates themselves were falling.

The 44-tonne cost model demonstrates annual costs of £160,604 excluding fuel and additive. This is an increase of £9,025 on the previous year. Including fuel and additive gives the total annual costs for the 44-tonne of £208,397 with fuel at an average price of 113.46ppl to the end of September.

We use a blended year average fuel price based on the price of bulk (60%) and card rate (40%) up to the end of September and as mentioned above this was 113.46ppl ex-vat compared to 117.67ppl in 2023. The median mileage quoted by members stays at 75,000.

Increases in the individual aspects involved in operating a truck are detailed and highlighted in yellow with the adjusted cost percentages for our 2024 model in the right-hand column. These are used as the basis of our Cost Tables 2025.

% Total Cost 25.09.23	Cost Category	% Price Movement in period	% Total Cost 30.09.24
13.60%	Vehicle Depreciation inc interest	5.92%	13.92%
0.56%	Road Tax	0.00%	0.55%
2.67%	Insurance	7.90%	2.78%
29.13%	Driver Employment Costs	5.00%	29.54%
6.67%	Repairs & Maintenance	8.10%	6.97%
2.33%	Tyres	7.00%	2.41%
17.94%	Overhead Costs	6.50%	18.46%
2.39%	Trailer	6.00%	2.44%
75.29%	TOTAL	xxxxxxxxx	77.07%
24.01%	FUEL	-3.58%	22.37%
0.70%	FUEL Additive	-15.93%	0.57%
100.00%	TOTAL = FUEL+ Other Costs	3.51%	100.00%

Full details of the calculations can be found in the 2025 cost-tables document which is prepared by Apprise Consulting and as ever members should carefully use their own workings to ensure costs are covered before attempting to apply any profit margin. Fuel pricing is volatile and where possible should be separated as an indexed cost linked to a fuel mechanism so that this can be dealt with on a frequent basis. Failure to adopt could mean loss of fair revenue.

Vehicle and depreciation: 5.9% (trailer 6%)

Full expensing has been a transformative tax reform, and the announcement from the last Government looking to extend it to leased assets was welcomed by a significant proportion of haulage and coach operators. We are therefore disappointed that the government have not extended full expensing to leased vehicles (Budget). They are however planning to extend it to suppliers who purchase to lease.

While leasing is popular with larger companies when it comes to smaller operators it is still typical that they use purchase arrangements to acquire their trucks unless they are short-term rentals to cover ad-hoc work or another example these days would be to trial net-zero vehicles such as an electric 18-tonne. It would be rare for an operator to consider purchasing such a vehicle due to the enormous extra cost and uncertainty regarding any future value. New vehicle costs have increased partly due to the new General Safety Regulations (EU) (GSR) and DVS requirements for those operating in London. For trucks already on the road, this has affected R&M budgets too. We had advised last year of the GSR requirement (from July 2024) which is a road safety directive means new registrations must comply in the EU and have eight safety features included and this, we are advised, will add around £3,500 per vehicle. The Department for Transport delayed on this matter and has still not agreed to the EU standard despite UK previously being at the fore where it comes to vehicle safety in general. It is generally understood that the manufacturers dislike trying to apply two differing standards so have adopted this anyway.

The 44-tonne artic-combination is still the most used amongst members responding at 83% with 12.2% advising the use of 18-tonnes, generally as well as the larger trucks. Purchase, once again unsurprisingly is the favoured method of acquisition increasing from 84% last year to 90.5% this year while a steady 28.5% advising of leasing arrangements with most of these being an 'as well as purchase' situation with just 5% purely using leasing. As mentioned under net-zero, 19.5% of members were now in part, trialling some cleaner fuelled vehicles.

Some members pointed out that specific specialities in trailers such as bulk tippers or tankers had a higher percentage increase over 2024 with up to 33% extra cost.

The number of transport companies sliding into administration has resulted in considerable numbers of second-hand trailers appearing on the market. This has affected used values and means that the rental fleets are likely to get less for their assets when disposal times rolls round. It may also mean that hauliers may be more inclined to buy used rather than rent, lease, or buy new if they can pick up a bargain.

VED + LEVY: 0% (this year but changes in 2025)

RHA has campaigned against the reintroduction of the Levy, which was reintroduced in August 2023 for HGVs over 12,000kg operating on a motorway or A roads. So, it was disappointing that in the Autumn Budget that the Chancellor announced government will uprate the Heavy Goods Vehicle (HGV) VED rates in line with RPI from 1 April 2025. The government will also uprate the HGV Levy in line with RPI from 1 April 2025. This will add further cost pressures onto vehicle operators at a time when the industry is facing a range of other rising costs.

