

Fleet management: operator survey 2019



In association with



MotorTransport

Welcome...

As one of the largest independent contract hire, fleet management and rental providers in the European commercial vehicle market, it is imperative we understand how our customers – and of course, prospective customers – view the industry in which we work.

This was the rationale behind commissioning this detailed report with *Commercial Motor* and *Motor Transport*. Our aim was to develop a deeper understanding of how fleets are reacting to some of the key issues in our sector, tackling a wide range of subjects including connectivity, compliance and innovation.

With more than 40 years' experience in the UK market, and a fleet of 58,000 commercial vehicles under our management across Europe and the Middle East, we pride ourselves on being far more than simply a vehicle supplier. We believe it is important to stay ahead of the curve and to understand what is truly driving change in our industry.

One of the key topics we've looked at is the growing role played by connected technologies in our vans, trucks and trailers. For example, how many fleets already use advanced telematics, dashcams or conduct detailed driver behaviour analysis on the back of the huge amounts of data being generated by their vehicles? And for those who don't, are they planning to – and when?

We also felt it was important to look at the challenges many fleets are facing – including driver shortages, tightening regulations and, indeed, sustainability.

By asking these important questions, we are able to better understand what is really happening in the sector, which allows us to tailor our offers to the market accordingly.

My sincere thanks to everyone who took part in this research. We hope the collective findings presented in this report are as useful to you, as they are to us.



James Walker
Commercial Director, Fraikin

Fleet compliance and efficiency are the key drivers for any successful goods operator. But as regulations around vehicle safety and emissions tighten and the industry's HGV driver shortage shows no sign of easing, businesses face a challenging operating environment. This research focuses on topical fleet compliance issues, from the merits of the DVSA's Earned Recognition programme, through to efficient use of telematics and connected systems. It will provide an insight into the key fleet management stresses operators face, as well as gauge industry interest for opportunities presented by new technology.



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What does this report tell us? What are the trends in fleet management today?

To produce this report, *Commercial Motor* and *Motor Transport* surveyed their readers: of the sample, 58% were board directors, owners or senior managers at UK road transport operators, with a further 24% comprising middle management (the remainder comprises a variety of other roles).

Companies of all sizes are well represented in the survey. One fifth (19.1%) have fleets of one to five vehicles, while some 27.7% have fleets of more than 101 vehicles.

The average fleet size for our sample of operators was 280 trucks.

Just over one quarter of the operators (25.9%) have a turnover of less than £2m, while at the other end of the spectrum, 4.8% have a turnover of more than £500m. The average turnover for those surveyed was £71m.

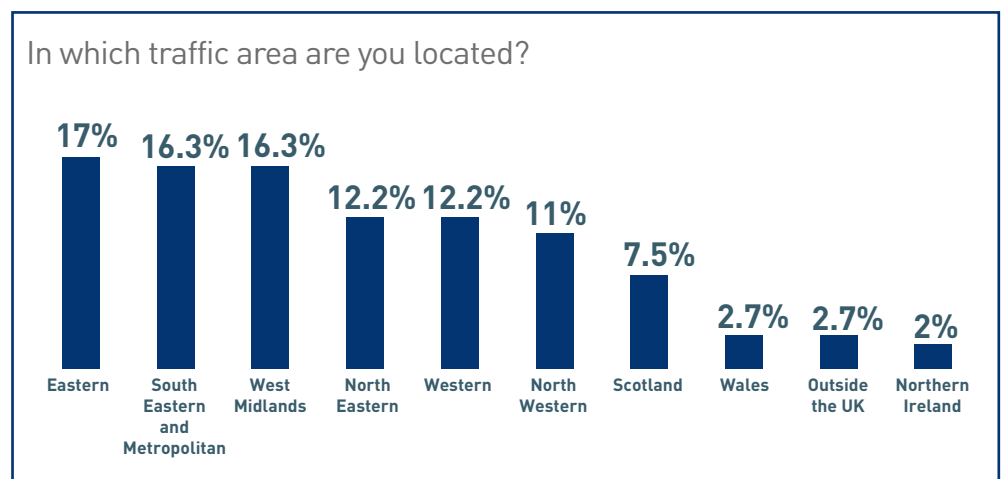
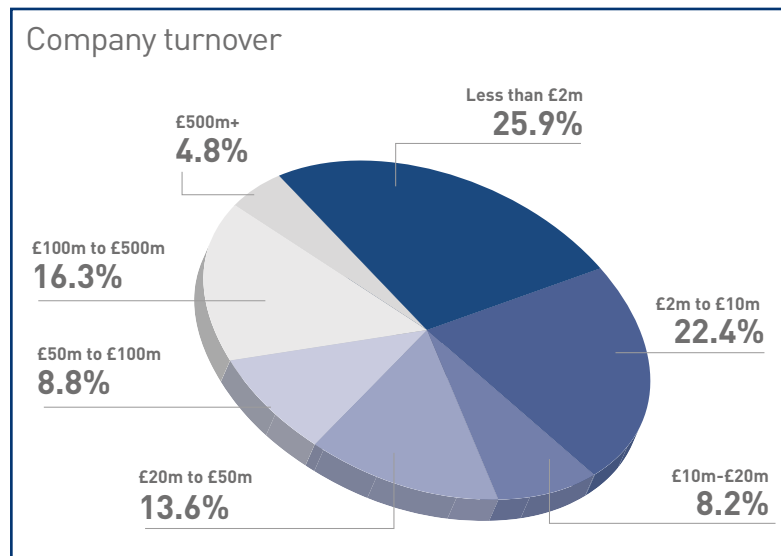
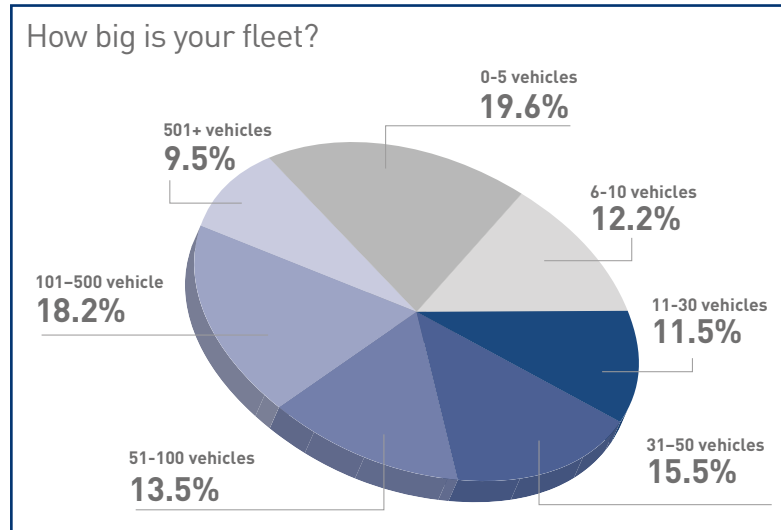
Operators are split almost equally between third party logistics providers (46% of the respondents) and own-account operators (41% of the operators). Public sector, along with municipal and waste operators account for the bulk of the rest.

The geographical location of the respondents reflects the main centres of transport operations. Some 17% come from the Eastern traffic area, while 16.3% are based in each of the West Midlands and South Eastern and Metropolitan areas.



