OVERVIEW OF THE UK COMMERCIAL VEHICLE INDUSTRY

2016 EDITION

PRODUCED ON BEHALF OF:

IN PARTNERSHIP WITH:

RESEARCH OBJECTIVES

Part 1

The main objectives of this research are to understand and profile the structure and operation of the UK commercial vehicle sector (specifically in relation to trucks over 3.5-tonnes GVW) and understand recent trends affecting the freight transport market. The research aims to provide analysis of the following:

Current composition of the road transport fleet

- Operator licensing statistics
- The breakdown of licence types, and operator fleet sizes
- The profitability of the Motor Transport Top 100
- The fleet size of the Motor Transport Own-Account Top 50

Current composition of the vehicle parc

- Number of vehicles on the road
- Analysed by vehicle type
- Analysed by vehicle make
- Analysed by vehicle model
- Trends in how this has changed over the past five years
- Average vehicle age by year

Insight into commercial vehicle sales

- New vehicle sales analysis
- Sales of vehicle types
- Sales of vehicle models

Insight into commercial vehicle suppliers

- How many main dealers?
- How many service dealers?
- The size of the truck and trailer leasing companies

Insight into operating conditions

- The number and availability of skilled commercial vehicle drivers
- Domestic and international activity in the freight market
- The standard of vehicle maintenance
- The level of vehicle compliance
- Economic conditions of key sectors

SUMMARY OF KEY FINDINGS

1. The total number of commercial vehicles in the UK, according to the Department for Transport (DfT) registration figures, is 473,900. This is the second consecutive year of increase after five years of decline following the market peak in 2007. The number of heavy goods vehicles (HGVs) specified to operator (O)-licences is 343,674. The discrepancy of 130,000 is down slightly on last year's discrepancy of 131,300. Fundamentally the discrepancy is the result of: differing time periods for measurement; O-licence evasion; a (now diminishing) lack of transparency in Northern Ireland O-licensing; and shifting tax and O-licence recognition standards and exemptions. The market is considered by manufacturers to be primarily a replacement market, but with a significant proportion of revenue coming from the aftermarket sector – i.e. parts and servicing.

2. Two manufacturers – Daf and Mercedes-Benz – accounted for 44.29% of all new truck registrations over 6.0 tonnes in 2015, up on a 43.55% share in the previous year. A further five: Scania; Volvo; MAN; Iveco and Renault Trucks accounted for 94.92% of the total market in 2015, up on 92.96% in 2014.

3. The 7.5-tonne HGV is the most popular truck in the UK, with 117,400 units registered with the DfT. However the market for 7.5-tonne vehicles is in continued decline: the overall number registered in the UK has fallen by 12.9% since 2010 and it was the only weight category to show year-on-year decline in registrations with the DfT.

4. As of 2014, vehicles above 41 tonnes gross vehicle weight (GVW), typically 44-tonne articulated tractor units, are now the second most popular truck weight category and account for 20.5% of the entire UK vehicle parc (up from 19.8% in 2013). In 2014, a quarter (25.5%) of vehicles above 41-tonnes GVW were from one manufacturer: Mercedes-Benz.

5. According to the Driver and Vehicle Standards Agency (DVSA) a total of 228,286 annual roadworthiness tests were conducted on trailers for commercial vehicles in 2014-15. This is up on the 222,737 tests conducted on trailers in 2013-14. The introduction of European Whole Vehicle Type Approval (EWVTA) rules on 29 October 2014, has allowed for the collation of data when it comes to registering new build trailers. This shows that 28,920 trailers were registered in the UK between December 2014 and November 2015.

6. The average age of an HGV in the UK is 7.5 years, up slightly on 7.3 years in the previous year. Ten years ago the average age of an HGV was 6.6 years. Vehicle manufacturers have moved from previous positions that vehicles should be replaced every three to five years, accepting that longer life cycles have proven to be cost effective. 26.8% of all registered vehicles are aged three and under (down on 27.1% in 2013), while vehicles aged between three and six years account for 18.3%.

7. Sales in 2014 were 29.86% lower than in 2013 but sales in 2015 were 27.09% than in 2014. This is a consequence of the introduction of Euro-6 emissions regulations on 1 January 2014, which saw many operators change purchasing cycles in order to buy Euro-5 units and avoid the widely predicted price premium- revolving around fears of the extra cost, weight and fuel consumption - attached to Euro-6 that were subsequently unfounded. In December 2013 alone 10,715 new trucks were registered, a monthly record.

8. In 2015 the market has rebounded with 44,063 new vehicles registered, an increase of 27.09% compared to the 34,672 registered during 2014. Some 21,133 3-axle and two-axle artics were registered in 2015, accounting for 48% of the market.

9. The aforementioned seven major truck brands have approximately 544 dealer outlets between them, not all of which are sales outlets.

10. There were 75,595 O-licences in issue between April 2014 and March 2015, continuing the trend for year-on-year decline in O-licence numbers. In 2013-14 there were 77,732 O-licences in circulation and in 2012-13 there were 80,094 O-licences in circulation. This trend of decline can be attributed to refund exercises for dormant O-licences conducted in early 2008, consolidation, business failures and a desire to remove zero-vehicle O-licences has also seen the number contract.

11. Restricted O-licences account for 52.78% of all O-licences in circulation in 2014-15. However the total number of restricted O-licences fell 3.3% year-on-year. Furthermore, restricted O-licence holders account for 27.51% of all vehicles specified to O-licence holders.

12. The number of standard national O-licences accounts for 36.7% of all O-licences in circulation in 2014-15. Year-on-year the total number of standard national O-licences fell by 2.88%. Standard national O-licence holders account for 50.12% of all vehicles specified to O-licence holders.

13. The number of standard international O-licences accounts for 10.52% of all O-licences in circulation in 2014-15. Year-on-year the total number of standard international O-licence holders fell by 1%. Standard international O-licence holders account for 22.36% of all vehicles specified to O-licence holders.

14. There is an extreme concentration of vehicle ownership: 1.14% of all O-licences are held by operators with fleets of 50 or more trucks, however these O-licences account for 28.58% of all vehicles specified to O-licence holders.

15. The average number of vehicles specified to each O-licence in 2014-15 is 4.55 up from 4.3 in 2013-14. The average number of vehicles specified to a restricted O-licence is 2.37 up from 2.3 in 2013-14. The average number of vehicles specified to a standard national O-licence is 6.21, up from 5.9 in 2013-14. The average number of vehicles specified to a standard international O-licence is 9.6, up from 9.2 in 2013-14.

16. There was a 16.6% year-on-year rise in the number of drivers passing an HGV driving test, from 26,224 in 2013-14 to 30,574 in 2014-15. The number of tests conducted rose 14.4% year-on-year, from 48,238 in 2013-14 to 55,161 in 2014-15.

UK COMMERCIAL VEHICLE MARKET

1 FLEET OPERATION

1.1 FLEET OPERATORS

All operators of goods vehicles over 3.5 tonnes must (with some exceptions) hold an O-licence that has been issued to them by the Office of the Traffic Commissioner (OTC).

The licensing provisions are covered by the Goods Vehicles (Licensing of Operators) Act 1995, the Goods Vehicles (Licensing of Operators) Regulations 1995, the Road Transport Operator Regulations 2011, and the Goods Vehicles (Licensing of Operators) (Fees) Regulations.

There are three types of licence:

- **Restricted** – these authorise operators to carry their own goods in the course of their trade and business in Great Britain and on international journeys.
- **Standard National** – these authorise operators to carry their own goods in the course of their trade, business and goods for other people for hire and reward in Great Britain.
- **Standard International** – these are the same as standard national licences but operators are also allowed to carry goods for themselves and other businesses to countries outside of Great Britain.

High levels are set for the amount of available finance, professional repute and the need to prove proper governance for standard licences than for restricted.

From 1 January 2016 standard national and international licence applicants are required to demonstrate £6,650 of financial standing for the first vehicle and £3,700 for each additional vehicle they request to be authorised.

The rates for restricted licence holders and applicants are unchanged in 2016, £3,100 for the first vehicle and £1,700 for each additional authorised vehicle.

Financial limits are set by EU Regulation 1071/2009 at €9,000 for the first vehicle and €5,000 for each subsequent vehicle. The exchange rate is set on the first working day in October, and new rates are applied from 1 January.

O-licence exemptions

You don't need an O-licence if your vehicle:

- was first used before 1977, has an unladen weight of 1.5 tonnes.
- is using public roads for less than six miles a week while moving between private premises belonging to the same person as the vehicle (if the vehicle is used for excavation or demolition it doesn't matter whom it belongs to).
- is being used on trade plates or is a passenger carrying vehicle.

GOODS VEHICLE OPERATORS – LICENCES CONTINUED AND IN ISSUE, 2014-15 (2013-14)

Types of Licence	Restricted	Standard National	Standard International	Total number of licences in issue
Eastern Traffic Area	**6,789** (6,946)	**4,612** (4,742)	**1,716** (1,714)	**13,117** (13,402)
North Eastern Traffic Area	**5,948** (6,146)	**4,489** (4,603)	**1,170** (1,195)	**11,607** (11,944)
North Western Traffic Area	**5,656** (5,837)	**4,038** (4,185)	**977** (1,001)	**10,671** (11,023)
South Eastern and Metropolitan Traffic Area	**5,123** (5,223)	**2,907** (2,992)	**1,160** (1,165)	**9,190** (9,380)
West Midlands Traffic Area	**4,489** (4,659)	**3,035** (3,120)	**836** (826)	**8,360** (8,605)
Western Traffic Area	**5,811** (6,013)	**3,902** (4,031)	**1,172** (1,187)	**10,885** (11,231)
Scotland	**3,116** (3,233)	**2,713** (2,786)	**521** (545)	**6,350** (6,564)
Wales	**2,964** (3,064)	**2,043** (2,104)	**408** (415)	**5,415** (5,583)
Total	**39,896** (41,121)	**27,739** (28,563)	**7,960** (8,048)	**75,595** (77,732)

SOURCE: TRAFFIC COMMISSIONERS REPORT 2014 – 15; PUBLISHED OCTOBER 2015.

