RHA

Haulage Cost Movement 2023

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.

Survey on the movement of costs

2023: Inflation persists with costs continuing to climb

High inflation throughout 2023 was blamed by the Chancellor on the global pandemic and the energy crisis in his recent Autumn Statement. It has caused many issues to both business and consumers including increased debt and job or business loss. However, as this year heads towards closure, inflation is reducing but it has been painful, dropping slower than expected. The PM, Rishi Sunak had made a promise in January to halve inflation for the year and it was therefore fortunate, the October CPI rate had taken a big fall to 4.6% which was lower than the predicted 4.8%. His pledge had finally been met and it gave the Chancellor room for manoeuvre.

Lower fuel and energy costs had helped bring inflation down. This, in turn, assists operators although they prefer certainty and stable costs rather than huge peaks and troughs such as the energy spike the previous year. There has been a fall in food inflation which at the end of October was reported by the British Retail Consortium and NielsenQ to be 8.8%. The last official figures on this though by ONS put it at 10.1% in the year to October.

Food inflation while slowing (it peaked at 19.2% in March), still means prices are increasing and part of the problem is the weakening of the Pound where imports are concerned. Of course, oil and fuel are bought in Dollars globally and the Sterling transfer means increased costs. Sterling against the Dollar briefly reached over 130 cents in July but could enter 2024 lower than 120 cents as it gradually diminishes in large part due to our interest rates but also concerns over low growth although it has 'enjoyed' a small revival in mid to late November.

Also, in mid-November the Financial Times explained that Robobank, a specialist food & agribusiness bank considered the 2024 position to be one where food inflation will fall as increased production of staple items increases which sounds helpful.

For the early part of the year strikes were frequent and appeared to be crippling the country as unionised workers sought enhanced deals, notably on pay. The Government was holding firm and of course it was an inflationary matter.

Of course, even with economic concerns, logistics operators need to consider the net zero issue and the RHA made a submission ahead of the Autumn Statement calling on the Government to introduce an emissions-linked rebate to encourage hauliers and coach operators alike to be able to switch to low-carbon fuels as this is still one of the easiest, quickest and most efficient moves that could be taken right now.

Whilst zero-emission technologies are developed, low-carbon fuels can help operators reduce CO2 emissions by up to 90 percent. It wasn't to be though! Earlier in the year, the DAF Trucks MD was reported as saying that the period between 2035 and 2040 will become a cliff edge for end-of-sale dates where non-zero emission commercial vehicles are concerned and that at present the situation simply had no clear path with too many variables and technologies with a lack of clear incentivisation from government.

The 2023 Barclays-BDO Logistics Confidence Index revealed logistics industry confidence had dropped once again. Last year this was recorded as having dropped 12 points to 50.41. In October 2023 the latest report highlights this is now down to 47.3 points. This is the second lowest confidence level on record with the level of demand in the sector a concern for 71% of logistics operators – put frankly there is a market squeeze and the profits announced by companies next year for this period will be looking less healthy than some recent results!

What it does mean however is that takeovers and/or mergers are likely as the stronger players in the marketplace seek to make gains. For buyers of freight services have increased the pressure and for many that will mean the end as it has done recently in several high profile and ruthless finance led culls. Earlier this year examples of the soaring costs aspect and dwindling consumer spending were highlighted by two separate administrators of failed haulage operations as highlighted by Motor Transport. In the latest quarterly insolvency releases by the Office for National Statistics (ONS) failures of transport & storage businesses ranked 9th of 21 affected sectors and further along in this report it can be see that the annual Traffic Commissioners figures show nearly 1,300 fewer Operator licences in operation now.

Also prior to the Autumn Statement we published a report of recommendations to Government entitled 'Driving Forward' because, as can be seen, the industry faces real challenges due to rising vehicle and equipment prices, higher labour costs, a skills shortage and insufficient infrastructure to support HGV and coach drivers in their work. Also, there is a confusing patchwork of regulations that vary town by town and city by city, red tape at the borders, and the challenges of meeting the afore-mentioned net zero targets. The RHA urges members, operators, customers, councils along with the government to read Driving Forward and consider the need for change and joined up thinking. At least the planning and infrastructure reforms announced by the Chancellor in November may start to help.

What it means for operators - the operating cost for the main 44-tonne artic & trailer combination has increased 9.21% excluding fuel this year

Concerns about the economy and the seemingly never-ending cost increases were the biggest factors for members in the October annual cost survey. What really seems to be an issue right now is the pressure for operators to accept lower rates at a time when costs are increasing. This isn't new, but it did seem to become a lesser concern after Covid as the issue of getting something delivered seemed more important. Business opportunities remain but with hard negotiating required.

Growth, but slow

The purchasing managers index (PMI) finally had some good news in November reporting a small return to growth scenario following three months of negative downturn. The preliminary November position was 50.1 following the Autumn Statement whereas in October this was 48.7 (anything under 50 points considered an economic contraction).

The 2022 slump in new car registration appeared to have been reversed in 2023 when in September SMMT advised that registrations were up by 20.2%. Good news indeed but there is also a requirement still for an agreement with the EU to avoid a £3,400 electric vehicle tax hike. At the same time, there appears to be safety concerns over EVs and rumbles of major insurance hikes for these vehicles. Meanwhile, re. commercial vehicles, despite September seeing a decline, year-to-date UK CV production is buoyant, rising 11.4% to 85,540 units – 61.1% above the same period in 2019.

Further good news for GB employment and haulage came in November when Nissan announced it would be investing £2 billion manufacturing electric models in Sunderland. This assures some 7,000 jobs there but also keeps and boosts the local and wider economy as it means many thousands more supporting logistics roles. Regarding the future of electric HGVs there is a problem over the lack of infrastructure. RHA remains committed to trying to solve this and planning aspects of the bigger picture with government.

The Government is acting to back small businesses and tackle late payments with an announcement in October. Late payment and longer than standard 28 days end of month payment measures keep money with the customer and result in, for example, the need to factor, causing additional expense and/or spending time trying to chase down payment for a service already long ago delivered. The new measures are to be included in the Prompt Payment & Cash Flow Review. The trouble is this has been a frequently talked about action over the past few years and government statistics suggest that the typical Small and Medium-sized Enterprise (SME) is owed £22,000 in late payments. For context, that is almost half the annual fuel bill for a 44-tonne artic. The Chancellor backed this up with further measures to combat late payment in the Autumn Statement starting April 2024.