Respondents

A full breakdown of operators surveyed for report



Fleet utilisation and challenges

We ask businesses how easy it is to run an efficient commercial vehicle fleet in today's operating climate and about their key stress factors

In the past three years, the logistics sector has faced a complex operating environment.

Factors such as Brexit uncertainty, a worsening driver shortage and stricter regulations around emissions and safety in urban areas have all posed a challenge for operators.

Margins remain squeezed across much of the industry and operators are making difficult decisions around which contracts or sectors to continue with.

Add to this an increasing pressure from customers to improve the sustainability of their transport movements, and it has never been more essential to ensure fleet utilisation is managed to perfection.



CASE STUDY: FRAIKINVIEW AT THE NHS

Fraikin fleet manages 350 NHS Blood and Transplant vehicles, including emergency response cars, light commercials, and 7.5-tonne refrigerated trucks – all of which collect and transport blood and blood-related products nationwide.

Tom Hammond, national fleet services manager at NHS Blood and Transplant, says:

"The reliability and efficiency of our emergency vehicles is paramount to the service we provide; an unexpected breakdown can literally be the difference between life and death.

"The national reach of Fraikin's mobile technician network ensures any unexpected issues we encounter are handled quickly and effectively, while the company's ability to structure a bespoke

maintenance plan to fit around our fleet, while also adhering to strict Key Performance Indicators (KPIs), is first class – as it has been since 2002."

The KPIs set by NHS Blood and Transplant include a minimum 98% vehicle availability, a 100% MoT pass rate and a first-fix rate for any breakdowns of 99% – all of which Fraikin continually meets or exceeds.

The maintenance schedule is managed by the team at Fraikin's headquarters in Coventry, which also provides a 24/7 helpline for any immediate issues. To maximise vehicle uptime, Fraikin has also tailored the contract to include relief vehicle cover from its own rental fleet – supplying NHS Blood and Transplant with temporary vehicles to replace any assets that are booked into the workshop.

In addition, NHS Blood and Transplant makes full use of the FraikinView online portal, which provides a complete overview of all scheduled maintenance work, alongside a wealth of fleet documentation to aid vehicle compliance.

Hammond adds: "FraikinView provides detailed information about every vehicle, so I know in advance when any warranty or servicing work is due. It's so effective, we have been able to free up members of our team to focus on other areas of the business."





What are the key stress factors in the job?	
Managing drivers	64%
Managing fleet compliance	52%
Pressures to reduce costs	51%
Never being able to 'switch off'	51%
Meeting customer expectations	49%
Adapting to new legislation	44%
Managing vehicle availability	38%

More than half of the operators we surveyed (53%) said their vehicle fleet assets were now being worked more intensively than three years ago.

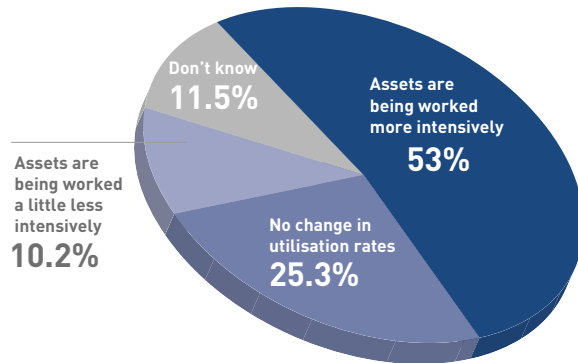
The impact of this on fleet vehicle availability was reported as 16.4% seeing an increase in downtime, 22.4% highlighting a decrease in downtime, while half had not seen a change in availability as a result of more intense road use (49.7%).

More than half of operators state a key driver for the change in fleet utilisation (57%) is the push for greater efficiency saving, followed by contract wins (34%) and driver shortage challenges (27%).

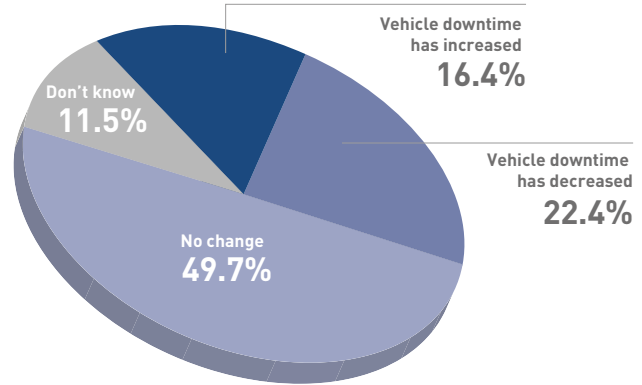
Other comments include:

- “Constant roadworks and closures affect all aspects which technology cannot fix. Journey times have hit rock bottom on the roads, especially during the night.”
- “Downsizing due to a lack

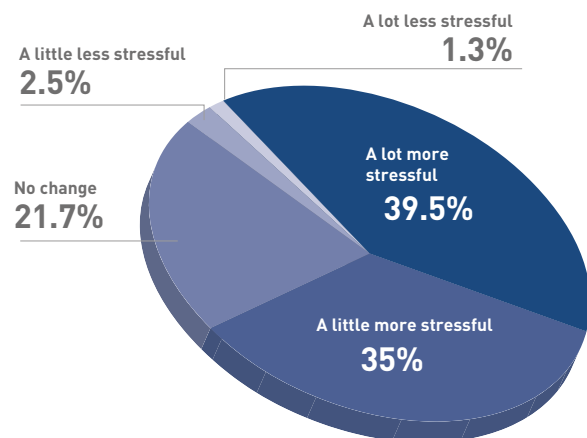
Over the last three years, how has the utilisation of your commercial vehicle fleet changed?



What impact has this had on your fleet availability?



Has managing a commercial vehicle fleet become more or less stressful in the last few years?



of decent drivers and customer liquidations.”

- “Inner city restrictions.”
- “Better support from 3PLs, reducing own fleet dependence.”

Whatever the reasons behind a change in vehicle utilisation, a significant majority agree that

managing a commercial fleet has become more stressful in the last few years: 39.5% believe it is ‘a lot’ more stressful, while 35% agree it is ‘a little’ more stressful.

Only 3.8% found it less stressful, with the remaining one-fifth (21.7%) citing no change to stress levels.

Driver recruitment and training

We explore the key factors around attracting new drivers and CPC training

The UK's HGV driver shortfall has continued to climb over the past few years, with the figure between 59,000 and 60,000 according to the Freight Transport Association (FTA) and Road Haulage Association (RHA) estimates.

Recruiting younger people to the sector remains a challenge, with the RHA revealing the average age for an HGV driver is now around 55, with only 1% under 25. While the FTA reports that 60% of its members' driver workforce is over 44 and only 19% under 35.

Reasons cited for the lack of interest in joining the sector are varied, from a negative image of the job and little understanding of the career opportunities in logistics, through to unsocial working hours and poor facilities on the road.

While the financial barrier of obtaining an HGV licence at a cost of around £3,000 deters many wishing to pursue a driving career.