Insurance: 7.9%

Some members taking part in the cost survey mentioned extraordinary insurance premiums in the aftermath of a big claim or a series of too many smaller claims mounting up to a poor rating. We have also heard this year of concerns around Insurance Premium Tax (IPT) which currently stands a 12% (since 2017).

In the first half of the year the Association of British Insurers appears to have campaigned for an immediate drop in the rate as insurance costs rose. This of course brings the Exchequer a lot of cash. How much, well it is estimated that IPT receipts will surpass £8bn this tax year, with current receipts up 10% vs the previous financial year. So far (to end Jan 2024) IPT had brought in £6.7bn, compared to beer (£3.1bn), spirits (£3.7bn), tobacco (£7.3bn) and gambling (£2.3bn).

Liam Chatfield, Development Manager at RHA Insurances Services talked us through a few measures that could help with the insurance aspect and explained that prevention is better than cure.

- Physical Risk management – having cameras and telematics functionality is only useful IF they are monitored. Some companies are adopting techniques such as the use of artificial intelligence on this. Driver profiling is another potential area of risk management, various road safety groups undertake such work.
- Proactive claims handing – claims that are notified to insurers within the first 24 hours are typically around 36% lower in costs than those that are reported 'late'. A potential reason for late reporting may be that a driver doesn't even report an incident, hoping it will literally go away!
- Beware overnight parking – this is clearly difficult, especially when tramping but freight theft from supposedly secure parking is rife. Beware also of inside jobs, that might be anyone connected to seeing the load going into a truck. Warehouse staff, driver, security and others might have ulterior motives.

Driver employment costs: 5%

Members explained that on average their driver employment cost had increased by 5%. This doesn't mean drivers got a 5% pay increase but that is what it cost to cover the position. Just under 37% of members advised that driver availability was a major factor to them.

In our Autumn Briefings Traffic Commissioners have reminded operators that they need to be careful on how they employ drivers. Drivers are still routinely getting their tachograph information wrong; their concern is that if this is not monitored then what else does not get suitable attention.

The National living wage for 2025 was recently announced just prior to the Budget and once again inflicts a painful addition where some staff are concerned. The increase, from £11.44 to £12.21 (6.7%) from April 2025 is still used by some for-truck drivers but it also affects the rates of others and demands come forward to keep a pay gap

We publish an annual survey regarding employee remuneration within the haulage industry and this is due to be published later December or early January 2025 where we will look further into the driver role and related pay.

Repairs and maintenance: 8.1%

In the opening months of 2024 various members explained very large increases to R&M pricing and specifically older vehicles now out of warranty but often of newer trucks too. Examples were given ranged from 11.7% on monthly R&M packages to a 23% increase in costs for inspections, MOT and laden brake testing. Due to the high added costs in recent years, members are saying they are extending the life of their equipment, but this also comes at a cost.

The ongoing shortage of technicians has been a major concern and continues to occupy the time of our skills policy lead prompting government to influence change in the way training is offered and financially covered.

Tyres: 7%

Apart from increases to tyres pricing there are ongoing issues of delayed call outs for roadside encounters due to a general shortage of tyre fitters. The cost of natural rubber, increasing by 24% doesn't help.

Overhead costs: 6.5%

The proposed changes to Business Rates to introduce a higher multiplier for the most valuable properties could unfairly penalise logistics businesses who operate large warehouses. Logistics premises including warehouses require a larger footprint but offer a relatively low return on land values. Logistics businesses need a rates system that supports growth and incentivises success by not punishing those that are seeking to move to larger premises or operate in in high-cost areas.

We will engage with the Treasury to ensure that our industry is not unfairly penalised by these changes.

Diesel exhaust fluid (DEF) -15.93%

AdBlue costs have fallen again over 2024 and this year we used our 1000 litre IBC price of 47.5ppl compared to last year at 56.5ppl. Over the distance of 75,000 miles than means the cost dropped from £1409 to £1185 based on 6% of fuel used.

Fuel: -3.58%

The cost of diesel has fallen in 2024 and as an example the first RHA fuel survey report of the year gave an average price for bulk/bunkered diesel at 113.30ppl ex-vat. Diesel reached just shy of 120ppl in February before a fall in August to a low of 103.58ppl. The average though, from January to end of September and the figure used in costs consideration was 113.46ppl compared to 117.67ppl last year so a reduction of 3.58%. This is based on a 60/40 mix of bulk and card pricing.

In that time, Brent ranged from $71 to $91 per barrel and averaged around $80.70 for the year to 19 November. In a nutshell, poor economic scenarios around the globe and in particular China was the downward force and to the opposite effect was the ongoing Israeli/Palestinian/Iranian conflict. OPEC+ in that time had tried to keep prices higher through production limits but this has been having a lesser effect. In 2025, the price of Brent has the potential to fall, and we use the US Energy Information Administration (EIA) as a benchmark indicator for forecasting as below.