Economic indicators

In our Budget submission (that was March), the top priority was to make sure government understood the increasing cost pressures the industry faces following near 20% increases seen in 2022. Fuel may have lowered but other related costs are piling on and members at the same time were commenting that their customers want even tighter cost control.

Although the RHA welcomed the energy support package for businesses until April 2023, the association had then slammed the government's decision to cut support to businesses through the Energy Bill Relief Scheme (EBRS) which it says will hit hauliers hard. The new package will see £5.5bn spent on support for non-domestic customers over the next year, down from the £18bn committed through the previous scheme. Corporation Tax was as feared, confirmed as increasing from 19 to 25%. Despite protestations the HGV levy would return in August 2023 as well.

Key statistics

	2018	2019	2020	2021	2022	2023	Source
GDP%	1.3	1.4	-11.3	7.5	4.3	0.6	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	ONS (November data for Oct). Percentage change over 12 months
CPI%	2.4	1.5	0.7	4.2	11.1	4.6	ONS (November data for Oct). Percentage change over 12 months
Employment (millions) - unemploy-ment % 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)	Autumn Statement
Wages and salaries %	4.8	3.5	0.1	4.3	5	6.2	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%	RHA
HGV costs exc-fuel	3.29%	3.85%	2.77%	11.76%	11.60%	9.21%	RHA

RHA policy goals for 2023

For 2023, the RHA announced several targets it will work on to tackle the industry's key issues. Focusing resources into newly defined **priority areas** to support members and the wider sector most effectively. Richard Smith, RHA Managing Director, said:

"Our aim is to be a powerful voice for this sector with a vision to be the go-to organisation for driving business on our roads across trucks, coaches, and vans.

"We focus on delivering change for our members to support their growth and sustainability and advance their interests. Our membership is critical to the day-to-day lives of us all, delivering products, services and people.

"Our industry is facing many challenges – it's crucial more than ever that necessary policy measures are taken to ensure the future of the UK road haulage and coach industries.

"We're working nationally, regionally, and locally across the four nations of the UK to ensure we're bringing relevance and value to the membership of the RHA. This is why we have set relevant priorities with challenging targets to support the industry and the economy."

RHA skills	RHA facilities	RHA environment
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.

Haulage Cost Movement 2023

Freight crossings and international aspects

Most members engaged in exports from the UK are now reasonably comfortable with their understanding of requirements. They are either generating the Goods Movement Reference (GMR) numbers themselves or have arrangements through a 3rd party and the early teething problems appear to be resolved. Work on the GVMS platform by HMRC continues, as upgrades 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.

Certain import processes were delayed in 2022, like the Entry Summary Declarations. These will be required on all loads arriving in the UK from October 2024 and the new Border Target Operating Model (BTOM), published in April 23, is the other milestone relating to biosecurity, public health & food safety documentation and import processes.

The full migration to the Customs platform, NCTS5 has also now been delayed until 1 July 2024, as member states requested more time for implementation. For those users who have not already done so, migration from the UK CHIEF (Customs Handling of Import & Export Freight) to CDS (Customs Declaration Service) is being done in two phases, high volume users will be supported with migration by 30 November 2023 and all other businesses by 30 March 2024.

Northern Ireland

Where Northern Ireland is concerned, anecdotal evidence within the haulage sector in NI servicing the GB to NI market would suggest it is becoming increasingly difficult to maintain margins with increased cost pressures because of reduced volumes from GB to NI due to the Protocol and Windsor Framework and other more general cost pressures.

Another significant event in 2025 is the Single Trade Window. 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 is still 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 is 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. Since Brexit, drivers have had to deal with monitoring their movements in and out of Europe as the 90 days in 180 free access applies (Schengen). However, this has been very challenging, particularly for those companies who only operate an international freight service. Whilst there has been little evidence of enforcement taking place, this does not mean that companies and drivers should be ignoring the legislation and some drivers have fallen foul of the 90-day rule when they have tried to take holidays abroad via airports.

Even more challenges are ahead, as Europe introduces it Electronic Entry/Exit system (EES) in late 2024, the exact date that this will start has yet to be published as it has already been delayed and there is still the issue of how biometric data is going to be collected from all UK (or other non-EU passport holders) travellers. What we do know is that as the system is electronic, it will be the computer that will be 'counting the days' and Border Officers will not be stamping passports anymore. If the computer says 90 days has been exceeded, then the person could be refused entry. The RHA is 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.

In addition to the EES scheme will be the requirement of all non-EU passport holders to have an ETIAS authorisation to travel into Europe (European Travel Information and Authorisation System). Applications will have to be made for these, and the expected date of requirement will be 6 months after EES goes live. While the ETIAS is a 'permission to travel' document, it is not a guarantee that the border officers will let you into the country.

Back in 2022, P&O infamously dismissed their UK staff and introduced cheaper foreign labour which caused crossing issues at the time. Other shipping lines on the Dover / Calais route increased prices by around 10% but some of this dropped when the P&O vessels returned to operational capacity so while there have been increases during 2023 this aspect as reported seems relatively low. Meanwhile, Irish crossing costs increased around 5% in 2023 with rumours of further increases between £15 to £25 dependent on the route from January 2024.

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 tachos will be even earlier, 31 December 2024.

Regarding the cost for crossing the Dover Strait, most members responded that they used ferries and pricing had seen small percentage increases excluding Bunker Adjustment Factor (BAF), but the inclusive rate had fallen due to less expensive diesel costs. The tunnel crossing now incurs a surcharge too although this time it is for higher (or lower) electric costs. This is a reminder really, that each individual stage of a transport chain incurs cost and that each segment is subject to cost pressure and relevant fuel escalators.

The latest annual Department for Transport (DfT) freight statistics show that in 2022 a total of 3,218,000 million trips were made from Great Britain to Europe. It was 6.33% higher than the previous year but of course that was then a period of recovery following the pandemic. So, it is better to view perhaps against the average of 2015 to 2019 where the average was 3,429,658 so in reality, we remain lighter to the tune of 6.16%.