TOTAL GOODS VEHICLE OPERATORS – LICENCES IN ISSUE, YEAR-TO-YEAR

Types of Licence	Restricted	Standard National	Standard International	Total number of licences in issue
2011 - 2012	43,420	31,738	8,914	**84,072**
2012 - 2013	42,382	30,196	8,316	**80,894**
2013 - 2014	41,121	28,563	8,048	**77,732**
2014 - 2015	39,896	27,739	7,960	**75,595**

SOURCE: TRAFFIC COMMISSIONERS REPORT 2014-15

GOODS VEHICLE OPERATORS – NUMBER OF SPECIFIED VEHICLES ON LICENCES 2014-15 (2012-13)

Types of Licence	Restricted	Standard National	Standard International	Total number of vehicles specified
Eastern Traffic Area	**15,762** (15,358)	**32,765** (32,402)	**15,945** (15,308)	**64,472** (63,068)
North Eastern Traffic Area	**14,503** (14,494)	**26,319** (25,632)	**12,794** (12,584)	**53,616** (52,710)
North Western Traffic Area	**13,191** (13,343)	**24,601** (23,852)	**10,929** (10,658)	**48,721** (47,853)
South Eastern and Metropolitan Traffic Area	**13,889** (13,561)	**19,533** (19,270)	**9,469** (9,058)	**42,891** (41,889)
West Midlands Traffic Area	**10,397** (10,437)	**17,502** (17,289)	**9,808** (9,108)	**37,707** (36,834)
Western Traffic Area	**13,589** (13,841)	**26,154** (25,332)	**9,981** (9,843)	**49,724** (49,016)
Scotland	**7,216** (7,313)	**16,681** (16,516)	**4,964** (4,976)	**28,861** (28,805)
Wales	**5,998** (6,075)	**8,705** (8,277)	**2,979** (3,043)	**17,682** (17,395)
Total	**94,545** (94,422)	**172,260** (168,570)	**76,869** (74,578)	**343,674** (337,570)

SOURCE: TRAFFIC COMMISSIONERS REPORT 2014-15

While the total number of O-licences continues to fall, the number of trucks specified against the total O-licence allocation rose year-on-year throughout the entire country. This is in-line with the trend of recent years.

The number of O-licences in circulation does not equate directly to the number of businesses in the sector. Businesses can, and do, hold multiple O-licences across all traffic regions and the idea of a national O-licence is being explored.

The figures do not include O-licence holders in Northern Ireland. Under the Goods Vehicles Licensing of Operators Act (Northern Ireland) 2010 the Department of Environment's Transport Regulation Unit has overseen the issuing and enforcement of O-licences since 1 July 2012.

1. The total number of O-licences has declined at a consistent rate for several years. Between April 2011 and April 2015 the number of O-licences in circulation has fallen by 10%, from 84,072 to 75,595. Between April 2007, when there were 98,300 O-licences continued and in issue, and April 2015, the total number has fallen 23.09%. Year-on-year the total has fallen 2.75%.

2. The licensed vehicle parc grew by 1.8% year-on-year to 343,674. By comparison in 2007-08, the total licenced vehicle parc was 381,109, meaning a 9.82% fall over the past nine years.

3. Restricted, or own-account, O-licences, represent more than half the total number of O-licences and account for 52.78% of all in use or issued in 2014-15. This is static on 52.9% in the previous year, although the total number has fallen 3.3% from 41,212 to 39,896. This reverses a trend that has seen restricted O-licences as a proportion of all O-licences rise steadily in recent years. In 2012-13 it stood at 52.4%, and in 2011-12 it stood at 51.6%. Restricted O-licence holders accounted for 27.51% of the total number of vehicles specified against O-licences in 2014-15.

4. The number of standard national licences accounts for 36.7% of all O-licences in use or issued in 2014-15. The total of 27,739 has fallen by 2.88% year-on-year and 12.6% since 2011-12. The total number of vehicles specified against standard national licences rose 2.19% year-on-year top 172,260 and accounts for 50.12% of all vehicles specified against all O-licences.

5. Standard international O-licences account for 10.52% of all O-licences in use or issued in 2014-15. The total of 7,960 fell 1% year-on-year, but since 2011-12 the total has fallen 10.7% since 2011-12. The total number of vehicles specified against standard international O-licences rose 3% year-on-year to 76,869 and accounts for 22.36% of all vehicles specified against all O-licences.

While the number of O-licences in use or issued continues to fall year-on-year, in 2014-15 this was not to the detriment of the size of the UK vehicle parc specified against them. The primary driver has been the standard national and standard international sectors. Together 'hire and reward' businesses have collectively increased the size of their total fleets by 1.5% or 3,690 units (restricted O-licence holders have increased their combined fleet by just 123 units year-on-year). While these figures may appear statistically insignificant at first glance, they help push the combined vehicle parc of standard national licence holders back over the 50% market share threshold, having dipped below last year for the very first time.

Over recent years the thinking has been that, owing to the recession, fleet consolidation, network efficiencies and other methods of improving load-fill and reducing empty mileage has aided in the gradual shrinking of O-licence holders' fleets. What is now clear is that the recession was holding back customers of logistics and haulage expanding their businesses.

Restricted O-licence holders tend to operate in areas where volumes are the first to rebound after any recession or the last to feel any recessionary pressure (construction; building materials; grocery retail; contract catering and waste), where as standard national and standard international O-licence holders work in areas more prone to recessionary pressures. With strength returning to the economy, operators in these areas have more confidence to invest in new vehicles, and expand fleet sizes to support growing contracts.

Furthermore the growth in the size of the overall vehicle parc hints at the size and scale of derogated Euro-5 vehicle purchases. With the introduction of Euro-6 in January 2014 and the corresponding fall in overall new vehicle registrations during that calendar year, the expectation would have been for further reductions in the overall number of vehicles specified to O-licences in the year running April 2014 to April 2015. The data sets do not match exactly, but total UK vehicle parc growth following the introduction of Euro-6 can only be welcomed.

1.2 OPERATOR FLEET SIZE

GOODS VEHICLE OPERATORS - NUMBER OF SPECIFIED VEHICLES ON O-LICENCES, BY NUMBER

Fleet size	No of licences 2013	No of vehicles 2013	No of licences 2014	No of vehicles 2014	No of licences 2015	No of vehicles 2015
0	8,383	0	8,437	0	8,023	0
1	35,302	35,302	33,634	33,734	31,576	31,576
2 to 5	25,367	72,033	24,497	70,047	24,112	69,305
6 to 10	5,472	41,172	5,517	41,588	5,616	42,512
11 to 20	3,026	43,684	3,033	43,738	3,141	45,538
21 to 50	1,738	53,161	1,787	55,126	1,909	59,642
51 plus	785	89,999	820	94,679	858	99,487
Total	**80,063**	**335,351**	**77,725**	**338,912**	**75,235**	**348,060**

SOURCE: OTC, VIA FoI REQUEST

GOODS VEHICLE OPERATORS - NUMBER OF SPECIFIED VEHICLES ON O-LICENCES, BY PERCENTAGE

Fleet size	No of licences 2013	No of vehicles 2013	No of licences 2014	No of vehicles 2014	No of licences 2015	No of vehicles 2015
0	10.47%	0	10.81%	0	10.66%	0
1	44.09%	10.53%	43.27%	9.95%	42%	9.07%
2 to 5	31.68%	21.48%	31.52%	20.67%	32%	19.91%
6 to 10	6.83%	12.28%	7.10%	12.27%	7.46%	12.21%
11 to 20	3.78%	13.02%	3.90%	12.90%	4.17%	13.08%
21 to 50	2.17%	15.85%	2.30%	16.27%	2.54%	17.13%
51 plus	0.98%	26.84%	1.10%	27.94%	1.14%	28.58%

SOURCE: OTC, VIA FoI REQUEST

Analysis of the number of O-licence holders by fleet size, based on 2015 data, reveals the dichotomy of the road transport industry.

Just 1.14% of O-licences in use or issued are held by operators with a fleet size of 51 trucks or more, yet they operate over 28.58% of the total UK vehicle parc. O-licence holders of such fleet sizes have gained market share steadily since 2013, from 0.98% to 1.1% in 2014, and 1.14% in 2015. Equally its share of the overall vehicle parc has grown from 89,999 vehicles and a 26.84% market share in 2013. To 94,679 vehicles and a 27.94% market share in 2014 to 99,487 vehicles and a 28.58% market share in 2015.

It is the sole trader that holds the largest share of O-licences in use or issued, standing at 42% in 2015. However owner-drivers account for just 9% of all vehicles specified to UK O-licences. On both metrics the share the owner-driver has of the market has shrunk year-on-year.