Haulage Cost Movement 2024
RHA

Fuel forecast

Brent crude oil forecast	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
EIA Forecast - November	76.2	78	77.67	77.67	73.02
EIA Forecast - October	75.97	78	79	77.67	75.72
UK forecasts for the UK Economy (annual forecast only)	82.4	81	81	81	81
Actual average (Brent oil)					
RHA Fuel average PPL	108.26	109	108.5	108.5	106
Fuel duty ppl	52.95	52.95	52.95	52.95	52.95
Exchange rate £/$	129	129	129	129	129

HVO fuel comes mainly from the US and while pricing was lower this year, there isn't that much of it compared to regular diesel and that European production was down. European UCO-based HVO prices have surged over the last few weeks following a fire at the Neste biorefinery in Rotterdam on 8th November 2024 by around 20%. HVO, is a drop-in fuel, and could be used for emissions lowering. It could also be linked to an essential user rebate, but the Government so far will not give tax breaks on this.

Concerns have been raised via insolvencies practitioners that costs, and specifically fuel costs have not historically been given due attention and that this has helped bring about the downfall of operators. The ideal is that a fuel escalator clause is adopted and used with knowledge of what percentage of cost the fuel aspect is at any time. Correctly monitoring this and charging this out bearing in mind this can be up to one-third of the operating cost will go a long way to the overall performance of a company operating vehicles.

MPG in our model 44-tonne articulated combination is 8.3mpg over 75,000 miles. Fuel consumption is dependent on many factors including the vehicle, operation, geography, and load type. A skilled driver can make a positive contribution and will save companies money.

Fuel price considerations:

Exchange rate: Oils and fuels are traded globally in Dollars and are then converted to Pounds for the UK market. The Sterling spread this year against the Dollar has moved up and down between 124 to 134 cents averaging so far just under 128 cents.

Fuel duty: On 30 October 2024, the Labour Chancellor announced (in the Budget) the continued freezing of fuel duty (52.95ppl) until 22 March 2026. RPI inflationary increases for 2025-26 will also not take place. This was quite a surprise and welcome news.

Renewable fuel transport obligation (RTFO) Bio: Each year until 2032 the percentage of biofuel added to make a litre of diesel increases for calculation purposes. The two are mixed at the percentages shown below to produce a litre and hence each year as the bio percentage increases it affects the overall cost, obviously compared to for example the oil price in comparison.

We await the January 2025 split and below we list the 2024 calculation:
Diesel 87.39% with October $685.32 per tonne (1183 litres)
Bio 12.61% with October $1246.30 per tonne

Quarterly fuel figures (bulk fuel)

	RHA Average Monthly Bulk Diesel Price ppl ex vat	Monthly rounded average exchange rate £ v $ (shown in Cents)	Brent barrel price $	Diesel per tonne $
Oct-23	124.41	122	88.7	962.38
Nov-23	117.95	124	81.49	890.21
Dec-23	113.38	127	77.31	841.91
Quarter 4 (2023) Average	118.58	124.33	82.50	898.17
Jan-24	114.59	127	78.76	863.29
Feb-24	117.84	126	80.99	909.8
Mar-24	116.61	127	84.03	897.92
Quarter 1 (2024) Average	116.35	126.67	81.26	890.34
Apr-24	116.65	125	88.02	881.83
May-24	112.74	126	82.62	825.14
Jun-24	112.44	127	82.37	836.98
Quarter 2 (2024) Average	113.94	126.00	84.34	847.98
Jul-24	111.9	129	83.03	834.6
Aug-24	107.71	129	78.14	775.42
Sep-24	104.14	132	72.33	732.55
Quarter 3 (2024) Average	107.92	130.00	77.83	780.86
Oct-24	105.59	130	74.95	756.05
Nov-24	108.21	127	73.4	773.87

Cost Tables

This report highlights cost **movement** and provides a commentary on key issues. The figures are median averages **and are not the cost changes for an individual transport operator but an overall reflection of the market.** All companies are different, but any firm should bear in mind that various aspects of an individual job need consideration, such as time, distance and job-related costs (subsistence, tolls, escort vehicles, etc.), not to mention of course the addition of profit margin.

We also produce a **cost-tables** document as an example method, with updated information and a formula to allow operators to look at and model their own unique costs relating to their haulage operations.

It is pointless to rely on costs relating to another firm. A company can monitor basic shifts and trends of competitors, but they need to understand their own costs and from that work out where they need to be.

Key points:

- Manage your costs
- Do not rely on per mile or per day only charging
- Use a fuel mechanism
- How to make a profit

The Cost Tables will be available to members and include interactive models via www.rha.uk.net

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