In previous years we have taken the September-to-September data, however this is no longer available within the timescale and so the annual statistics have been used and making a comparison in some cases to 2021 is difficult to compare.

- 2.02 million (1.96m in 2021) were powered vehicles
- 1.2 million (1.07m in 2021) were unaccompanied trailers

Poland increased its market share of exports departing from UK making 335,008 (16.6%) crossings compared to UK registered HGVs at 273,233 (13.6%). France unsurprisingly remains most popular disembarkation point with 86% of the accompanied trips, while the Netherlands is the biggest disembarkation where unaccompanied trailers are concerned at 42%.

The DfT freight statistics point out that since 2019, trends for powered vehicles and unaccompanied trailers have been volatile, but the steady decline of trips by powered vehicles and increases of unaccompanied trailers has continued.

Where unaccompanied trailers are concerned the disembarkation points around the UK are:

- North Sea 73.81% (884,464)
- Irish Sea 22.6% (270,705)
- English Channel 2.17% (26,034)
- Dover Strait 1.42% (16,949)

International road freight 2020 by UK registered HGVs compared to previous year:

- 26% more goods lifted at 6.6 million tonnes (-19% against 2015/19 average)
- 25% more goods imported at 3.5 million tonnes (-18% against 2015/19 average)
- 27% more goods exported at 3.1 million tonnes (-21% against 2015/19 average)

A comparison of foreign registered HGVs exporting goods from UK:

- 10.3 million tonnes were exported from the UK by foreign-registered HGVs, a 23% decrease compared to 2020 (13.3 million tonnes) and 27% below the average tonnes lifted from 2015 to 2019 (14.2 million tonnes).
- 20.2 million tonnes were imported to the UK by foreign-registered HGVs, a 10% decrease compared to 2020 (22.6 million tonnes) and 11% below the average tonnes lifted from 2015 to 2019 (22.8 million tonnes)

Containers

Global shipping of containers had a massive boom in 2020 through to 2022. Last year though it had started shrinking and we mentioned how container demand was expected to continue the downward trend during 2023. Indeed, the flow of containers from the Far-East in the first couple of months of 2023 set the tone with 6% fewer shipments from Singapore.

Maersk, one of the giants earlier this year had commented that the sector would probably contract by 1% to 4%. Fewer containers moved means less work for haulage operators in the sector and we have seen numerous reports of rate cutting, short-term gain which isn't sustainable. Another example is where Hapag Lloyd recently posted a 77% fall in net profits over the last nine months and were quoted as saying that right now everything is under cost pressure.

As stated by the shipping giants, the overall volume in containers globally is down, and offering haulage cuts is short termism and unsustainable, especially with the cost increases being experienced and evidenced in this report. Short sea customers are certainly struggling as the hauliers in those areas have been reported as dropping prices - they may be turning money over but is there a profit to be made? The drive to decarbonise meanwhile continues to ramp up cost pressure.

In 2022, port workers strike actions caused issues at ports and only recently the economic situation is still leading to strike ballots and potential action.

Congestion & on road facilities

The RHA estimates that there's a shortage of 11,000 safe and secure lorry parking spaces, and says a lack of secure, high quality roadside facilities is detrimental to the road haulage industry and UK economy in several significant ways. The RHA had told the Department for Transport in July that better, more secure lorry parking is vital for driver wellbeing, freight crime reduction and road safety. This was backed up in our Autumn Statement submission where we called for planning reforms including the National Planning Policy Framework to be strengthened to make it easier to secure planning permission for much-needed new lorry parking facilities.

Funding for lorry parking should be ring-fenced and a cross-departmental taskforce established to review existing facilities with industry and other stakeholders to develop long-term solutions. Public Affairs Manager Ashton Cull said drivers deserved to have access to safe and secure parking, and better roadside facilities for this and many other reasons - "This is not just a question of the working conditions of key economic workers – this is also about the perceptions of the industry, reducing freight crime, and ultimately, road safety."

Freight crime is at an alarmingly high level according to a report by NaVCIS, the police freight team responsible for collating road freight crime information across England and Wales who report back to the Home Office. They had estimated freight cargo theft in 2022 at £66.6m with just under 5,086 individual HGV related crimes reported (UK), many of course being slashed curtains in truckstops and/or roadside fuel thefts. Both acts cause considerable costs and hassle to operators leading to increased insurance premiums. How much? Well, the actual combined loss scenario is around £250m per year, once time, damage, delays, and loss are accounted for. Aggravated thefts where drivers are attacked are also on the increase.

Last year the daytime HGV charge for the M6 toll increased to £14.20 (+12.7%). This year it is now £15.90 so another 12% slapped on any operators wishing to use the generally quiet and quicker private stretch of the M6. Meanwhile, further north, the Tyne Tunnel increased tolls as reported in April 2023 from £3.90 to £4.40 for those without pre-paid crossing tickets, an increase of 12.8%.

Logistics

Estimates are that 2.56 million people work in the haulage and logistics industry while the 2023 Traffic Commissioners' Annual Report details that 1.66 million people (2022 - 1.57m) are employed in the transport and storage sectors which makes it the UK's fifth largest employer.

The sector, as can be seen is big, and vital to the economy. Yet there is such a fine margin between success and failure. Indeed, this year in recently announced figures, the Motor Transport Top 100 shows just how tough trading conditions have become for logistics operators. Last year, they announced a pre-tax profit average of 4.79% which was a considerable gain over the previous year's 3.4% and a sign of pent-up demand plus recovery following the pandemic. However, the pre-tax profit in their latest report shows a much lower average figure of 2.52% which is a 47% reduction on the previous year. Average turnover was up by 0.8%. Parcel companies, after the boom of Covid and increased online ordering have been hit the hardest. Temperature controlled storage and distribution seemed to buck the trend as did many of the smaller operators with 22 of the 42 companies with turnover below £50 million.

Their report mentions hope for the future due to inflation easing and in the recent Barclays & BDO publication, the Logistics Confidence Index (published October), 70% of logistics leaders made it known that there will be significant capital spending over the next year.