After falling from a high of 357,982 vehicles specified to all O-licences in 2012, to a low of 335,351 in 2013, there has been two years of successive rises (including a 2.7% rise between 2014 and 2015).

However the primary growth is coming in mid-size and large fleets. The only two sectors to see a year-on-year decrease in the number of vehicles operated is in the one vehicle and two-to-five vehicle categories.

The average number of vehicles per O-licence in 2015 was 4.54. This has risen from 4.36 in 2014, which in turn rose from 4.18 in 2013. This continued shift in the mean again illustrates the increasing trend towards a high concentration of vehicle ownership by large fleet operators.

It should be noted that there is a slight discrepancy between this data and the numbers supplied in the traffic commissioners' report, due to the different time periods covered as a result of the Freedom of Information request required to obtain this data.

It is important to note the major discrepancy of vehicles between the number of vehicles specified to O-licence allocations (343,674 as of April 2014) compared to the number of vehicles in the UK as recorded by the DfT (473,900). The OTC figures do not include Northern Ireland, but that would only account for a small percentage of the unaccounted total (with a population smaller than Wales it would be expected that the vehicle parc is less than the 17,682 in the Principality). Furthermore, categories of vehicles that are exempt include: military vehicles; snow ploughs and gritters; emergency service vehicles (including those used by gas, electricity, water and telephone companies); electric or steam-powered vehicles; recovery vehicles and tractors and agricultural vehicles used in certain circumstances. It is not known how much of this total accounts for unsold vehicles in the used market, and, those that seek to avoid, or mistakenly avoid, O-licensing legislation.

It is worth noting that the zero-fleet size O-licence holder sector fell year-on-year between 2014 and 2015. 'Zero vehicle licences' were effectively phased out through EC regulation EC1071/209, article 5. This stated that licence holders must have a stable and effective establishment – which is impossible to demonstrate without vehicles. Many of these licences are being reviewed at the point of renewal, with the traffic commissioners taking a pragmatic and sympathetic approach to those who request time to review their ownership.

The single-vehicle user

Certain sectors are more reliant on the single-vehicle user than others, for example quarry and aggregate work. There has long been a theory that the single-vehicle user would have difficulty surviving in the long-term. The cost of operation continues to rise and the regulatory burdens placed on O-licence holders will make it too difficult for one-person businesses to thrive in a market where rates have been suppressed.

The introduction of the Driver Certificate of Professional Competence (Driver CPC) in September 2009 has seen a shortage of drivers in the workforce reported by businesses. The Driver CPC required 35 hours of periodic training over a five-year timespan ahead of the deadline, and all new holders of commercial vehicle driving licences (C and C+E categories) will have to take the qualification alongside traditional driving training. This means that single-vehicle users have been obliged to carry the financial costs of their own training, taking five days away from work at their own cost in order to comply with the legislation. It has been widely expected, although not yet proved, that many drivers close to retirement have used the Driver CPC as a means to exit the labour force.

The sector has shown a fair degree of resilience given these challenges, but has slipped by 6.4%, or 2,158 O-licences, between 2014 and 2015. While not quite the final nail in the coffin that many have predicted for the sole trader, it is certainly a continuation of the slow decrease in the number of sole traders in the market. As to whether it is the burden of Driver CPC training, market conditions, the cost of operation or a combination of all three leading to such a fall, it is difficult to say.

Small fleets

While the future of the micro-business in road transport is questionable, the macro-business finds itself at a crossroad.

Between 2013 and 2015 operators of fleets between two and five vehicles have seen total number of vehicles specified to O-licences fall consistently, from 72,033 in 2013 to 70,047 in 2014 and, most recently 69,305.

However, the shrinking number of sole traders, and the diminishing number of O-licence holders running fleets of two to five vehicles shows us that sole traders are not growing their business. They are disappearing from the market.

Operators of fleets between six and 10 vehicles have seen total numbers of vehicles specified to O-licences rise consistently, from 41,172 in 2013, to 41,588 in 2014 and 42,512 in 2015.

Furthermore, operators of fleets between 11 and 20 have also seen the total number of vehicles specified against O-licences rise over the past three years, from 43,684 in 2013, to 43,738 in 2014 and 45,538 in 2015.

Yet, the combined share of the total number of vehicles specified against O-licences for fleets between two and 20 vehicles is static: 45.2% in 2014 and 45.8% in 2015. What this tells us that the trend in the market is towards larger fleet sizes, even at the smaller end of the spectrum, so two to five vehicle fleets move into the six to 10 bracket for example.

This part of the market accounts for 43.63% of the total number of O–licences in use or issued in 2015, down from 45.84% in 2014.

This sector has been recognised as the ‘squeezed middle’. These operators face heavy operational and regulatory burdens, but are unable to command the lower prices from suppliers that large operators can given their economies of scale. They also lack competitive factors such as national distribution networks (outside of pallet network membership); the ability to compete in long-distance and/or international work, or the diversity in their contract portfolios to allow for optimal fleet utilisation.

However this sector also encompasses some, but not all, local authorities throughout the UK providing services such as refuse collection, park maintenance and street cleaning for example.

Operators of 21 to 50 vehicles also show strong year on year growth of total number of vehicles specified against O-licences, from 53,161 in 2013, to 55,126 in 2014 and 59,642 in 2015. In terms of market share this has been an increase from 15.85% in 2013, to 16.27% in 2014 and 17.13% in 2015. While O-licence holders in this category would also be defined as the 'squeezed middle' it is an area demonstrating remarkable resilience.

Large fleets

Simply, the large fleet sector is thriving: in 2015 1.14% of all O-licence holders (858) are responsible for the operation of 28.58% of all vehicles specified against O-licences (99,487).

This share continues to rise. In 2013, 0.98% of O-licence holders (785) were responsible for 15.85% of all vehicles specified against O-licences (89,999). This increased in 2014 to 1.1% of all O-licence holders (820) were responsible for 16.27% of all vehicles specified against O-licences (94,679).

In 2013, the OTC narrowed its data sets. Previously it split larger fleets i.e. those of 50 vehicles or more, into further categories including 51 to 100 trucks; 101 to 500 truck and 501 plus trucks. The OTC stated that it had no business need to break down fleet sizes beyond this metric.

However according to data obtained via a Freedom of Information request made to the OTC, there were 656 O-licence holders where 100 or more vehicles are specified against the O-licence as of September 2014. These are not all separate businesses; Royal Mail holds two such licences, for example.

Although this data is not comparable to the 858 O-licences specifying 51 or more vehicles, that were in use or issued in 2015 it does give the best estimate available at demarking between O-licence holders of 51 to 100 vehicles, and those operating more than 100 vehicles.

It is worth noting that the 2014 ONS Annual Business survey estimates there to be 36,552 road freight enterprises in the UK (a 15% increase year-on-year), with a sector level employment of 220,000 individuals (a 6% increase year-on-year), contributing £11.6bn to the UK economy (up 16% year-on-year). However this is not the most accurate reflection of the number of road transport businesses in the UK as does not include own-account businesses ranging from supermarkets to scaffolders.

KEY POINTS 1.3

- As of April 2015 there were 75,595 O-licences in use, with 343,674 vehicles specified against those O-licences, at an average of 4.54 vehicles per licence.
- 42% of O-licences are held by single vehicle operators, which are responsible for 9% of the total number of vehicles specified against all O-licences.
- 216,997 trucks are specified against O-licences for fleets between two and 50 vehicles.
- 1.14% of all O-licence holders are responsible for 28.58% of all vehicles specified against all O-licences.

1.4 LEADING THIRD-PARTY OPERATORS

THE 25 LARGEST THIRD-PARTY LOGISTICS OPERATORS BY TURNOVER IN THE UK

RANK	OPERATOR NAME	FINANCIAL YEAR-END	LATEST YEAR TURNOVER (£)	LATEST YEAR PRE-TAX PROFIT (£)
1	Royal Mail	30/03/2015	7,757,000,000	470,000,000
2	DHL	31/12/2014	5,078,091,000	115,902,000
3	Kuehne + Nagel	31/12/2014	1,364,662,000	35,634,000
4	XPO Logistics	31/12/2014	1,084,169,000	22,407,000
5	Wincanton	31/03/2015	1,009,800,000	24,900,000
6	DPD Group UK	04/01/2015	872,547,000	105,981,000
7	UPS	31/12/2014	837,245,000	57,493,000
8	TNT UK	31/12/2014	724,921,000	-18,672,000
9	Eddie Stobart Logistics	30/11/2014	591,500,000	9,100,000
10	Whistl UK	31/12/2014	590,250,000	-3,707,000
11	UK Mail	31/03/2015	485,103,000	20,570,000
12	Yodel Distribution	30/06/2014	461,003,000	-73,009,000
13	Gist	31/12/2014	405,709,000	42,030,000
14	Hermes Parcelnet	28/02/2014	382,314,000	33,554,000
15	Ceva Logistics	31/12/2014	366,067,000	18,536,000
16	DX Group	30/06/2015	297,500,000	24,800,000
17	Bibby Supply Chain Services	31/12/2014	242,335,000	-3,648,000
18	Turners (Soham)	03/01/2015	237,599,000	22,396,000
19	Clipper Logistics Group	30/04/2015	234,778,000	9,485,000
20	FedEx UK	31/05/2014	230,189,000	34,177,000
21	Yusen Logistics (UK)	28/03/2015	193,904,000	2,926,000
22	DSV Road	31/12/2014	187,462,000	10,195,000
23	WH Malcolm	31/01/2014	179,704,000	8,851,000
24	Harry Yearsley	29/03/2014	172,053,365	3,957,342
25	NFT Distribution Operations	31/03/2014	169,414,000	1,736,000

SOURCE: http://motortransport.co.uk/top100/top-100/motor-transport-top-100-2015/

The Motor Transport Top 100 ranks Britain's 100 largest road transport and logistics companies by turnover. The 100 businesses employ more than 331,690 people across the country. However, Royal Mail's 143,000 employees account for 43.1% of that total. Combined, the 100 businesses – 84 of which are privately-owned - generate sales of £28.3bn. Of this Royal Mail's £7.7bn accounts for 27.3% of the total, and DHL's combined businesses across its Supply Chain, TradeTeam and Express divisions accounts for a further 17.9%. The five businesses with a turnover of more than £1bn (Royal Mail, DHL, Kuehne + Nagel, XPO Logistics and Wincanton) account for 57.4% of the combined turnover of the 100 largest road transport and logistics companies in the UK.