Add to these challenges the impact that Brexit and declining net European migration are also having



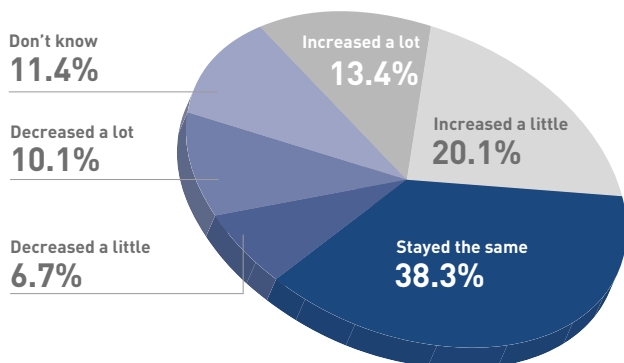
on the driver pool and the situation has really begun to reach crisis point. Indeed, the RHA highlights that the industry is currently reliant on 60,000 non-UK EU nationals.

Sally Gilson, head of skills campaigns at the FTA, says: "The logistics sector is the lifeblood of the nation's economy, supplying

businesses with the goods they need to operate and contributing a total £124bn gross value added each year.

"The UK economy cannot operate without HGV drivers; they are an integral part of the logistics workforce and a vital cog in the UK's interconnected supply chain. Without them, businesses would simply come

Has your use of agency drivers increased or decreased over the last year?



THINK LOGISTICS

Think Logistics works with schools, colleges and universities throughout the UK, delivering workshops and presentations to show young people the different careers and opportunities available in the logistics sector.

It was founded originally by Steve Granite, MD at Abbey Logistics, who himself started at the business as an apprentice at a young age. The scheme has now grown and is supported by charity Career Ready, NOVUS, the FTA, CILT and a growing number of different-sized operators.

For interested students, the scheme provide mentors, work placements, internships and access to graduate placements through linking local businesses and educational establishments.

One successful student says of the scheme: "When I first joined [the scheme], I thought logistics was just about trucks, but I now know it's a lot broader than that, with lots of careers. The internship has given me an insight into what I could be doing in the future and has made me more determined to go into accountancy and do an apprenticeship."

FLEET MANAGEMENT

grinding to a halt and Britain would find it very hard to keep trading.”

Our readership survey found that 70.4% of operators found it a struggle to fill HGV driver vacancies at times. More than a quarter (27.6%) always found it challenging, while 42.8% sometimes struggled to recruit. Only one-quarter of businesses never found it difficult (25.7%).

The use of agency drivers to fill the shortage saw a mixed response.

One-third saw an increase in usage: 20.1% by a little and 13.4% by a lot.

Around 38.3% said their use of

agency drivers had remained the same, while 16.8% cited a decrease: 10.1% by a lot and 6.7% by a little.

The impact of the driver shortage across businesses we surveyed saw a number of challenges faced by operators.

Half of those responding (51%) said the issue took up management time, while 45% cited a rise in recruitment costs and 41% additional administration work.

A significant 38% found the situation created stress in their own roles, while a third (33%) found agency driver costs to be higher and business expansion opportunities restricted (32%).

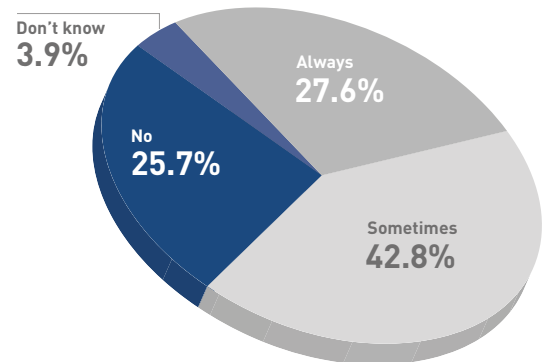
To combat the driver shortage, industry trade associations continue to lobby the government to ensure the right level of financial assistance is available to support operators wanting to recruit and train new candidates.

One such financial initiative available to industry is the Apprenticeship Levy, launched in April 2017, which sees all businesses with a wages bill of £3m or more to pay an additional 0.5% tax on this to the Treasury.

Employers can then claim back the cost of employing eligible apprentices from the levy pot.

However to date, of the £300m paid out by logistics firms, less than

Do you struggle to fill HGV driver vacancies in your fleet?



10% has been drawn back out. If funds are not drawn down within two years, they then get reclaimed by the Treasury.

Both the FTA and RHA have labelled the levy not fit for purpose and have been keeping pressure on the government to reform the scheme.

A key challenge for operators has been finding suitable apprenticeships that really meet the needs of businesses.

For example, until now the LGV Driver Apprenticeship has only included the provision on a Category C driving licence for rigid trucks, rather than the C+E licence required by most operators to enable the driving of artics.

In October 2019, the Institute of Apprenticeships finally agreed that C+E licences could be included in the scheme, however it could take a number of months before the administration behind this is finalised.

During which time all-important unused funding will continue to be reclaimed by the government.

The FTA and RHA also argue that the levy should not solely focus on apprenticeships and look to expand the options to vocational training and courses suited to part-time workers, for example.

Proactive schemes to encourage new recruits into driving careers are also springing up both at national level, led by industry associations, and at operator level working with local communities or upskilling existing employees.

ROAD TO LOGISTICS

Road to Logistics aims to address the professional driver shortfall, while supporting those in society who may need a helping hand.

It is run in collaboration between RHA and technology firm Microlise, with additional support from Care after Combat, the charity chaired by Jim Davidson OBE.

The scheme gives veterans and reformed offenders the opportunity of a secure long-term career in transport and logistics.

Individuals will go through a programme of activity that ends with them securing qualifications such as HGV licences, to enable them to begin a career in the transport and logistics industry.

In September 2019, the scheme received a £1m funding boost by the government to support its objectives.

WAREHOUSE TO WHEELS

Moody Logistics has proved that apprenticeships can be successfully used to train HGV drivers after training up former warehouseman Alex Skelton to a Category C truck driver.

Skelton, 22, started work in the Cramlington firm's distribution depot in September 2018 as part of its warehouse-to-wheels apprenticeship programme and has now gained his HGV licence after

training with Tyneside Training Services, part of Gateshead College Group.

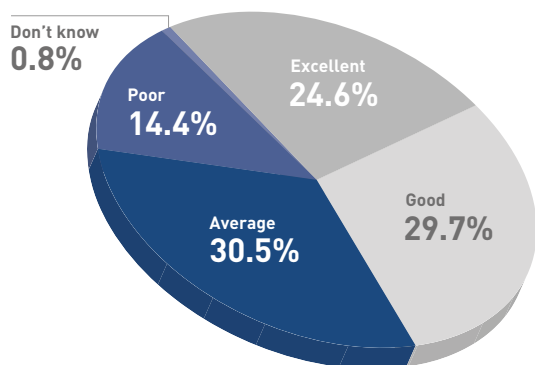
Richard Moody, operations director of Moody Logistics, said: "There is an estimated 60,000 shortfall of qualified HGV drivers nationwide and the warehouse-to-wheels initiative is one way that haulage companies can solve their recruitment needs.

"Alex has, through his work in the warehouse, gained a much more in-depth knowledge of the logistics business. He has displayed an excellent attitude throughout and was such a success that we have decided to recruit another driver apprentice.