London's Heathrow air cargo volume was 6% lower in January than a year earlier after moving 11% less in December. In July 2023 it handled 114,887 tonnes compared to 110,044 tonnes in 2022 so plus 4.4% however, pre-pandemic, the July 2019 volume was 130,589 tonnes so lower by 12%. Members advise that warehouse space is available for the first time in five years because of the economic downturn. Customer supply lines are reported down around 15% and that consumers are swapping out familiar premium brands for cheaper replacement items. Warehouse rent renewals though appear to still be growing with member estimates ranging between 4% and 14%.

Forklifts powered by LPG

Where warehouse operations are concerned, forklifts (FLTs) are an everyday necessity and a costly issue that has surfaced over the year. This is a contamination problem from seemingly, certain batches of liquid propane gas (LPG). The issue is under investigation by HSE due to several fires which of course is a serious concern. However, damage is being reported daily and result in constant call outs to the supplier engineers to fix 'gummed up' FLTs. This is costing around £700 per call out and an industry group including RHA, Liquid Gas US and the UK Material Handling Association are looking at the matter. While HSE published a safety bulletin on the topic in the first half of 2023 the issue rumbled on and appears to be generally linked to the Midlands and the North of England.

HSE seem to have a good idea of causation but as we go to print have still not finalised their results which potentially could see the problem resolved. This appears to be a case of LPG that while it technically meets the BS4250 specification it is never-the-less resulting in clogging issues from a tar- like leftover residue. The pallet networks report being particularly hard hit by this and of course the fast-paced turnaround operations of the Midlands hubs have and continue to be affected with some bills running into the £100,000 plus region. Operators report moving to diesel and/or electric FLTs where possible in these areas and the fuel batching in question cannot be relied upon.

The cyber threat is ever increasing too with several high-profile cases known to affect relatively large logistics firms this year. The National Protective Security Authority is a government lead on threats and offers advice and guidance but consideration should include insurance to mitigate any related costrecovery **https://www.npsa.gov.uk/**

Skills

2023 has seen a stabilising of the HGV driver shortages and concern switch to technicians. However, it's important to analyse why the driver shortage has subsided. Although there has been record numbers of drivers completing their licence acquisition for Cat C and C+E, this has come at a time of a slowdown in freight movements. Reducing the number of HGV drivers currently needed.

Crucially, we need to find jobs for the newly qualified drivers, otherwise we will lose them to other sectors. There are blockers, particularly for SMEs when it comes to taking on inexperienced drivers. The cost of insurance has increased by 7% in 2023 but the premiums for young and/or inexperienced drivers are significantly higher. The sector and insurance companies will need to work out a plan of how to deal with this issue as without new recruits, we won't replace the projected 25% of HGV drivers set to retire over the next 5 years.

As HGV driver shortages have stabilised, bus and coach driver shortages are increasing. We will need to use the same strategy for training new recruits for Cat D if we are to train the numbers required.

Without technicians to keep our heavy vehicles on the road, nothing can move. The shortage of technicians has come from a serious decline in training availability for heavy vehicles. Increased costs for colleges and Independent Training Providers have led to courses no longer being viable. Investment in training will be crucial to stem the skills shortages. The UKWA is also now producing a Warehouse Manager's CPC which may be useful to some members.

Environmental - delivering Net Zero – what next?

The RHA supports Net Zero and is determined to drive the pragmatic action needed to achieve it.

Underpinning our support are two initiatives the RHA has recently launched. The first is the creation of our Net Zero Forum in August 2023. The second is the publication of our own "roadmap" to Net Zero in September 2023.

Both initiatives take place at a time when a national debate on environmental issues has been triggered from the Uxbridge by-election result in July. With the spark being the controversial extension of the Ultra-low Emission Zone (ULEZ) across Greater London, politicians across the political spectrum have recognised that the public must be brought along the journey to reduce emissions.

We welcome this debate. The subsequent calls by the Prime Minister for "pragmatism and proportionality" and the Leader of the Opposition for "flexibility" aligns with the position we have set out on Net Zero, which we are now well-placed to lead and influence.

So, what has the RHA been saying and how can we lead?

First, we are fully committed to shaping a way forward which brings operators', manufacturers' and retailers' needs to life on the decarbonisation journey. Firms need clarity and certainty to make the right investment choices in the years ahead.

We support the HGV diesel phase out dates of 2035 and 2040 that the Government has set – this begins the process of providing the clarity and certainty needed. However, the underlying detail on how delivery against those targets is achieved is missing. We have therefore said exemptions to the phase out dates may be necessary for some hard-to-decarbonise operations. This is a realistic and flexible response whilst we work through the detail with our partners to make Net Zero work.

Secondly, our roadmap sets out how we believe commercial vehicle decarbonisation can be achieved based on what we know today. That roadmap will evolve as our knowledge develops and the technology innovates and matures to overcome the practical challenges facing our sector. Those practical challenges encompass whether the vehicles have the required range and performance characteristics for a particular operation, whether the electric or hydrogen infrastructure is in place to power the vehicles, and how the necessary volume production is generated to bring down the capital costs.

We have taken this position based on the following starting points:

- that the entire United Kingdom, including our rural and remote communities, is catered for by Net Zero;
- that all economic sectors within the UK, including our quarries, forests and the transportation of hazardous goods, can be serviced by our members;
- that the public will expect the exceptionally high levels of service that they currently enjoy from logistics and coach operations to continue.