There are five road transport and logistics businesses with a turnover of £1bn or more, and a total of 10 with a turnover of £500m or more. The top 10 operators account for 70.1% of the combined turnover of the top 100. There are 34 with a turnover of £100m or more (accounting for 89.6% of the combined turnover of the top 100), and 56 with a turnover of £50m or more. There are 83 third-party logistics businesses in the UK with a turnover of £30m or more.

For the purposes of this report Motor Transport has applied the same methodology to all 268 third-party logistics operators that run 50 or more vehicles on their fleet and have filed a set of financial reports to Companies House. This study shows that the combined turnover of the sector was £30.4bn – however this covers a diverse set of reporting periods between 2013 and 2015.

There are 59 businesses with a fleet of 50 or more trucks with a turnover below £10m (which have a combined turnover of £490.5m or 1.6% of the total turnover of all 268 businesses), and 96 with a turnover between £10m and £20m (which have a combined turnover of £1.3bn or 4.3% of the total turnover of all 268 businesses). A further 30 have a turnover between £20m and £30m (which have a combined turnover of £713.1m or 2.34% of the total turnover of all 268 businesses).

The 34 businesses with a turnover of £100m or more account for 83.5% of the combined turnover of all 268 businesses. The five operators with a turnover of £1bn or more account for 53.5% of the combined turnover of all 268 businesses.

MOTOR TRANSPORT TOP 100 AVERAGES

Turnover Latest	£283,754,288
Turnover Previous Year	£272,961,463
Profit Latest	£11,220,532
Profit Previous Year	£9,278,938
Employees Latest	3,316
Employees Previous Year	3,284
Sales Per Employee	£135,134
Changes In Sales Per Employee	2.23%
Profit Per Employee	£5,680
Change In Profit Per Employee	223.59%
Return On Sales	3.45%

SOURCE: http://motortransport.co.uk/top100/top-100/motor-transport-top-100-2015/

Average turnover for the Top 100 is £283.7m, up year-on-year from £272.9m; average pre-tax profit is £11.2m, up year-on-year from £9.5m and the average number of employees is 3,316, up from 3,284.

1.5 LEADING OWN-ACCOUNT OPERATORS

TOP 25 LARGEST OWN-ACCOUNT OPERATORS BY VEHICLES SPECIFIED TO O-LICENCE ALLOCATION (excluding local authorities)

Rank	Operator Name	Number of vehicles specified
1	Saint-Gobain	2,947**
2	Veolia	2,732
3	Travis Perkins	2,357*
4	Tesco Distribution	1,679
5	Brake Bros	1,564
6	Sainsbury's	1,450*
7	Asda Stores	1,345
8	3663 Transport and BFS Group (t/a Bidvest Logistics and Bidvest Foodservice)	1,204
9	Müller UK & Ireland	1,188
10	Warburton	945
11	BT Fleet	937
12	John Lewis	906
13	Certas Energy UK	872
14	G4S	836
15	Palmer & Harvey McClane	772
16	The Co-operative Group	726
17	Kier MG	720
18	A B F Grain Products	714
19	Biffa Waste/ Municipal	707
20	Sita UK	692
21	SIG	638
22	Calor Gas	573
23	BOC	532
24	WM Morrison	516
25	Berendsen UK	413

SOURCE: Motor Transport

NOTES: **Figure supplied by company ** Figures includes 1,247 vehicles specified against Saint Gobain's O-licence allocations, plus an estimated 1,700 vehicles run by CVL*

Every year Motor Transport published the Top 50 own-account businesses in the UK, ranked by fleet size. The 50 largest own-account private sector businesses account for the operation of a total of 35,098 (2014: 35,255) commercial vehicles in the UK vehicle parc and each business runs an average of 701.96 commercial vehicles (2014: 704.5). Saint-Gobain’s figure is an estimate, as the company has refused to supply or verify fleet data as part of this report.

1.5 MERGER & ACQUISITION ACTIVITY

NOVEMBER 2014 - Müller Wiseman UK & Ireland agrees to acquire the dairy operation of Dairy Crest Group, including the division's distribution activities.

DECEMBER 2014 - Tuffnells Parcels Express acquired by newspaper and magazine distributor Connect Group for £113.4m.

JANUARY 2015 – DX Group acquires £1.1m of assets from City Link administrators Ernst & Young.

MARCH 2015 - Ferguson Transport (Spean Bridge) - which trades as Ferguson Transport & Shipping - bought Skye Transport (Crossal) for an undisclosed sum.

APRIL 2015 - US 3PL XPO Logistics acquired Norbert Dentressangle for €3.24bn (£2.3bn) – in a deal that valued ND at €2.17bn and incorporated €1.08bn of net debt.

APRIL 2015 - Gregory Distribution bought Framptons Transport Services – its fifth acquisition in two years. Both parties are members of Palletline and the Hazchem Network.

APRIL 2015 - FedEx makes an offer to acquire TNT Express, valuing the business at €4.4bn (£3.2bn). The deal was granted regulatory approval from the European Commission in January 2016.

MAY 2015 - Palletline buys Tonbridge, Kent-based network member S&S Distribution. It had been member of the network for 19 years.

JUNE 2015 - Menzies Distribution acquires Inverness-based AJG Parcels for £7.5m.

JULY 2015 – North Yorkshire haulier TEF Transport buys Millfield Haulage for an undisclosed sum.

AUGUST 2015 – Private equity firm EmergeVest acquires Palletforce for £30m. Emergevest had purchased NFT Distribution in April 2014.

AUGUST 2015 - Eddie Stobart's automotive logistics business – formerly Autologic was sold to BCA Marketplace, an automotive support services company best known for consumer brand Webuyanycar.com for an undisclosed sum. BCA Marketplace was bought in March 2015 by an investment vehicle formed by Avril Palmer-Baunack- the former chairwoman of Stobart and chief executive of Autologic.

SEPTEMBER 2015 – Palletways acquires Dalkeith, Midlothian-based network member Dalkeith Transport and Storage.

OCTOBER 2015 - Strood, Kent-based R Swain & Sons acquires specialist plant firm Gatwick Plant.

NOVEMBER 2015 - NWF Group acquires Staffordshire Fuels for an undisclosed amount.

DECEMBER 2015 - DB Schenker Logistics purchases Redhead International for an undisclosed sum. The deal is described as a "reverse integration" with Schenker UK employees in the land transportation side of the business working for Redhead.

2: CURRENT COMPOSITION OF THE VEHICLE PARC

2.1 INTRODUCTION

This report focuses on commercial vehicles over 3.5 tonnes GVW – often referred to in government statistics as HGVs or large goods vehicles (LGVs). The Society of Motor Manufacturers and Traders (SMMT) registration data is broken down into light trucks (over 3.5 tonnes GVW) and heavy trucks (over 6 tonnes GVW).

2.2 NUMBER OF VEHICLES ON THE ROAD

2014 saw year-on-year growth for the second year in a row. The peak of the market was 2007, which saw 510,800 heavy goods vehicles registered with the DfT. From that point the total number of HGVs registered in the UK shrank 9.82% to a low of 460,600 units in 2012. This emphasises the impact of the recession (2008 to 2011), which saw HGV assets sweated for longer than ever before. During that period the average age of a vehicle since its first registration rose above seven years, instigated by the diminishing performance of the UK economy, soaring fuel costs and the introduction of Euro-6 in January 2014.

However 2013 saw the first year-on-year rise in six years (an increase of 1.8% from 460,600 to 468,900) and that trend has continued into 2014, where it rose 1% year-on-year to 473,900 HGVs. What is unusual is that the average age of an HGV also rose in 2014, suggesting that operators continue to be cautious by sweating assets, at the same time as investing in new vehicles.

LICENSED HEAVY GOODS VEHICLES BY YEARS SINCE FIRST REGISTRATION IN GREAT BRITAIN: 2004 – 2014

	Total	Average yrs since 1st reg
2004	505,800	6.6
2005	508,200	6.6
2006	508,300	6.6
2007	510,800	6.7
2008	495,900	6.7
2009	477,800	6.9
2010	470,100	7.2
2011	465,500	7.4
2012	460,600	7.4
2013	468,900	7.3
2014	473,900	7.5

SOURCE: DfT

Given widespread concerns about the price-premium attached to Euro-6 before its introduction on 1 January 2014, some HGV operators timed their fleet refresh cycles around the deadline for engine emissions regulation standards. In the months before 1 January 2014, Euro-5 trucks were purchased under derogation, meaning that while they were registered ahead of the introduction of Euro-6, they would not come into operation until 2014. The impact of this legislation goes some way to explaining the year-on-year increase in vehicle registrations in 2013, and masks any indicator of economic performance by both commercial vehicle operators and the UK economy at large. While this legislative effect on economic performance remains, the continued growth of the overall UK vehicle parc points to a business confidence among operators and a healthier economy in the UK.