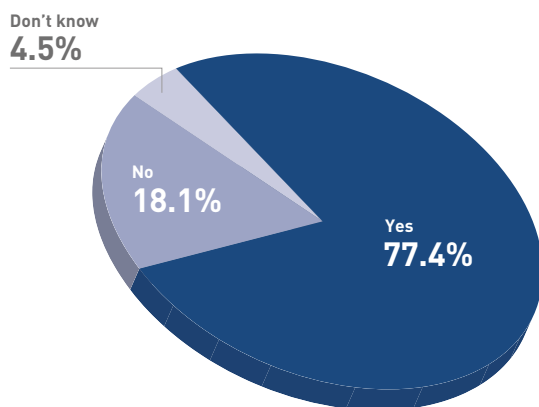
"The average age of a trucker is more than 50, so it's vital to bring new people into the industry as any continued driver shortage affects this country's economic fortunes by restricting its ability to move goods."



How do you rate the overall quality of the Driver CPC courses your drivers have attended?



Does your business book and absorb the costs of Driver CPC training on behalf of drivers?



DRIVER CPC TRAINING

Fraikin was one of the first companies in the UK to commence Driver CPC training in September 2009, with 70 attendees completing their first day's periodic training with the company just days after the training came into force.

Since then Fraikin has successfully trained thousands of HGV drivers from across the country.

Fraikin has been certified and audited by the Joint Approvals Unit for Periodic Training (JAUPT) as an approved training centre with an accredited course syllabus that covers the HGV elements of the Driver CPC.

Courses cover:

- The rules and regulations governing the road transport industry;

- LGV-specific regulations;
- Loading and best practice;
- Vehicle safety, control systems and efficiency; and
- Customer services and driver best practice.

How much does training cost?

Drivers or firms booking their place currently pay just £60 per driver, per day – reduced to £40 for existing Fraikin customers. This covers seven hours' training, a certificate of attendance and prompt upload of details to the DVLA database upon completion.

Should I wait until after Brexit?

Whatever happens with Brexit, we believe it is unlikely that Driver CPC training will change in the short term. We therefore recommend companies book their drivers onto courses.

Driver CPC

September 2019 saw the 10-year anniversary of the Driver Certificate of Professional Competence (Driver CPC), which is a legal requirement for all HGV drivers to complete 35 hours of periodic training every five years.

Anyone caught driving professionally without having renewed their Driver CPC qualification can be fined up to £1,000 by the DVSA.

We asked our operator readers what value they felt it had added to their businesses since its introduction, who bears the costs of the required training, and how good was the calibre of courses they've experienced.

Following the second five-year block of training, around half (51.6%) of those surveyed did not think Driver CPC added any value to their operation.

Of this figure, one-fifth (20%) comprised the smallest operators running 0-5 trucks, while 6.5% of those running the largest 501-plus truck fleets felt this way.

Around one-quarter (23.5%) felt their drivers were safer on the road, while 22.2% agreed they had acquired new skills and 15.7% said

drivers felt more invested in the business.

Other responses included:
 ■ "I think there is value and many drivers will have had a refresher from it, but I don't feel that drivers think there is any value, which is a shame."
 ■ "More administration to manage another risk."
 ■ "Minimal added value, it needs to become a pass/fail."

When it comes to paying for Driver CPC courses, a significant 77.4% of operators absorbed the costs for their employees, while a further 18.1% said they did not. Of those not covering costs for employees, around half were from the smallest firms: 35% of those running 0-5 trucks and 28% of those running 6-10 trucks.

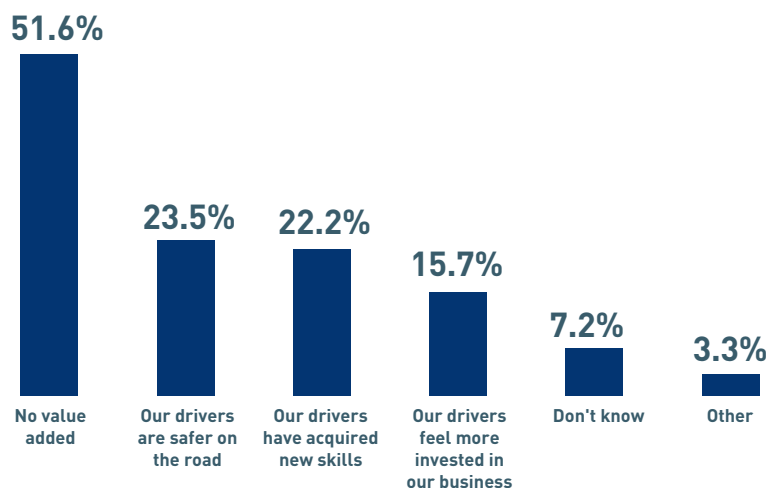
The quality of classroom-based Driver CPC courses has come under scrutiny from operators over the years, so we asked our respondents their thoughts.

One-quarter (24.6%) found the quality to be excellent, with a further 29.7% finding them good.

Just under one-third (30.5%) found them of average quality, while 14.4% stated they were poor.

One-quarter (24.6%) found the quality to be excellent, with a further 29.7% finding them good.

A decade on from the introduction of the Driver CPC, what value has it added to your business? (respondents were asked to select all that apply)



Truck and trailer telematics uptake

We explore operators' usage and understanding of the benefits of the latest telematics systems

Fleet telematics systems can offer operators a host of benefits, from the ability to track vehicle movements in real-time, through to production of reports on driving style and fuel consumption.

The data generated by on-board electronics is vast and ever-expanding, but knowing how to use and manage this information is paramount if operators want to reduce costs and boost fleet efficiency.

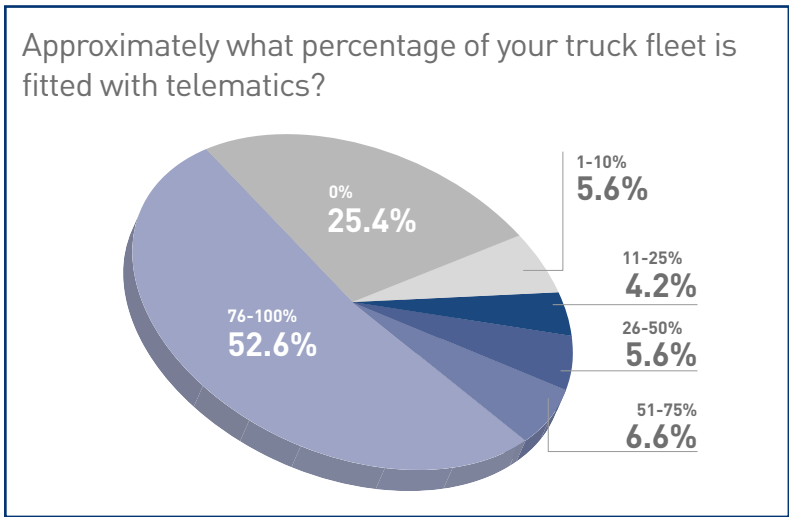
Operators are faced with choosing between OEMs' own in-built systems versus third-party technology and whether to manage the systems themselves or outsource to a dedicated company to provide personalised reports.