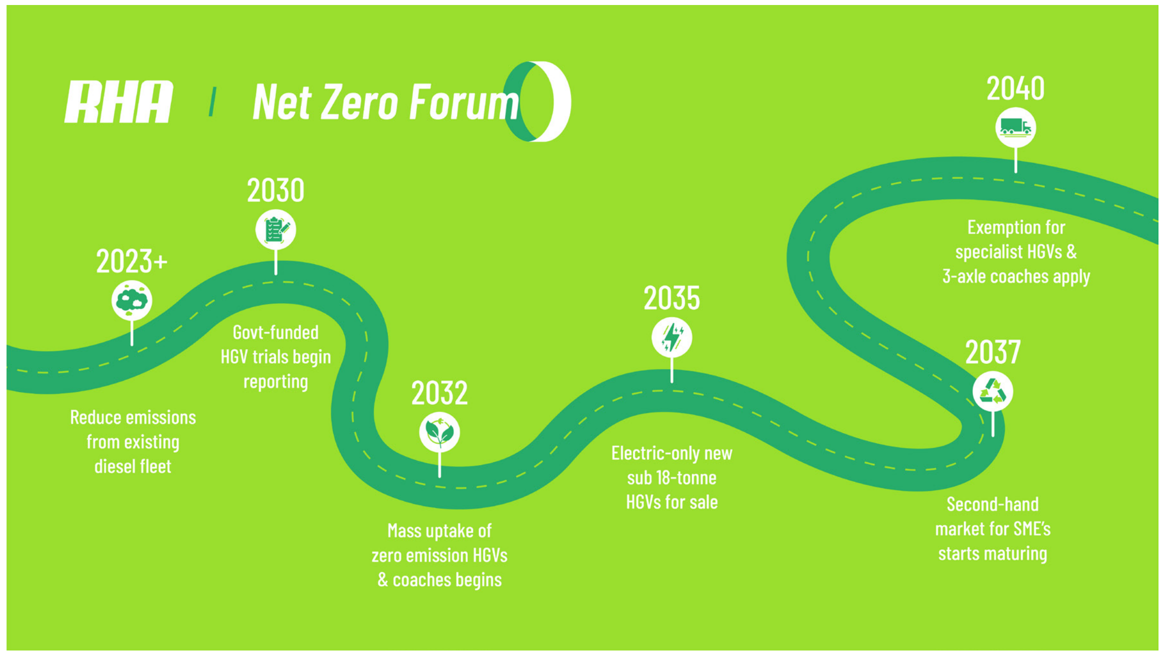
We are clear that the economy and its success is vital to all of us. 95% of everything we use or consume in the UK comes on the back of a lorry at some point and, given the distances involved and the lack of rail freight capability, there is no alternative. Likewise, our coach membership provides crucial passenger services that connect people to one another.

When viewed from this perspective, gaps emerge on how all parts of the UK can be accommodated by Net Zero. That is why we are not afraid to call for exemptions until suitable solutions are found or for interim measures such as the use of low carbon fuels like hydrotreated vegetable oil (HVO) or compressed natural gas (CNG). However, should the need for exemptions fall away, then we will also support that move. Building in periodic reviews on progress is therefore sensible.

We see the tasks that lie ahead grouped around five themes – bringing down costs, infrastructure investment, validating vehicle performance, upskilling our workforce and guiding management through the changing technological, regulatory and commercial landscape.

We also observe that tremendous goodwill exists across many different sectors to make Net Zero work. Coordinating this goodwill however is essential. Collaboration will be key with the approach guided by dialogue, debate and consent to set the right path and make the right choices which support businesses.

The RHA is committed to facilitate this and support its membership throughout the transition to achieve Net Zero.



Traffic Commissioners' annual report

The Traffic Commissioners for Great Britain (TCs) are independent and are sponsored by the Department for Transport to promote safe, fair, efficient, and reliable passenger and goods transport. This is via effective licensing and regulation of these vehicle type's use. In the 2023 report it shows that operator licence numbers fell by nearly 1,300 in total although Standard International licences saw growth. Meanwhile, licenced vehicle numbers also grew but only by 200.

They report that the previous year there was a concern around driver shortages, but they are now concerned, like the RHA about similar shortages in the maintenance industry and that keeping vehicles maintained in a timely manner is very important. Also, that maintenance providers struggle to keep supply of relevant parts, this is something that members have been complaining about all year.

The Senior Traffic Commissioner's Statutory Document No. 2 on finance 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.

Link to Statutory Finance Document No.2 (March 2023).

Financial Standing Requirements – Standard and International Operator Licences

Licence type	**Vehicles**	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**

Total Operator licences and associated vehicles (incl. community licences)

The Department for Transport (DfT) statistics on the total number of licenced HGVs (axle and tax configuration) for 2021 were released in May 2022 and advised there were 428,050 (UK) and 406,856 HGVs in GB. Using the GB figure as a comparison with the TC (GB) operator licencing information (below) it indicates a gap of 27,954 vehicles above 3.5-tonnes between those registered with operators and those that are, for example available on hire fleets. **The table in question though (VEH0524), was marked for review and no further information has been forthcoming so these could now be considered a guide but may be inaccurate.**

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

O-Licences 2023 v 2022	**decrease 841**	**decrease 750**	**increase 294**	**decrease 1,297**	
Vehicles 2023 v 2022	decrease 784	increase 599	increase 364	increase 179	

Northern Ireland has suffered more than most since 1st January 2021 with crippling trade paperwork requirements and there is ongoing dialogue between Government and the EU over the trading and document issues.

There is modest growth in the number of Northern Ireland (NI) goods vehicle operator licences as detailed in the NI Driver and Vehicle Agency (DVA) Quarter 1, 2021 data with 5,501 operators licences in total (+2.8%) with 22,160 vehicles.

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)

Driver & Vehicle Standards Agency (DVSA)

The Government announced reforms to the Driver Certificate of Professional Competence (DCPC) in mid-December. The RHA has long campaigned for reform of Driver CPC to increase its flexibility whilst acknowledging the importance of continuous training ensuring professionalism and safety standards are maintained. The reforms, as expected effectively create two DCPC routes – national and international.

The DVSA Strategic Plan to 2025, which was published in April, looks to improve their service in the coming two years. Delays and backlogs have caused concerns at least since the pandemic and the future potentially is self-testing as DVSA lays out plans for enhancing Earned Recognition and instead of the typical six-week PMI scheduling they will review the interval periods.

Mandatory laden brake tests remain a concern, especially to the tanker sector following the requirement coming into force from 1 January 2023. You cannot simply empty a fuel tanker and replace the normal content with water without damage occurring. It must go in with diesel as a load after completing a special declaration and of course there is a safety concern, however there is also a large financial issue as well. The DVSA Strategic Plan to 2025, published in April, makes the situation worse and is something operators currently doubt can feasibly be met. There is a working group looking at brake related testing which includes the RHA that is looking at all sector concerns and plans to involve specialist operators too moving forward.