There are three broad classifications for measuring the size of the vehicle parc in the UK. The first is the DfT registration figures, which capture any vehicle registered to be on the road. In Great Britain this figure stands at 473,900. However, as of 2014, activity in Northern Ireland has been captured by the Driver and Vehicle Licensing Agency (DVLA). This gives us a total of 496,800 HGVs.

The second is by tax class. According to the DfT, the number of goods vehicles over 3.5 tonnes by taxation group and axle configuration suggests a total of 410,000 vehicles.

The third way of defining the size of the HGV parc in Great Britain is the number of vehicles specified to O-licence allocation, as discussed in part one. This suggests a total of 343,674 commercial vehicles on the road.

The registration figures, tax class figures and O-licence figures do not agree for the following reasons:

- The DfT estimated in 2013 that as many as 33,000 vehicles could be evading road tax or VED. This figure is yet to be updated.
- Some HGVs are running without an O-licence, although it is more difficult to quantify this gap as vehicles can be run by private individuals and enthusiasts on a not-for-profit basis.
- The number of vehicles that are passing through the second-hand supply chain at any point in time is unknown, as is their status when it comes to registration, tax class and O-licence allocation.

Furthermore, government vehicle registration figures are not always consistent with figures published by the SMMT. This could be for a number of reasons, including the timing of registrations, and that the SMMT figures have consistently included vehicles registered in Northern Ireland and vehicles that are SORN or untaxed.

2.3 LICENSED HGVs BY WEIGHT (TONNES) IN GREAT BRITAIN, ANNUALLY 2010-2014

BY UNIT

Year	3.5 to 7 t	> 7 to 8 t	> 8 to 18 t	> 18 to 31 t	> 31 to 41 t	> 41 t	Total
2010	51,200	134,900	93,100	59,200	49,900	81,800	470,100
2011	51,900	129,900	92,200	58,900	48,100	84,500	465,500
2012	52,800	124,800	91,200	58,200	46,700	86,800	460,600
2013	54,500	121,900	93,300	58,700	47,900	92,700	468,900
2014	56,500	117,400	94,300	59,400	49,000	97,300	473,900

SOURCE: DfT

BY PERCENTAGE

Year	3.5 to 7 t	> 7 to 8 t	> 8 to 18 t	> 18 to 31 t	> 31 to 41 t	> 41 t
	%	%	%	%	%	%
2010	10.9	28.7	19.8	12.6	10.6	17.4
2011	11.2	27.9	19.8	12.7	10.3	18.1
2012	11.5	27.1	19.8	12.6	10.1	18.8
2013	11.6	26	19.9	12.5	10.2	19.8
2014	11.9	24.8	19.9	12.5	10.3	20.5

SOURCE: DfT

By volume, the most popular truck by weight in the UK falls between the 7-tonne and 8-tonne weight range (or, to be precise the 7.5-tonne standard including models such as Daf’s LF ranges, the Iveco Eurocargo and the Mercedes-Benz Atego). In 2014 trucks of this GVW accounted for 24.8% of all registered vehicles, or 117,400 units – a fall of 3.7% year-on-year. It was the only weight category to fall between 2013 and 2014 in a growing market.

However, 2014 has seen a major shift in the dynamics of the overall UK HGV parc. Traditionally sister variants of 7.5-tonners, rising up to 18-tonnes GVW, make up the second largest sector of the mark. As of 2014 this is no more with vehicles above 41-tonnes GVW, typically 44-tonne articulated tractor units, now the second most popular truck weight category and a 20.5% share (up from 19.8% in 2013). This has been coming for a while, in 2010 vehicles over 41 tonnes accounted for 17.4% of all HGVs registered in the UK. Since then a further 15,500 HGVs in this sector have been added making it by far the fastest growing part of the market over the past four years.

Vehicles between 8-tonnes GVW and 18-tonnes GVW remain pretty static in overall numbers. Year-on-year the sector rose by 1,000 units in 2014, while its market share stayed at 19.9%. The same trend is seen in the 18-tonne to 31-tonne sector, rising by 1,100 units to 49,000 in 2014, and remaining static in market share at 12.5%.

2.4 HEAVY GOODS VEHICLES, REGISTERED FOR THE FIRST TIME, BY WEIGHT (TONNES): 2010 – 2014

BY UNIT

Year	3.5 to 7 t	> 7 to 8 t	> 8 to 18 t	> 18 to 31 t	> 31 to 41 t	> 41 t	TOTAL
2010	3,600	4,400	5,900	3,400	3,200	9,800	30,300
2011	4,000	5,300	7,200	5,000	4,400	14,900	40,700
2012	4,200	6,600	7,900	4,900	4,400	13,700	41,700
2013	4,600	7,700	9,700	6,400	6,600	18,300	53,200
2014	4,700	4,700	7,000	4,100	5,200	12,800	38,500

SOURCE: DfT

BY PERCENTAGE

Year	3.5 to 7 t	> 7 to 8 t	> 8 to 18 t	> 18 to 31 t	> 31 to 41 t	> 41 t
	%	%	%	%	%	%
2010	**11.9**	**14.6**	**19.5**	**11.1**	**10.6**	**32.3**
2011	**9.7**	**13**	**17.8**	**12.2**	**10.7**	**36.6**
2012	**10.2**	**15.7**	**19**	**11.8**	**10.6**	**32.8**
2013	**8.6**	**14.5**	**18.2**	**12**	**12.3**	**34.4**
2014	**12.1**	**12.2**	**18.2**	**10.8**	**13.5**	**33.3**

SOURCE: DfT

The impact of the introduction of Euro-6; the widespread derogation of Euro-5 and the revival of the economy of Great Britain out of recession can be seen in the number of HGVs registered for the first time in the UK.

In 2010 the market was depressed, with just 30,300 HGVs registered for the first time with the DfT, and the market slowly corrected itself with 40,700 and 41,700 registered in 2011 and 2012. In 2013 operators refreshed their fleets before the introduction of Euro-6 by buying Euro-5 units, with many units bought under derogation (i.e. the purchase and registration was made in 2013, but the vehicle did not join the fleet until 2014). This meant that between 2013 and 2014 the total number of new trucks registered rose by 11,500 units, or 27.6% to 53,200.The combination of these two factors led to the market shrinking by 27.6% in 2014 to 38,500 new units registered.

The sector to follow this trend closely is the 41-tonne-and-above weight category. Between 2012 and 2013 it rose 33% from 13,700 new HGV registrations to 18,300 new truck registrations. Between 2013 and 2014 it shrank 30.3%. However, during this time, the share of the overall market for new registrations of trucks over 41-tonnes GVW stayed fairly static at 32.8% in 2012; 34.4% in 2013 and 33.3% in 2014.

New registrations of trucks between 7-tonnes and 8-tonnes GVW fell 38.9% between 2013 and 2014, well above the market average.

2.5 BREAKDOWN OF UK VEHICLE PARC BY VEHICLE TYPE 2010-2014

	2010	2011	2012	2013	2014
Rigid Vehicles					
2 Axle	210,500	204,300	199,300	199,000	196,600
3 Axle	45,600	45,600	45,400	46,400	46,700
4 Axle	28,300	28,100	28,000	29,300	31,300
All Rigid	**284,400**	**278,000**	**272,700**	**274,800**	**274,600**
Articulated Vehicles					
2 Axle Tractor & 2 axle trailer	4,000	4,500	4,000	5,000	6,800
2 Axle Tractor & 3 axle trailer	14,100	14,700	15,000	13,900	13,000
2 Axle Tractor & 4 or more axle trailer	7,900	5,600	4,400	3,700	2,400
All 2 Axle Tractor	26,000	24,700	23,300	22,700	22,300
3 Axle Tractor & 2 axle trailer	1,300	1,300	1,100	1,000	1,000
3 Axle Tractor & 3 axle trailer	76,100	78,400	80,300	86,000	91,000
3 Axle Tractor & 4 or more axle trailer	1,800	1,500	1,400	1,300	800
All 3 Axle Tractor	79,300	81,200	82,800	88,300	92,900
All Articulated Vehicles	**105,300**	**105,900**	**106,100**	**111,000**	**115,200**
All Goods Vehicles	**389,800**	**383,900**	**378,800**	**385,800**	**389,800**

SOURCE: DfT

Rigid vehicles account for 70.4% of the entire UK vehicle parc in 2014, down by just 200 HGVs and 0.9 percentage points, with the two-axle rigid the majority of registered HGVs on the road (at 50.4% share in 2014). However, the two-axle rigid continues to diminish in popularity with the number of units registered with the DfT falling by 6.6% between 2010 and 2014.

In 2013 the rigid market had reversed two tiers of consecutive falls with a minor rise from 272,700 in 2012 to 274,800 in 2013. In 2014 the market levelled off, albeit with a 200 unit year-on-year fall to 274,600.