In our survey, more than half of operators (52.6%) stated that 75-100% of their trucks were fitted with telematics.

However, there was still a significant 25.4% reporting no telematics on their trucks at all. The majority of those who used no telematics (69%) comprised the smallest operators running 0-5 trucks, while those at the other end of the scale with 501+ vehicles all used some degree of telematics in their fleets.



52.6%
OF OPERATORS HAVE
75-100% OF THEIR TRUCKS
FITTED WITH TELEMATICS



When it came to trailers, around half (48.1%) of those surveyed did not install telematics on their units, whereas 18.9% used telematics on 76-100% of their fleet.

Respondents were split down the middle when it came to using a single telematics provider across their fleet, with 55.2% saying yes and 44.8% saying no.

It was perceived by a third (32%) of those who didn't use a single provider that they did not extract the full benefits of the system, with additional management time, extra costs and difficulty drawing comparisons between vehicles also significant issues.

HOW WE ENSURE YOU UNLOCK THE POWERFUL TECH IN TELEMATICS

Telematics systems have long since moved on from simple vehicle tracking and they are now providing access to incredible amounts of data designed to maximise operational efficiency, increase driver safety and improve vehicle reliability.

At Fraikin, our fleet management expertise is unleashing data to provide a proactive and dynamic way to maintain our customers' fleets. Live alerts of potential issues sent direct to our network of mobile technicians is making a real impact on our customers' vehicle uptime. Latest-generation software allows the monitoring of driver behaviour, meaning fleets can create bespoke training programmes to improve skills, which not only reduces costly damage repairs but drives down maintenance spend.

We have installed a small dashboard-mounted system in a large number of our maintained vehicles, which provides drivers with live feedback from the road, with alerts triggered by excessive idling, harsh

acceleration, braking and speeding. The data can help better understand how a customer's vehicle is performing and allow them to introduce a safer driving culture.

However to unlock these significant benefits, you need a fleet management partner who can understand, analyse and manage this complex data. And this is precisely where Fraikin can help.

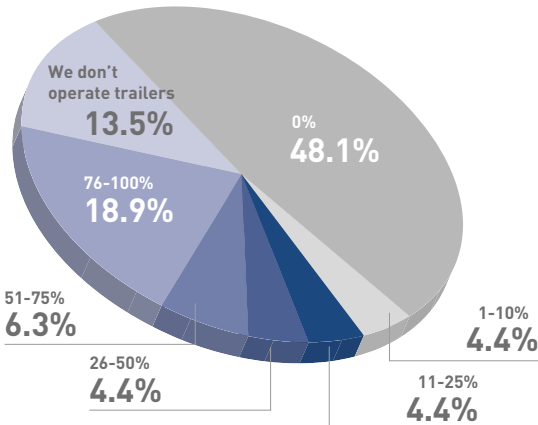
As a market leading innovator in the commercial fleet sector, we are perfectly positioned to manage the rollout of this technology.

What's more, the results are proving a positive benefit in our customers' fuel efficiency.

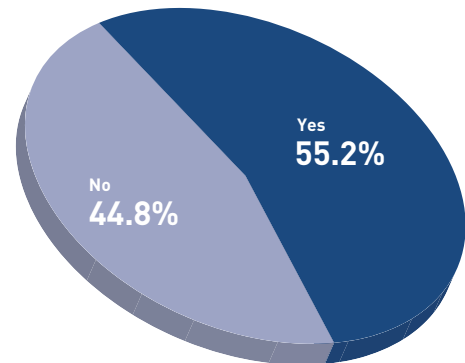
Working in this industry is never dull – but the data challenge is one that we have never experienced before. We are at the beginning of an exciting new chapter where data, and how we use it, will make the difference in efficiency and profitability.

Lorraine Sculley, contract manager, Fraikin

Approximately what percentage of your trailer fleet is fitted with telematics?



Do you use a single provider for telematics across your fleet?



Making connections

Which connected vehicle technologies have operators already switched to?

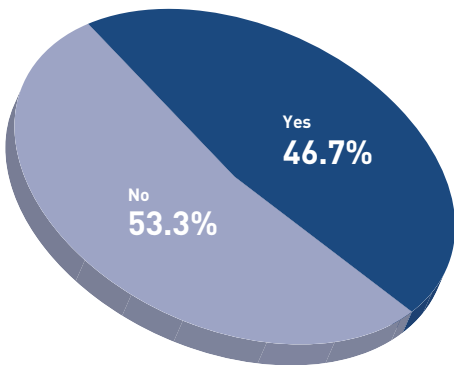
Connected vehicle technology is a huge growth sector for the UK.

So much so that the government launched a dedicated Centre for Connected and Autonomous Vehicles (CCAV) in 2015, as a joint policy team between the Department for Business, Energy & Industrial Strategy and the Department for Transport.

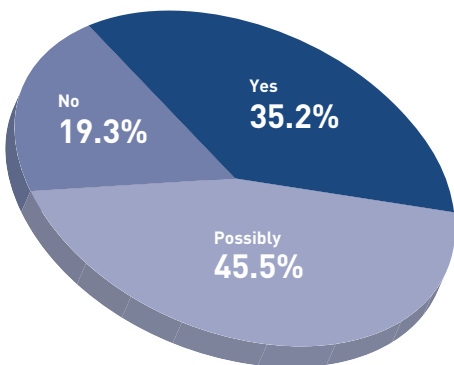
The CCAV is providing £250m in funding, matched by industry, to position the UK at the forefront of research, development and use.



Can you manage all your connected vehicle technologies?



Would it be helpful in the future to be able to manage them through a single online portal?



It says: “This will contribute to UK economic growth and help industry to develop safe, efficient systems to move goods and help people get around.”

One sector where the potential of connected technology is already making rapid progress is road transport: an industry where operators fail or prosper on the efficiency of their fleet movements and uninterrupted flow of goods.

Information provided from connected trucks can provide a stream of real-time data to help both manufacturers and operators alike.

On the manufacturing front, for example, OEMs are able to receive accurate diagnostic reports when vehicles need repair or maintenance

to ensure parts are ready when required.

But they can also use insightful operational data, such as driving style and fuel consumption, to help fine-tune future design and boost vehicle efficiency.

For operators, our survey suggests that fleet compliance, safety and cost control are the key connected technologies being used on today’s fleets.

Truck telematics to drive fleet efficiency takes the number-one spot with 70.9% of those surveyed using it to some extent and a further 6.7% interested in using it in the future.

Speed monitoring, with 60% of the vote, and forward-facing dashcams at 57% are the next most popular connected technologies. Both providing a safety and cost benefit in the form of reduced incident rates and associated insurance premiums.

A wide range of other connected technologies were used by operators, with the next most popular being 360-degree camera systems (36.1%) and remote digital tachograph downloading (32.7%).

When it comes to managing multiple connected vehicle technologies, operators were split down the middle: 46.7% were able to manage them through a single online portal, while 53.3% were unable to. But 80.7% agreed it could be useful in the future.

Which of the below connected vehicle technologies do you have in your fleet currently, and which are you interested in?