Following trials of longer semi-trailers (LST) that commenced way back in 2012, the DfT has confirmed that this has been extended to 29 February 2024, marking a 3-month extension to the previous end date of 30 November 2023. In theory this is good news as the Government reports that the UK economy could be boosted by £1.4 billion a year and potentially save 70,000 tonnes of carbon dioxide from being released into the air.

There is often a 'but' and in this case following the LST guidance published in May, the RHA has been urging DfT to reduce the requirements for route plans and risk assessments that were due to come in from 30 November despite not being required during the decade long initial trial phase. This was because some members had concerns regarding added pressure being placed on drivers and transport planners along with the significant additional time spent on completing paperwork for each trailer.
cluding from 15 November 2021, the stagin

DVLA

For DVLA there is the return of the HGV Levy aimed at operators of 12 tonnes gvw plus from August on a pro-rata basis for the next VED renewal. For the typical 44-tonne artic thismeans an additional £576 per annum.

HSE Fee for Intervention

The HSE charge rate for 'Fee for Intervention' is subject to annual increments and once again increased from 1st April (2023), from £163 to £166 (1.84%) for a one-year period.

RHA survey on movement of costs

% Total Cost 25.09.22	Cost Category	% Price Movement in period	% Total Cost 30.09.23
12.06%	**Vehicle, Trailer & Depreciation**	13.42%	13.60%
0.28%	**Road Tax**	102.86%	0.56%
2.53%	**Insurance**	7.00%	2.67%
27.73%	**Driver Employment Costs**	6.50%	29.13%
6.18%	**Repairs & Maintenance**	9.50%	6.67%
2.21%	**Tyres: Replacement tyres, tubes etc.**	7.30%	2.33%
16.72%	**Overhead Costs**	8.80%	17.94%
2.19%	**Trailer**	10.20%	2.39%
68.89%	**Total**	xxxxxxxxxx	75.29%
28.95%	**Fuel**	-15.92%	24.01%
1.16%	**Fuel Additive**	-38.59%	0.70%
100.00%	**Total = Fuel + Other Costs**	1.38%	100.00%

Year	PPL Cost	Percentage Movement
2018 Fuel ppl (Average over 2018 (60/40)	101.88	7.04
2019 Fuel ppl (Average over 2019 (60/40)	102.71	0.81
2020 Fuel ppl (Average over 2020 (60/40)	90.61	-11.78
2021 Fuel ppl (Average over 2021) (60/40)	100.53	10.95
2022 Fuel ppl (Average over 2022) (60/40)	139.95	39.20
2023 Fuel ppl (Average over 2023) (60/40)	117.67	-15.92

The overall percentage increase for 2023 based on our own member survey is 9.21 percent, excluding fuel. Once fuel is included, this increase becomes 1.38 percent due to the near 16 percent drop in diesel prices. We separate the two because many firms or work streams operate on fuel escalator basis.

We use a blended year average based on the price of bulk (60%) and card rate (40%) up to the end of September.

The 44-tonne cost model demonstrates annual costs of £151,578 excluding fuel and additive. This is an increase of £12,783 on the previous year.

Including fuel and additive gives the total annual costs for the 44-tonne of £201,326 with fuel at an average price of 117.67ppl to the end of September.

Increases in the individual aspects involved in operating a truck are detailed and highlighted in yellow with the adjusted cost percentages for our 2023 model in the right-hand column.

Full details of the calculations can be found in the 2023 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 this will mean loss of fair revenue.

Vehicle and depreciation: 14.3 percent (trailer 10.2 percent)

Net-zero early adopters have a heavy price to pay for electric options with a number of members commenting over the year that 18-tonne e-HGVs are typically 150% more than a diesel truck of the same type. These are trials and typically where the operators have dozens of diesel variants compared to the token test vehicle. Looking to install enough charge power for more than a few can become a real headache and the national infrastructure is a clear concern especially where on the road charge points are concerned for HGVs moving forward.

Most members responding operated at 44-tonnes (68%) and many commented about the increases once again for 6x2 tractor units with examples ranging up to 40% for purchase options. Leasing though has also had similar hard hits with some commentary that previous lease arrangements would be ended in favour of purchase once more. Purchase is still the chosen method to acquire trucks with 84% of respondents saying they use this medium and 27% saying they lease, obviously some fleets have a mix of acquisition options.

A quick look back at the past five years and the inflationary effects on truck prices; 2019 saw prices increase 2.75%, 2020 was 2.5%, 2021 started the higher momentum at 8%, last year a whopping 20% followed by another big gain this year of 14.3%. A mixture of Brexit, pandemic and Russia/Ukraine war costs have led to this. This is especially the case where trucks from a manufacturer end up being delivered to UK then immediately despatched to an EU body builder to facilitate VAT and customs rules.

Again, there were notifications regarding pre-warning of further increases due next year and of course there is additional cost due to new levels of complexity and safety decrees. From July 2024, the EU General Safety Regulations (GSR) which is a road safety directive means new registrations must comply and have eight safety features included and this, we are advised, will add around £3,500 per vehicle. This is a sore point at present as despite the fact the UK was heavily involved in the development of the standard, the UK has not yet formally adopted it. This appears to be the result of Brexit legislation, and the Department for Transport has confirmed they are still considering this. We are pushing to find out soonest as are the safety group Parliamentary Advisory Council for Road Transport (PACTS) which has in the past year sought assurance from transport ministers and the Prime Minister and of course this affects all motor vehicles not just HGVs. Meanwhile, our view remains that it most likely will be adopted and besides, the manufacturers build for the whole European market and they won't be making UK only spec vehicles in reality, apart from which side the steering wheel goes.

Empty running is a costly drain for operators especially those operating 'for profit' in the Standard Licence categories. Moving forward it is also a clear concern for net-zero considerations. The overall empty running percentage for that sector according to Department for Transport statistics (2022) is currently 30.4% although the 'by category and type' seems to make little difference which is surprising, with artics at 30.2% and rigids at 31.1%. For own account, the overall is 29.2% with 29.5% for artics and 29% for rigid vehicle types. Some work streams such fuel tanker distribution are clearly one-way operations that have no chance of backloading but for the typical general haulage operator finding work to plug gaps is a very keen option.