The articulated vehicle sector continues to grow, with a 3.7% increase to 115,200 vehicles registered in 2014. The three-axle tractor unit is the dominant vehicle in the artic market, accounting for 80.6% of all articulated vehicles registered in the UK. Between 2010 and 2014 the number of three-axle artics in the UK has increased 17.1% from 79,300 to 92,900.

There is no direct correlation between the shrinking of two-axle rigid registrations (by 13,900 units between 2010 and 2014) and the growth of the three-axle artic registrations (by 13,600 units between 2010 and 2014) as the vehicle types are used for very different operational purposes. The overall trend, however, if for fewer rigid vehicles and more artic vehicles.

2.6 RIGID GOODS VEHICLES OVER 3.5 TONNES LICENCED BY GROSS WEIGHT AND BODY TYPE: 2014

Body Type	Up to 7.5 tonnes	Over 7.5 tonnes up to 15 tonnes	Over 15 tonnes up to 18 tonnes	Over 18 tonnes up to 26 tonnes	Over 26 tonnes	Total
Box Van	42,900	8,500	12,100	2,100	100	65,800
Tipper	14,900	1,200	3,600	3,800	16,700	40,100
Curtain Sided	11,100	2,800	11,800	6,800	300	32,600
Dropside Lorry	9,000	2,000	5,000	4,300	300	20.6
Flat Lorry	5,800	1,600	3,200	5,700	2,000	18,200
Refuse Disposal	1,000	1,400	1,300	11,300	1,400	16,500
Insulated Van	4,800	2,400	4,800	2,400	100	14,500
Skip Loader	900	600	5,600	1,200	3,700	12,000
Tanker	400	700	2,300	2,900	1,600	7,900
Panel Van	6,600	0	0	0	0	6,600
Street Cleansing	2,200	2,500	400	100	0	5,200
Car Transporter	1,100	500	700	2,000	100	4,500
Livestock Carrier	3,600	300	100	300	0	4,300
Concrete Mixer	0	100	400	1,800	1,900	4,200
Goods	1,600	500	700	800	400	4,000
Tractor	200	100	200	500	1,600	2,600
Tower Wagon	1,800	300	0	0	0	2,100
Skeletal Vehicle	500	300	400	300	300	1,800
Luton Van	1,000	100	100	0	0	1,200
Motor Home/Caravan	1,100	0	0	0	0	1,100
Specially Fitted Van	600	200	100	100	0	1,000
Other	3,100	1,300	1,700	1,000	700	7,900
Total	**114,200**	**27,400**	**54,600**	**47,300**	**31,200**	**274,600**

SOURCE: DfT

This table shows the diversity in body types in the rigid market in the UK; box vans account for 26.9% of all rigids (and box vans up to 7.5 tonnes account for 15.6% of all rigids). Tippers account for 16.6% of all rigids registered in the UK in 2014, with that sector split fairly evenly between tippers over 26-tonnes GVW and tippers up to 7.5-tonnes GVW.

2.7 AGE DISTRIBUTION OF HGVS, LICENSED BY YEAR

	2011	2011	2012	2012	2013	2013	2014	2014
Age	**No of trucks**	**%**	**No of trucks**	**%**	**No of trucks**	**%**	**No of trucks**	**%**
0-1 years	38,000	**8.3**	40,400	**8.8**	49,800	**10.6**	36,400	**7.7**
1-2 years	28,200	**6.1**	38,300	**8.3**	39,800	**8.5**	51,300	**10.8**
2-3 years	28,700	**6.2**	27,600	**6**	37,500	**8**	39,400	**8.3**
3-4 years	47,300	**10.2**	27,600	**6**	26,500	**5.6**	36,000	**7.6**
4-6 years	81,900	**17.6**	82,200	**17.8**	67,200	**14.3**	50,600	**10.7**
6-13 years	167,900	**36.1**	170,500	**37**	171,900	**36.7**	180,700	**38.1**
13 years +	62,300	**13.4**	63,500	**13.8**	65,600	**14**	68,400	**14.4**
Unknown	10,400	**2.2**	10,500	**2.3**	10,500	**2.2**	11,200	**2.4**
Total	**465,500**		**460,500**		**468,900**		**473,900**	
Average age since 1st reg	**7.4**		**7.4**		**7.3**		**7.5**	

SOURCE: DfT

The number of new trucks in their first year of licence shrunk by 26.9% year-on-year, between 2013 and 2014. However, this has had no detriment on the number of trucks in the zero- to three-year age brackets; in 2013 this stood at 127,100, and in 2014 it stood at exactly the same figure, 127,100.

In 2014 the number of trucks in the three- to six-year age bracket has decreased 7.6% year-on-year, from 93,700 in 2013 to 86,600 in 2014. However the number of trucks above six years old continues to grow, by 5.1% between 2013 and 2014.

The impact of the recession has been that operators run their trucks for longer periods of time, which has a knock-on effect in the used market. There remain concerns that following the introduction of Euro-6 a similar scenario will exist, with large numbers of Euro-5 units entering the market between 2013 and 2016, and a diminishing stock of Euro-6 vehicles joining fleets in 2014 and 2015 leading to a reduced stock of newer used vehicles later in the decade. The diminished number of zero- to one-year old trucks in 2014 goes some way to providing evidence in favour of this scenario.

2.8 DISTRIBUTION OF HGVs, BY REGION, IN GREAT BRITAIN, ANNUALLY: 2012 – 2014; UNITED KINGDOM, ANNUALLY: 2015

	2012	2012	2013	2013	2014	2014
REGION	**No of trucks**	**%**	**No of trucks**	**%**	**No of trucks**	**%**
North East	14,900	3.2	14,700	3.1	15,000	3
North West	64,400	14	65,200	13.9	65,600	13.2
Yorks & Humber	42,000	9.1	42,400	9	43,600	8.8
East Midlands	47,000	10.2	47,900	10.2	47,800	9.6
West Midlands	58,400	12.7	58,200	12.4	60,000	12.1
East of England	46,500	10.1	48,400	10.3	47,900	9.6
London	19,600	4.3	19,800	4.2	20,100	4
South East	59,600	12.9	62,000	13.2	64,100	12.9
South West	43,900	9.5	44,800	9.6	45,400	9.1
Wales	20,800	4.5	21,000	4.5	21,200	4.3
Scotland	35,400	7.7	35,700	7.6	36,400	7.3
Not known (prev. GB)	8,100	1.8	8,800	1.9	6,900	1.4
Great Britain	**460,600**	100	**468,900**	100	**473,900**	95.4
Northern Ireland					22,600	4.5
Not known (prev. NI)					300	0.1
United Kingdom					**496,800**	100

SOURCE: DfT

With activity in Northern Ireland now being captured by the DVLA we have a much more complete view of the regional spread of the number of trucks registered across the United Kingdom.

Together, London and the South-East was home to 84,200 trucks in the UK in 2014, or 16.9% of the total UK vehicle parc. Proportionally, this share is down year-on-year; in 2013 London and the South-East was home to 17.4% of the total UK vehicle parc, but the number of trucks in the region has risen 2.93% year-on-year from 81,800 to 84,200.

The second largest region is the North-West of England, home to 65,600 HGVs, or 13.2% of all 496,800 trucks in 2014. The third largest region is the West Midlands, with some 60,000 HGVs and 12.1% share.

It is curious to note that Northern Ireland, with a vehicle parc of 22,600 HGVs is home to more trucks than the North-East of England (15,000); London itself (20,100) or Wales (21,200).

2.9 TRAILERS

NUMBER OF ANNUAL TESTS CONDUCTED ON TRAILERS 2012 – 2015

Year	Vehicle type	Premise type	Tests	Pass after rectification	Fails	Initial fail rate	Final fail rate
2014 to 2015	Trailer	Non-DVSA	199,980	7,779	20,158	14.00%	10.10%
2014 to 2015	Trailer	DVSA	28,306	782	3,036	13.50%	10.70%
2014 to 2015	**Trailer**	**Total**	**228,286**	**8,561**	**23,194**	**13.90%**	**10.20%**
2013 to 2014	Trailer	Non-DVSA	165,931	6,621	17,572	14.60%	10.60%
2013 to 2014	Trailer	DVSA	56,806	1,754	7,219	15.80%	12.70%
2013 to 2014	**Trailer**	**Total**	**222,737**	**8,375**	**24,791**	**14.90%**	**11.10%**
2012 to 2013	Trailer	Non-DVSA	133,531	5,742	14,181	14.90%	10.60%
2012 to 2013	Trailer	DVSA	86,752	2,739	11,901	16.90%	13.70%
2012 to 2013	**Trailer**	**Total**	**220,283**	**8,481**	**26,082**	**15.70%**	**11.80%**

SOURCE: DVSA SUMMARY OF ANNUAL TESTS FOR LORRIES, BUSES AND TRAILERS, PUBLISHED DECEMBER 2015

Traditionally, the most approximate measure of the total size of the UK trailer fleet. To this end that figure has risen consistently over the past three years with 228,286 trailer tests taking place in 2014-15, up 2.49% from 222,737 in 2013-14. However, it is not the most accurate of measures as new trailers (i.e. those less than one year old) will not be captured in the DVSA's figures, because commercial vehicles (including trailers) are not required to be presented for an annual test until one year after registration.

Major UK manufacturers in this space include SDC, Montracon, Dennison, Don-Bur, Lawrence David and Cartwright, with smaller players including Andover Trailers and Tiger Trailers. The three German manufacturers; Krone, Schmitz Cargobull and Kögel are significant players throughout the European market.