	Currently have	Interested in	Neither
Truck telematics	70.9%	6.7%	22.4%
Trailer telematics	33.8%	14.6%	51.6%
Axle-weighting systems	22.6%	19.9%	57.5%
Forward-facing dashcam	57.0%	18.4%	24.6%
360-degree camera systems	36.1%	27.7%	36.2%
Tyre pressure monitoring	20.8%	27.5%	51.7%
Wheel security sensors	20.4%	25.9%	53.7%
Remote digital tachograph download	32.7%	30.1%	37.2%
Speed monitoring	59.7%	11.3%	30.0%
Remote diagnostics	23.3%	30.1%	46.6%
Temperature control / monitoring (for reefers)	16.6%	10.3%	73.1%

Earned Recognition

Our survey helps form industry opinion on how the DVSA's Earned Recognition scheme has been adopted by operators since its rollout last year

Launched in April 2018, the DVSA's Earned Recognition scheme is a voluntary scheme for all operators who can demonstrate a strong track record of compliance and adherence to standards.

It was created as a way for the DVSA to focus its ever-squeezed resources onto operators posing the greatest risk to road safety and reduce the burden on highly compliant firms by rarely stopping them for roadside checks unless something is visibly wrong with the vehicle.

To achieve Earned Recognition status, the DVSA says operators must be able to show they have robust systems and processes that "promote effective and proactive transport management".

By allowing DVSA to remotely monitor their compliance systems, checks can be carried out on a set of agreed KPIs, which will provide assurance the operator is effectively managing its transport operation and functioning in a compliant manner.

In exchange, these operators benefit from fewer roadside checks and visits from enforcement officers, enabling more vehicle uptime.

The DVSA says for already compliance-savvy operators, joining the scheme is a simple process. Even for those who don't already have systems in place, it can provide a good opportunity to put in place stronger fleet management tools.

Early adopter fleets included family-run operators such as Freightlink Europe (see box on page 15), right up to large household retailers such as John Lewis & Partners and Pets at Home.

Since its launch in spring last year, 74 business have gained Earned Recognition. This covers 210 HGV operator licences, responsible for



FRAIKIN: “DIGITISATION OF COMPLIANCE IS JUST THE TIP OF THE ICEBERG”

Fraikin has been impressed with the benefits of what the Earned Recognition scheme has offered its customers since its launch last year.

As a founder member, and the only full-service contract hire, rental and fleet management company involved in the scheme, Fraikin has been able to offer a fully consultative and advisory service to help customer fleets secure and maintain Earned Recognition status.

It says this has opened a wealth of benefits, including increased vehicle uptime and a reduction in DVSA roadside stoppages.

Dave Archer, head of risk, data, financial planning & analysis at Fraikin, says: “From the outset the DVSA’s goal was to increase transparency, all while driving the industry into the digital age.

“Everything we are doing as a business is about enhancing the customer experience; we’re being very clear with operators that Earned Recognition is a first step towards digitising the industry, and it’s a future they can be part of right now. We’ve been showcasing the benefits to our customers and are encouraging as many as we can to get involved.”

Earned Recognition provides operators with a digital record of both driver and vehicle compliance, which is instantly accessible to the DVSA. Vehicles on Earned Recognition don’t need to be stopped for roadside checks, dramatically cutting downtime and improving efficiency. In fact, only 3.85% of Fraikin vehicles on Earned Recognition were stopped in 2018, versus the national roadside stoppage rate of 60.4%.

As a founder member, Fraikin will continue to work alongside the DVSA to steer the future of the scheme, meaning it can influence factors like measurement calculation, monitoring methods and industry governance. This affects leasing, rental and maintenance, which covers a vast range of its UK customer base.

Fraikin’s unique Earned Recognition status also means it is both a vehicle operator and IT systems supplier, accreditations that pay testament to its

continued investment in innovation.

This combined approach means not only is one of Fraikin’s major customers covered through Earned Recognition (a customer where Fraikin also holds the O-licence), but so are five operating centres. Fraikin is also able to manage data from its 10,000 strong UK fleet to help its customers comply.

This can even be done for customers running mixed rental fleets, whereby Fraikin is able to merge fleet data to enable operators to still comply with Earned Recognition even if their other rental partners are not members themselves.

Despite the significant efficiency and operational benefits Fraikin believes Earned Recognition offers, it acknowledges the relatively slow take-up from UK operators to date.

“I think the adoption rate for Earned Recognition really reflects industry’s mindset at the moment towards digitalisation. Operators can’t see the benefits that increased visibility of fleet compliance and increased vehicle on-road time can bring,” says Archer.

However, he believes the tipping point has now arrived whereby digitisation of the sector is inevitable.

“There’s going to be a huge shift in the UK logistics sector towards becoming a more digitised market,” he says.

“It happens in every market (such as manufacturing and finance, etc) and has been building year on year to now reach critical mass: if the logistics sector doesn’t evolve and acknowledge this change, it could see someone from outside the sector come in and take over.

“Digitisation of compliance is just the tip of the iceberg. If people are really struggling to see the advantages of this and the digital supply chain and to take the manual resource out of the equation, then these will be the businesses that may find it difficult in the next five to 10 years.”

Dave Archer, head of risk, data, financial planning & analysis, Fraikin



22,000 lorries – 8% of the UK lorry parc as it stood when this report was published.

So what does industry think of Earned Recognition and what are the factors influencing take-up?

A significant 40.3% of operators surveyed stated they are not pursuing Earned Recognition in any way. Of this number, more than one-quarter (27%) were operators of the smallest fleets of 0-5 trucks, whereas only 2% of those running the largest 501+ truck fleets felt this way.

Meanwhile, 26% of operators did not know what Earned Recognition was at all. Half of those in the dark comprised the smallest operators running 0-5 trucks (32%) and 6-10 trucks (18%). Around one-fifth (21.6%) of those saying they did not know about the scheme came from the largest firms of 501+ trucks.

Of the businesses we surveyed, only 12.1% had some or all of their fleets covered by Earned Recognition, of which none of these represented the smallest 0-5 truck fleets.

However one fifth of respondents would like to get involved in Earned

Recognition within the next 12 months. Interest was split between all sizes of company, with the middle-sized fleets of between 51-100 trucks answering most positively to this (21%).

We asked those not wanting to pursue the scheme what the main factors were behind their decision.

The perception that there were not enough benefits to make it worthwhile came out top, with around half of the vote (49%). With a further fifth (21%) of respondents stating they don't fully understand the scheme, followed by 15.1% citing the perceived cost of introducing necessary systems as a barrier.