VED + LEVY: 102.86 percent

The HGV Levy was suspended until 31 July 2023 but is now operational once again for HGVs over 12,000kg operating on a motorway or A road. Although we campaigned against the reintroduction of the Levy, the Chancellor in the March Budget confirmed that it would be reintroduced in August 2023. The levy in its newest form differs from how it operated previously with most being cost neutral although there were large percentage gains for certain combinations. The new levy charges vehicles based on emissions, weight and time spent in the UK. Previously, the amount of levy paid varied according to weight, number of axles and Euro standard. Operators can pay a daily, weekly, monthly or yearly rate depending on how long the journey will last.

The RHA had previously opposed the HGV levy return and is concerned about how the reintroduction of the charge adds financial burden onto small to medium sized operators during a tight economic climate. The LEVY payment will be payable pro rata for the first year of its re-introduction for UK operators and is payable when the VED is due.

Insurance: 7 percent

Insurance costs have increased by 7% compared to last year. Our model shows was an increase from £5,015 up to £5,366 for general haulage rather than any specific sector. Very few members mentioned any form of decreases this year and those that did had very specific reasons such as splitting their fleets into differing sectors and therefore altering risk scenarios.

Driver employment costs: 6.5 percent

Understandably the heat has fallen out of driver pay as in many sectors work has diminished and staff levels are at acceptable levels. New drivers though are not, in many cases, anywhere near as productive or indeed as fuel efficient as more seasoned staff. Recently, some firms have commented that drivers are now knocking on the proverbial door looking to change company or find themselves requiring a new employer as a result of firms going into administration.

According the ONS annual population survey there are 287,600 people who identify their role as a HGV driver however other estimates put this at 304,000 a variance of 5.7%.
Hourly rates though don't seem to have had much modification to last year however what seemed to come through was longer hours being worked once more.

The National living wage for 2024 was announced by the Chancellor on 21 November and will increase more than expected to £11.44 (9.8%). Once again, this places pressure on the lower end of the haulage and vans sector but also warehousing. There are still many firms that pay below that for the first 40+ hours, even for C&E drivers and wages are only made up by working 60-70 hours. This continues to be a serious reason against entry into such roles and we continue to rely on an aging workforce especially where 'trampers' are concerned.

According to latest official statistics by quarter 3 of this year 23% of HGV businesses reported HGV vacancies compared to 43% in quarter 4 of 2021.

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

Repairs and maintenance: 9.5 percent

The effects of technician scarcity are causing concern up and down the country and is recognised by the Traffic Commissioners this year too. In short, it has been reported by members, regional councils and sector specific groups that getting good service, on time is increasingly difficult and that associated costs are spiralling. The position of fitter even hit the national press in the summer when The Times reported it was a role with one of the highest gains at nearly 20%.

Meanwhile, safety developments such as larger windscreens for clear vision also mean larger costs and more frequent down time due to damage from stone chips. Downtime awaiting new windscreens was a factor mentioned too.

Tyres: 7.3 percent

In many cases multiple increases through the year was commented on. Also, the hour upon hour wait for roadside assistance where tyre changes were required.

Overhead costs: 8.8 percent

In his March Budget, the Chancellor killed off the Energy Bill Relief Scheme which added to overhead energy costs. General overheads are a concern, the 'everything is going up' scenario rings true, and some notables were:

- Electric costs especially on-site renewal was commented on
- IT support costs including Microsoft and Google licencing rising over 10%
- Staff salaries
- Site rents

Diesel exhaust fluid (DEF): -38.6 percent

AdBlue pricing cooled as the price of gas reduced and sourcing became less of an issue. Last year we used our 1000 litre IBC price of 92ppl in our calculations resulting in a £2,295 spend at 6% of fuel usage. Prices remained high as we entered 2023 but fell as the months went on and from the halfway point in the year have remained reasonably static. Our price used this year is 56.5ppl again using the IBC price. Rates of mid 30's ppl are possible for bigger users.

Fuel: -15.9 percent

Last year, the cost of diesel for our model 44-tonne articulated truck and trailer increased by more than £16,000 with the average price to the end of September at 139.95ppl ex-vat. Those costs gradually fell through the first half of 2023 getting down to 105ppl in May before starting to rise once again into September. Thereafter, prices started once again to fall. The average price used for 2023 being 117.67ppl up until the end of September based on the split of 60/40 mix of bulk and card pricing.

Many operators use fuel escalator clauses but not all.

Fuel had increased through 2022 partly because of the post-pandemic catch up globally but also and mainly due to the Russian invasion of Ukraine. Our first fuel survey weekly report of 2023 gave a price indication of 127.96ppl and as the weeks/months went by pricing gradually eased into June where pricing steadied for a while in the mid 105ppl range. However, after that point a gradual increase in fuel costs started to occur and this was largely down to Saudi Arabia deciding to cut its oil production. The cuts were announced monthly until early September when they decided to make them last at least until the end of the year. This puts a gradual squeeze on global supply meaning steady price increases to products, in this case diesel. A further blow came to oil production when the Gaza/Israeli conflict erupted following 7th October attacks by Hamas on Israeli settlements and a music festival. Oil prices and fuels tend to spike following issues that likely threaten peace and free movement of goods in the Middle East however this is then tempered by traders/investors considering the global dire economic situation. In other words, Brent oil had increased to $95 at the start of October but just over a month later, briefly it went sub $80. This of course meant that the price of diesel (and other fuels) had started to come back down from the recent high positions.

Regarding forecourt pricing, on 6th December the Competition Market Authority (CMA) updated their view that in 2022, there had indeed been some evidence of 'rocket and feather' at the forecourt with margins on both unleaded and diesel increasing. CMA published their final report on the forecourt sector on 3rd July advising they had found evidence of increased margins and that they would be bringing in a fuel finder service in the future. In November, CMA issued its first quarterly monitoring report showing its continued concern about margins and pricing versus wholesale costs warning effectively that prices needed to fall.

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.

HVO is a drop-in alternative to diesel which results in around 90% less CO2 emissions, however it is costly to manufacture and costs 30/40ppl more than regular diesel. If a contract factors in the cost, then all well and good otherwise another immediate option is to use a high biodiesel blend which can become a cost neutral scenario. Obviously there needs to be a check with your vehicle manufacturer but some are now technically specified to be able to run on B100. It may require more frequent filter changes but if a company needs to consider its CO2 options right now then this is worth a look.