The adoption of double-deck trailers, urban trailers and, to a lesser extent, the impact of the longer semi-trailer (LST) trial, will have given operators increased load fill and the impetus to remove costly assets from their fleets.

However, the introduction of European Whole Vehicle Type Approval (EWVTA) rules on 29 October 2014, has allowed for the collation of data when it comes to registering new build trailers.

NUMBER OF TRAILERS REGISTERED IN UK, DECEMBER 2014 to NOVEMBER 2015

MAKE	TOTAL
SDC Trailers	5,745
Cartwright	3,055
Montracon	2,894
Lawrence David	2,635
Dennison Trailers	2,574
Schmitz Cargobull	2,072
Gray & Adams	1,510
Don-Bur	953
Fruehauf	930
Krone	652
Tiger Trailers	620
Chereau	453
Concept Trailers	266
Wilcox Commercial Vehicles	258
Hunwick Engineering	255
Feldbinder	245
Crossland	202
BMI Trailers	194
Faymonville	177
Legras Industries	174
Muldoon	162
STAS	157
Nooteboom	152
GRW Engineering	120
King Trailers	120
Kel-Berg	118
Rolfo	113
McCauley	103
Others	1,209
TOTAL	**28,920**

SOURCE: SMMT

N.B. *'Others' category comprises of 163 different manufacturers.*

In the first set of data of its type from the SMMT the number of new trailers registered in the UK between December 2014 and November 2015 stood at 28,920. SDC Trailers accounted for 19.8% of the total market, closely followed by Cartwright (10.56% market share); Montracon (10%) and Lawrence David (9.1%). In a fragmented market the 'others' category, comprising of 163 different manufacturers, accounted for 4.18% of the total market.

2.10 LONGER SEMI-TRAILERS

The DfT launched a 10-year trial in 2012; it will permit up to 1,800 trailers in two length categories (up to 14.6m and up to 15.65m, compared to the standard 13.6m) to operate under Vehicle Special Orders (VSOs) granted by the Vehicle Certification Agency (VCA).

In July 2015, Better Solutions, a consultancy used by the DfT, published a report into the first three years of the LST trial.

At the time of publication there were 1,641 LSTs registered on VSOs (91% of the trial target of 1,800 trailers). Of these there were 1,323 LSTs on the road that had submitted trial data (accounting for 74%) of the target. A total of 123 operators had put trailers on the road.

Approximately 1.18m journey legs had been conducted by LSTs during the trial, equating to 137 million kms. The study also showed that, on average, operators using LSTs had saved one in 22 journeys with the highest saving achieved being one in nine journeys.

At the point the study was published there had been seven collisions resulting in injury, of which there had been seven casualties in such incidents. There have been no fatal LST incidents and no vulnerable road users have been injured.

3 THE CURRENT MARKET

3.1 NEW COMMERCIAL VEHICLE REGISTRATIONS

The manufacturers of commercial vehicles above 3.5-tonnes GVW are dominated by eight players: Daf, Iveco, Isuzu Truck, MAN, Mercedes-Benz, Scania, Renault Trucks and Volvo.

Manufactures of vans include Citroën, Fiat, Ford, Iveco, Mercedes-Benz, Nissan, Peugeot, Renault, Vauxhall and Volkswagen.

The SMMT breaks down registration data into three sub-sectors: below 3.5 tonnes, 3.5 tonnes to 6 tonnes, and 6 tonnes and above. It does not track the registration of vehicles by emissions type (i.e. Euro-5 and Euro-6).

In 2015 new truck registrations rose 27.09% to 44,063. This came after a 2014 which saw new truck registrations drop 26.24% to 41,469 units, from the 56,218 units registered in 2013. The remarkable number of registrations in 2013 (up 23% on registrations in 2012) can almost all be ascribed to the introduction of the Euro-6 emission regulations on 1 January 2014 (requiring all trucks sold after this point to be fitted with a Euro-6 engine). In last year's version of this report we said that the spike in 2013 should not be taken as a reflection of manufacturing capacity and output by the major commercial vehicle manufacturers.

The derogation rules allowed for any Euro-5 vehicle bought and manufactured before the end of 2013 to be registered for up to one year after the Euro-6 emissions regulation came into effect on 1 January 2014, once again skewing this year's figures as any meaningful reflection of manufacturing capacity, or even demand based on economic conditions.

As a consequence some operators timed replacement cycles around the introduction of Euro-6, in many cases bringing forward replacement cycles to secure Euro-5 vehicles and avoid the widely predicted price premium- revolving around fears of the extra cost, weight and fuel consumption - attached to Euro-6 that were subsequently unfounded.

Therefore it is difficult to determine just how many Euro-5 trucks, and Euro-6 trucks have been sold before and after the derogation deadline.

In 2014 there was a further, if less pronounced, legislative peak attributable to the introduction of European Whole Vehicle Type Approval (EWVTA) rules on 29 October 2014. This meant that all vehicles registered after this day must be completed vehicles, i.e. it was no longer possible to register incomplete vehicles, such as a rigid without bodywork, or a tractor unit without a fifth wheel.

Given all these factors it is difficult to ascertain just what 'normal' looks like when it comes to registering new trucks. Economic confidence has certainly risen, otherwise the effects of derogation would not have been so pronounced, but legislative intervention has been the primary driver in recent years.

NEW COMMERCIAL VEHICLE REGISTRATIONS 2013 – 2015

Vehicle Type	2013	2014	2015
Vans	**271,073**	**321,686**	**371,830**
Trucks	**56,218**	**41,469**	**44,063**

SOURCE: SMMT TRUCK AND VAN REGISTRATIONS

The introduction of Euro-6, and the effects of derogation, can easily be seen with new truck registrations slumping between 2013 and 2014 by 26.24% to 41,469 units. However that total had rebounded in 2015, with 44,063 units registered.

While the slump appears pronounced, given the largess of registrations in 2013 (in December 2013 alone 10,715 new trucks were registered), it is worth putting these figures into context.

The number of new trucks registered in 2014 was the third lowest in the past 20 years. However, compared to the average of the past 10 years, 2014 was down 15.5%, which is well below the collapse seen in the market during the recession of 2009. Both tractor unit and rigid chassis registrations fell by approximately 30% in 2014, with the primary slump occurring in the rigid truck sector, which fell 21.3% when compared to the 10-year average, compared to tractor units which were only down 7.2%.

The level of growth between 2014 and 2015 suggests that the market has rebalanced itself following the legislative distortion of fleet renewal patterns. For commercial vehicles above 6t GVW 44,063 units were registered in 2015, up 27.09% on 34,672 in 2014. Artics (both 2- and 3-axle) drove year-on-year growth, up 35.6% from 15,581 to 21,134 units registered, while rigids above 6t were up 20.1% year-on-year from 19,091 to 22,929 units registered.

Since 2001, the average monthly total of HGV registrations has been 2,720; December 2015 saw an above average 4,270 registrations while December 2014 saw a below average 2,142. This gives us an annual average of 32,640, putting 2015's registrations way above the average over the past 15 years.

The van market continues to perform remarkably. Between 2012, which saw new vehicle registrations of 239,641 and 2014, which saw new vehicle registrations of 321,686, the market has grown by a third (34.2%).

3.2 COMMERCIAL VEHICLE SALES BY MANUFACTURER

COMMERCIAL VEHICLE SALES BY MANUFACTURER, OVER 6 TONNES, 2013 to 2015

Marque	2013	% Share	2014	% Share	2015	% Share
Daf Trucks	14,046	28.42	8,616	24.85	11,467	26.02
Mercedes-Benz	8,793	17.79	6,485	18.7	8,052	18.27
Scania	6,846	13.85	4.752	13.71	7,075	16.06
Volvo Trucks	5,524	11.18	4,074	11.75	5,538	12.57
MAN	4,934	9.98	3,381	9.75	3,999	9.08
Iveco	3,773	7.63	2,876	8.29	3,237	7.35
Renault Trucks	2,534	5.13	2,050	5.91	2,453	5.57
Isuzu Trucks	904	1.83	932	2.69	828	1.88
Dennis Eagle	852	1.72	580	1.67	716	1.62
Mitsubishi Fuso	971	1.96	752	2.17	689	1.56
Hino	163	0.33	134	0.39	9	0.02
Other imports	90	0.18	40	0.12	0	0
Total	**49,430**		**36,672**		**44,063**	

SOURCE: SMMT

SALES OF COMMERCIAL VEHICLES BY GVW AND BODY TYPE 2013-2015

	2013	2014	2015
Rigids > 3.5t to 6t	6,788	6,797	8,001
Rigids > 6t to 16t	11,619	7,576	8,279
Rigids >16t	15,244	11,515	14,650
All Rigids	**33,651**	**25,888**	**30,930**
2-axle artics	3,851	2,257	2,366
3-axle artics	18,716	13,324	18,768
All artics	**22,567**	**15,581**	**21,134**

SOURCE: SMMT

Despite all the upheaval in the market in 2013 and 2014, and the return of fleet renewal patterns unaffected by legislation and regulation in 2015, it is telling that the rankings of the big seven manufacturers has remained unchanged (at least in numerical standings), all the trademarks of a mature market. The real story exists in the shifting market shares; primarily the resurgence of Daf in first place (with 33% year-on-year growth) and Scania in third place (with 48.88% year-on-year growth), while Mercedes-Benz has failed to capitalise on narrowing the gap between it and Daf.