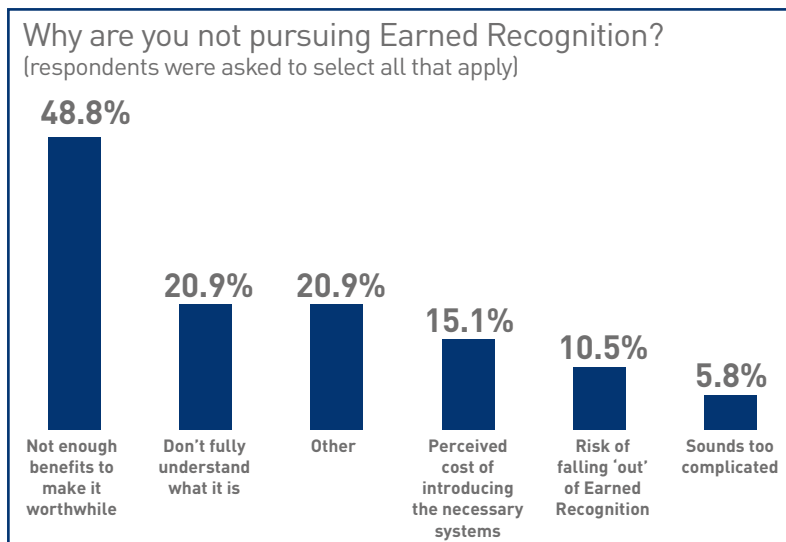
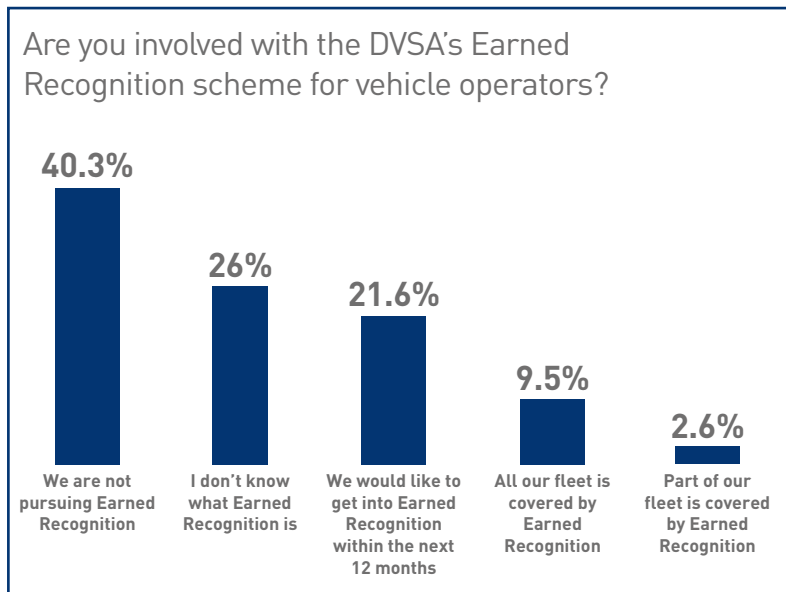
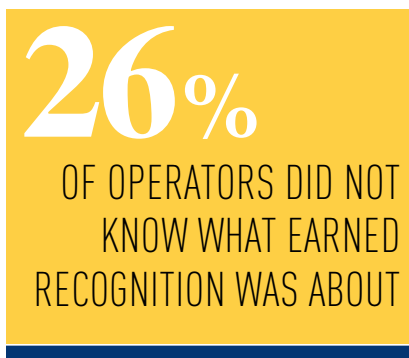
Other reasons cited in our research include:

■ "It is unfair towards smaller operators as even large fleets pick

up faults during a journey, but are unlikely to be stopped for an inspection";

■ "Happy to provide all information when asked, but do not like the idea of anyone being able to view it at any time";

■ "Too much additional work required".



OPERATOR VIEWPOINT:



Lesley O'Brien, managing partner at Earned Recognition founder member Freightlink Europe

Q. Why did you decide to join Earned Recognition and how long have you been a member?

Freightlink Europe enjoys Earned Recognition founder member status. I try to be a real advocate for the transport industry, as despite being critical to the economy, it suffers such bad press.

As well as being a transport operator, sister company Freight Train delivers transport consultancy and I therefore felt we needed to lead by example to promote compliance in the industry.

Q. How simple was the process for you to join?

The application process was really simple and quick. The bulk of the work for operators is reading through the standard to ensure evidence is available to meet the criteria and pass the audit. It is really critical that the whole team buys in to this and commits to compliance on an ongoing basis.

Q. Have you found any benefits as an operator?

I feel the real barrier for operators joining the scheme is the fear that information is being shared with the DVSA. However, contrary to expectations, the DVSA works with operators in a positive and constructive manner, listening to concerns and assisting where required.

Earned Recognition operators do not have their vehicles stopped on the road, which of course ensures that we do not suffer delays in delivering to our clients.

I cannot say that being a member of the scheme has brought Freightlink Europe any real commercial advantage, but I do know that the Earned Recognition team at the DVSA is working hard to deliver additional benefits.

Regrettably today's customer always seems to be looking for the cheapest price, not the safest or most compliant operator.

It is early days for the scheme. I very much hope that once companies realise that the Earned Recognition standard is a mark of quality, safety and both industry and operator's licence compliance, the desire to work with such operators will increase.

Q. Why would you recommend the scheme to other businesses?

I would absolutely recommend the Earned Recognition scheme to other businesses. As an industry we need to work together to raise standards, improve image and allow the DVSA more time to deal with the rogues on the road who give our industry a bad reputation, jeopardise safety and drive down prices.

As a business owner in a highly demanding industry, it gives me comfort to know that my team is working together to ensure safety protecting the company and livelihood of the employees.

CO₂ reduction

The government has set the logistics sector a voluntary target to reduce its carbon emissions by 15% by 2025. We ask operators if this is achievable



Volta Trucks is designing a brand-new all-electric truck aimed at urban distribution, with the first prototype due on the road by summer 2020

In June 2019, the UK became the first major economy to pass a law committing to 'net zero' greenhouse gas emissions by 2050.

This ambitious target was recommended by the Committee on Climate Change, the UK's independent climate advisory body.

Net zero means any emissions would be balanced by schemes

to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage.

To complement this ambition, the government's Road to Zero strategy, launched in summer 2018, set out a pathway for the road transport sector to achieve a zero-emission goal.

RHA CALLS FOR 'CLEAR MILESTONES'

"The debate on achieving a 15% reduction in greenhouse gas emissions reaffirms the need for a clear "roadmap" from the next government to empower the freight and logistics sector to achieve this target and beyond.

"The RHA is calling for clear milestones that enable freight operators to invest with confidence in the technology needed to reduce emissions, with standards that drive change and which take account of vehicle and infrastructure lifecycles."

Chris Ashley, environmental policy, Road Haulage Association

FLEET MANAGEMENT

By 2040, all new cars and vans are expected to be zero-emission, with no more petrol or diesel models sold from this point.

However, the pathway for HGVs modelled in the government's strategy was less clearly defined.

Figures show that HGVs accounted for 18% of greenhouse gas emissions and 13% of nitrogen oxide (NOx) emissions for road transport in 2016 (the year Road to Zero uses as a baseline).

And while government recognises that technology for HGVs is already moving towards zero-emission options, which is the long-term ambition, these are not yet widely available to industry.

It understands that operators need high confidence levels in new technology and has committed to supporting R&D and on-road trials for industry.



GOVERNMENT'S LOW-EMISSION FREIGHT TRIAL: DEDICATED TO GAS

A two-year trial of biomethane-powered trucks has seen well-to-wheel CO₂ emissions slashed by more than 1,400 tonnes and trial drivers rating the trucks higher on comfort than their diesel equivalents.