Fuel pricing

At present, despite Saudi production cuts, Brent is hovering between $80-83 (late November). The year itself had started around $79 and the average for the year is pretty much the same as current pricing.
We are on a par with pre-invasion wholesale rates (early Feb 2022) although Brent was around $10 a barrel more expensive then. The difference? Well, the difference is the 5ppl fuel duty cut that is due to be reinstated March 2024 - but will it?

Large commentators in the finance markets predicted as recently as September that Brent would peak over $100 for 2023. Goldman Sachs recently reduced their estimate from $110 to $100 and the US Energy Information Administration (EIA) has predicted $92. The situation has improved, at one point in late September Brent was indeed approaching $100, it got to around $97, has since fallen back despite the repeated production cuts. The global economy, in a nutshell isn't supporting higher prices and although there have been gains it seems the reality of the economic situation forces the rate to calm down. We wait of course for the next unforeseen event.

Based on the forecasted Brent rate for 2023 of $92 (between $90 & $95) and the exchange rate at the current level:

- Renewable Transport Fuel Obligation (RTFO) increase from 1 January 2024 at 1ppl (approx.)
- Fuel duty back to 57.95ppl from the current rate - 5ppl lower (23 March 2024).
- The average could be around 130ppl ex-vat for bulk.

The following points need consideration:

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 119 to 131 cents averaging so far around 124.2 cents.

Fuel duty: In the Spring Statement 2022, the Chancellor cut 5ppl off fuel duty for 12 months in response to massive fuel cost increases. This was held once again in the Budget of March 2023 for a further 12 months. In March 2024, the expectancy therefore is that fuel duty should rise once again by at least the 5ppl that it was reduced by. The reality however is that in the current economic and political climate that would simply be another nail in the coffin for the Government with a General Election at that point just a matter of months away.

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 2024 split and below we list the 2023 calculation:

- Diesel 87.84% with October $922.69 per tonne (2022 = 88.28% & $1209.98 per tonne)
- Bio 12.16% with October $1249.08 per tonne (2022 = 11.72% (Oct $1748.43 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-22	151.03	113	91.77	1273.08
Nov-22	139.55	117	89.18	1117.84
Dec-22	127.56	122	81.7	997.09
Quarter 4 (2022) Average	139.38	117.33	87.55	1129.34
Jan-23	128.84	122	84.03	1036.48
Feb-23	122.48	121	83.22	921.87
Mar-23	118.04	121	78.76	867.29
Quarter 1 (2023) Average	123.12	121.33	82.00	941.88
Apr-23	112.8	125	83.11	813.81
May-23	105.72	125	75.56	724.61
Jun-23	107.56	126	75	773.57
Quarter 2 (2023) Average	108.69	125.33	77.89	770.66
Jul-23	111.24	129	79.89	851.46
Aug-23	120.53	127	84.62	968.94
Sep-23	127.06	124	91.43	1040.1
Quarter 3 (2023) Average	119.61	126.67	85.31	953.50
Oct-23	124.41	122	88.7	962.38
Nov-23	117.95	124	82.04	890.21

RHA wins

A list of wins and process we have been involved in this past year:

Driver facilities

- UK Government driver facilities taskforce established.
- National audit of lorry parking spaces published.
- £52.5 million grant funding scheme to improve driver facilities.
- Reforms to planning guidance
- Streamlined process for the Nationally Significant Infrastructure Project (NSIP) consenting process.
- New UK Government Minister for haulage established.

Net-zero

- Scottish Government Zero Emission Truck Taskforce established.
- Government invests £200 million in trialling zero emission HGVs .
- Department for Transport consulting on exemptions to phase out diesel HGVs.
- A strong local voice.
- Government taskforce established to tackle Tamar Bridge tolls .
- Cambridge City Council to scrap plans for a congestion charge.
- Manchester Clean Air Zone delayed and under review.
- Bath Council drops plans to charge Euro IV HGVs

Costs

- Fuel duty previous cut and frozen once more to March 2024.
- Vehicle Excise Duty for HGVs frozen once again.
- Reducing the impact of rising energy costs and disruption

Supporting Northern Ireland hauliers

- GB-NI Trader Support Service extension.
- Windsor Framework – groupage.

Skills

- Funding for apprenticeships increased.
- Skills Bootcamps for HGV drivers extended once again.
- Review of Driver Certificate of Professional Competence (CPC).

Regulation

- Extension of Longer Semi-Trailer trial.
- Longer heavier vehicles (LHVs) feasibility study.
- Secured change in 28-day tacho recordings.
- Consultation on removal of the 50km restriction for 18 – 20-year-old bus and coach drivers.
- Restrictions on abnormal load movements.
- Future of Freight: a long-term plan published

The future

In the Autumn Statement, the Chancellor announced that planning and infrastructure is suffering from delays and that he planned to deal with removing barriers to investment and supporting infrastructure. He said he was overhauling the UK's outdated planning system and addressing lengthy delays to connect to the electricity grid; and making the economic regulatory framework more pro-investment. This is something the RHA has been campaigning for and if he follows through then it should be useful for the future.

- In November it was announced that the Grangemouth refinery operated by Ineos/PetroChina will be converted into an oil import terminal. It looks like it cannot compete with the mega refineries recently built in the Middle-East & Asia.
- Capital allowances: permanent full expensing – Full expensing will be made permanent in the Autumn Finance

Bill 2023, so that investments made by companies in qualifying plant and machinery, after 1 April 2026, will continue to qualify for a 100% first-year allowance for main rate assets, and a 50% first-year allowance for special rate (including long life) assets.

- While cars & vans will have additional levels of VED this will not apply for HGVs and the HGV levy will both remain at 2023-24 rates for 2024-25.
- GSR2024 looks to add safety to modern vehicles from July 2024 but also added cost and for a typical HGV this has been estimated at around £3,500 per truck.
- Alternative fuelled vehicles are still too expensive – generally three times the price with much lower capability.
- Fuel duty once again is under threat of going back to 57.95ppl in March 2024 after it had been reduced by 5ppl as a measure to help during the recent energy crisis.
- Late payment measures from April 2024

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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