The Dedicated to Gas project, funded by the Office for Low Emission Vehicles and Innovate UK, saw Howard Tenens, Kuehne + Nagel and Asda run a total of 20 Euro-6 trucks on biomethane. Other trial partners included Cenex, Air Liquide, Emissions Analytics and Microlise.

The trial found that the trucks, which were all Euro-6 factory-fitted OEM gas vehicles, saved more than 1,400 tonnes of well-to-wheel CO₂ emissions over 2.2 million km, compared to their diesel equivalents. The trial estimates that this is the equivalent to driving 56 times around the globe and saving 3,150 trees – enough to cover 18 football pitches.

Other findings from the trial revealed that while HGVs using a 25% biomethane blend cut greenhouse gas emissions by at least 17%, compared to diesel trucks, HGVs running on 100% biomethane delivered emissions savings of at least 76%.

The trucks also scored on comfort with drivers reporting that the gas-powered HGVs performed better on engine noise, vibration, overall drive comfort, engine braking and environmental performance.

Fuel costs were also cut, offsetting the higher initial capital investment required to buy a gas-powered truck. The study estimates that gas vehicles can pay back the total cost of ownership at 160,000 km/year, by the end of the second year.

Steve Carroll, head of transport at low-emission vehicle research organisation Cenex, said: "This is an exciting time for the gas truck industry. After a decade of hard work, the UK is now in a position where there

is a wide variety of OEM gas trucks and clean renewable biomethane available from public refuelling stations.

"This project proved the economic, environmental and operational case for gas trucks powered by biomethane.

"With around 80% well-to-wheel CO₂ reduction (compared to) diesel, this proven technology can provide a significant in-road to meeting our net-zero targets and Cenex now look forward to assisting fleets in making the switch."



In the near-term, the government points to the success of regulation at reducing real-world pollutant emissions from the newest diesel trucks and concedes these may be a "sensible current fuel choice" while work continues to commercialise zero-emissions technology. In addition, operators continue to adopt fuel-reduction techniques and technology such as driver training, aerodynamics and telematics.

A series of initiatives will also be rolled out, like joint research with Highways England to explore emission technology for lorries on the road network; exploring emissions from non-tailpipe sources such as from tyre, brake and road wear; development of an ultra-low-emission standard for trucks; and further testing of latest-generation gas-powered trucks.

Alongside this is the introduction of a new voluntary industry commitment to reducing HGV greenhouse gas emissions by 15% by 2025, from 2015 levels.

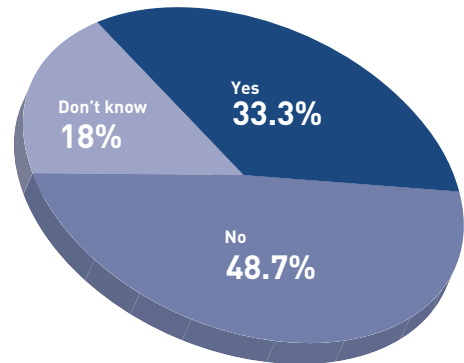
But what do operators think about the reality of hitting this ambitious emissions-reduction target?

Our research shows a less-than-confident outlook for industry as a whole to meet the challenge.

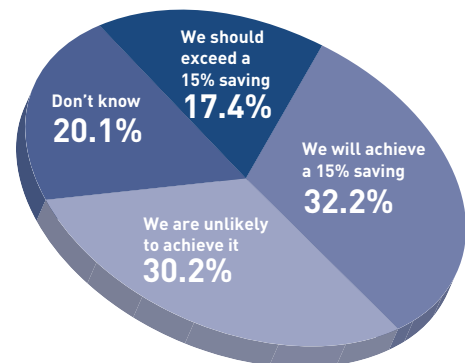


Nikola is developing a zero-emission, hydrogen-powered HGV with a range of up to 1,200km

The government has set a voluntary target of reducing greenhouse gas emissions from HGVs by 15% by 2025. Do you believe this is achievable for the industry as a whole?



Do you believe you can achieve this target within your own fleet?



TRUCK-MAKERS' CHALLENGE

The EU has set targets that require a CO₂ reduction from new lorries of 15% by 2025 and 30% by 2030, with a review set for 2022 to ensure the latter target takes into account latest technology.

The new emissions rules form part of the EU's clean mobility strategy, which supports the wider aim of reducing European greenhouse gas emissions by at least 40% by 2030 from 1990 levels.

However the European Vehicle Manufacturers' Association labelled the CO₂ reduction targets "highly ambitious" and flagged up the need for faster rollout of refuelling infrastructure for alternative fuels to support the transition for industry.

From 2019, carbon emissions calculating software called VECTO will be used to assess trucks' performance. This will enable operators to easily compare the fuel efficiency and carbon emissions of each truck brand when buying new vehicles.

VECTO's calculations will take into account five different drive cycles, such as long-haul and urban routes, as well as three different standard trailer types and load scenarios.

Almost half (48.7%) of operators surveyed felt a 15% greenhouse gas emission reduction was not possible, with only one-third (33.3%) answering positively. The remaining 18% remained unsure as to the likelihood of the target being met.

However, within their own fleets, a far more positive attitude was found towards achieving the goal.

Around half of respondents believed they would be able to reduce the emissions of their own vehicles to meet the target by 2025: 32.2% said they would achieve the 15% saving, while a significant 17.4% believed they would exceed this target.

Those most optimistic about their own business's CO₂ savings were medium-sized operators running

fleets of between 51-100 vehicles, with one-quarter confident they would exceed the 15% target.

Just under a third of all operators (30.2%) felt unlikely to achieve the target, while around a fifth (20.1%) of businesses remained uncertain either way.

Steps operators plan to take to further reduce emissions were varied, including bringing alternative fuels into their fleets, but by far the dominant answer was to introduce more fuel-efficient diesel-powered trucks (48%).

Other options were split between driver training, introducing electric, gas or hydrogen-powered vehicles, fitting lower rolling resistance tyres, improving aerodynamics and exploring different trailer options.

Conclusion...



This insightful research has hopefully shown you the complex challenges and emerging trends when it comes to managing a commercial vehicle fleet.

The ever-increasing pressure on operators to keep pace with safety, emissions and operating licence requirements, while at the same time ensuring their fleets remain fully utilised is a tricky balancing act.

Add to this the growing demand from customers to boost the sustainability of their vehicle movements, and it is clear to see that businesses need to explore new, innovative methods to drive efficiencies into their fleet operations.

Vehicle telematics and connected technology look set to play a key role in the next few years, with this research already showing a clear appetite for the benefits they can bring.

Likewise, the digitalisation of fleet compliance through initiatives such as the DVSA's Earned Recognition look set to play a growing role across the sector, although this survey highlights more work needs to be done to convince operators of the benefits.

When it comes to reducing the environmental impact of UK commercial fleet movements, it was reassuring to see that a significant percentage of businesses already aimed to go above and beyond the government's voluntary CO₂ reduction target.

A clear pathway for the technologies to take operators into an emissions-free future are still very much emerging, although strong progress is being made by manufacturers and a series of exciting trials and R&D continue to provide cleaner transport options.



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