Scania's market share rose remarkably between 2014 and 2015: its 4,752 units registered in 2014 accounted for 13.71% of the overall market, but its 7,075 units registered in 2015 accounted for 16.06% of the market. Daf had a remarkable resurgence too in 2015; 8,616 units registered in 2014 accounted for 24.85% of the market, where as 11,467 units registered and a 26.02% market share in 2015 - a return to business as usual at Daf after an exceptional dip in 2014, somewhat exacerbated by a lack of availability that it has subsequently addressed.

In that year Mercedes-Benz had narrowed the gap significantly between it and Daf, registering 6,485 units and nipping at Daf's heals with an 18.7% market share and a 2,131 unit differential. While Mercedes had a strong year in 2015, increasing its units registered by 24.16% year-on-year to 8,052 but the unit differential between it and Daf rose to 3,415.

Volvo rounds out the big four of truck manufacturers; it achieved 35.94% year-on-year growth with 5,538 units registered and a 12.57% market share - staying steady compared to its 11.75% market share in 2014.

MAN, Iveco and Renault all saw double-digit growth in 2015 (18.28%; 12.55% and 19.66% respectively) but it is worth noting that the top four all saw growth above the market average, while positions five to seven all grew below the market average. MAN has held a remarkably consistent 9% market share (albeit veering from 9.98% in 2013 to 9.08% in 2015) while Iveco dipped in share slightly after a good showing in a difficult market in 2014. Renault might have added a fifth of its 2014 units to its 2015 new registrations but it did little to alter a market share that dipped by a third of a percentage point.

Outside of the seven major manufacturers Isuzu had a difficult 2015 registering some 828 units, after being the only marque to register more trucks above 6-tonne GVW in 2014 (932) than in 2013 (904) - a remarkable achievement given the regulatory environment. An 11.16% fall will be seen as something of a readjustment given the slow introduction of its Euro-6 options. Dennis Eagle managed a remarkable recovery in 2015, up 23.45% to 716 units, not far from its stellar 2013. The nature of its low-entry cab product range giving it a customer set heavily weighted to the public sector means fleet renewal patterns are slightly outside broader market trends. Mitsubishi Fuso continues to make its presence felt at the lighter end of the market whereas Hino, sadly, has dwindled into a non-entity due to its lack of Euro-6 options.

TRACTOR UNIT REGISTRATIONS 2013 – 2015

Marque	2013	2013 market share %	2014	2014 market share %	2015	2015 market share %	% change
Mercedes-Benz	4,629	20.5	3,977	25.5	4,745	22.45	19.31
Scania	4,519	20	2,983	19.1	4,522	21.4	51.6
Daf	4,416	19.6	2,716	17.4	3,691	17.46	35.9
Volvo	3,851	17.1	2,532	16.3	3,684	17	45.5
MAN	2,781	12.3	1,787	11.5	2,313	10.94	29.43
Renault Trucks	1,646	7.3	1,165	7.5	1,602	7.58	37.51
Iveco	725	3.2	421	2.7	577	2.73	37.05
Total	**22,567**		**15,581**		**21,134**		**35.64**

SOURCE: SMMT

Mercedes-Benz remained top of an artic market that accounted for 48% of all new truck registrations above 6-t GVW in 2015, but its popularity in the 2-axle artic segment of the market (where it has a 33.3% market share with 789 units registered) helped it beat a resurgent Scania that took the top spot in the 3-axle artic market. Some 18,786 3-axle artics were registered in 2015, 45.59% of the overall market. Scania topped this chart, with 21.8% market share resulting from its 4,098 units registered above Mercedes' 21.1% market share and 3,956 units registered.

MULTI-AXLE RIGID REGISTRATIONS 2014 – 2015

	2014	2014 market share %	2015	2015 market share %	% change
Daf	1,339	18.92	1,891	22.19	41.22
Scania	1,478	20.88	1,793	21.04	21.31
Mercedes-Benz	1,103	15.58	1,391	16.32	26.11
Volvo	1,131	15.98	1,367	16.04	20.87
Dennis	530	7.49	661	7.76	24.72
MAN	640	9.04	619	7.26	-3.28
Renault Trucks	551	7.78	530	6.22	-3.81
Iveco	200	2.83	268	3.14	34
Hino	102	1.44	2	0.02	-98.04
TOTAL	**7,078**		**8,522**		**20.4**

SOURCE: SMMT

Overall growth of 20.4% in the number of multi-axle rigids masks two very different stories.

The 7.5-tonner was once the driver in the market, but no more. Operators are looking either for greater productivity from higher payload rigids or for 3.5 tonne vans, as they come without O licences, driving hours and driver qualifications.

Consequentially the demand for 7.5 tonners hit 4,690 in 2015 - up 2.9% on 4,556 units registered in 2014, but accounting for just 10.7% of all trucks registered.

Daf dominates this market with a 34.2% market share and 1,603 units registered (up 24.8% year-on-year) while Iveco trails in second as its 973 units registered meant a 7% year-on-year fall from 1,047 in 2014. Isuzu ranked third, down 11.1% year-on-year to 777 units. Fuso and Mercedes made inroads (16.6% market share and 13.8% market share respectively) with contrasting fortunes: Fuso down 9.6% year-on-year to 647 units but Mercedes up 30.5% year-on-year to 453 units.

The fear is that the decline in the 7.5-tonne market is not temporary, but terminal. Anecdotal evidence is that some operators are moving towards 12-tonners – as the additional weight of Euro-6 engine technology means that some operators struggle to get more than 2 tonnes of load on a Euro-6 with the extra weight of a tail-lift. This is particularly detrimental in the growing area of urban deliveries and B2C parcels.

This theory corresponds with the trend in vehicle registration figures published by the DfT (see 2.3), where the number of 7.5-tonners continues to decline year-on-year.

Moving up the weight categories 2-axle rigids of 15t GVW and above were up 38% to 6,586 units registered, compared to 4,774 in 2014. Daf accounted for almost half the market in this category with its 3,058 units accounting for 46.4% market share. Year-on-year its sales were up 41.9%. Mercedes had the second largest share of the market with 1,063 units – up 33.2% year-on-year – and a 16.1% market share. Scania saw 161.2% year-on-year growth from 291 units to 760 units, resulting in its market share rising from 6.1% to 11.5% s.

Scania also saw success in the 4-axle rigid category. At 4,319 units it is up 15.1% from 3,752 in 2014. Scania accounts for 29.8% of the overall 4-axle rigid market with 1,289 units registered, and Volvo ranks second with 21.4% of the market and 925 units registered. It has been suggested that had there not been bodybuilder lead time constraints due to the introduction of European Whole Vehicle Type Approval at the end of October 2014 the market could have been bigger.

2 AXLE RIGIDS: 7.4 - 7.5 tonnes REGISTRATIONS 2014 – 2015

	2014	**2014 market share %**	**2015**	**2015 market share %**	**% change**
Daf	1,285	28.2	1,603	34.18	24.75
Iveco	1,047	22.98	973	20.75	-7.07
Isuzu	874	19.18	777	16.57	-11.1
Fuso	716	15.72	647	13.8	-9.64
Mercedes-Benz	347	7.62	453	9.69	30.55
MAN	233	5.11	230	4.9	-1.29
Hino	31	0.68	7	0.15	-77.42
Renault Trucks	21	0.46	0	0	-100
Others	2	0.04	0	0	-100
TOTAL	**4,556**		**4,690**		**2.94**

SOURCE: SMMT

3.3 VAN SALES BY MANUFACTURER

SALES OF COMMERCIAL VEHICLES BELOW 3.5 TONNES, 2013 – 2015

Marque	**2013**	**% Share**	**2014**	**% Share**	**2015**	**% Share**
Ford	68,054	25.11	82,519	25.65	100,262	26.96
Volkswagen	36,925	13.62	40,238	12.51	43,091	11.59
Vauxhall	29,736	10.97	32,619	10.14	41,736	11.22
Peugeot	21,230	7.83	31,867	9.91	33,695	9.06
Mercedes	25,667	9.47	30,464	9.47	31,887	8.58
Citroen	22,989	8.48	27,228	8.46	30,119	8.1
Renault	12,978	4.79	18,170	5.65	25,371	6.82
Fiat	12,019	4.43	12,629	3.93	11,704	3.15
Nissan	10,619	3.92	10,270	3.19	11,621	3.13
Land Rover	6,644	2.45	8,344	2.59	10,266	2.76
Toyota	8,063	2.97	9,611	2.99	10,124	2.72
Mitsubishi	5,927	2.19	6,946	2.16	9,006	2.42
Isuzu	4,112	1.52	5,502	1.71	6,220	1.67
Iveco	3,275	1.21	2,769	0.86	4,326	1.16
Renault Trucks	411	0.15	568	0.18	921	0.25
Isuzu Trucks	213	0.08	227	0.07	362	0.1
Great Wall	667	0.25	279	0.09	361	0.1
Ssangyong	168	0.06	197	0.06	277	0.07
Mitsubishi Fuso	148	0.05	178	0.06	201	0.05
Hyundai	240	0.09	173	0.05	140	0.04
Other imports	291	0.11	609	0.19	98	0.03
Dacia	0	0	0	0	39	0.01
Mini	694	0.26	278	0.09	3	0
Mia Electric	3	0	1	0	0	0
Total	**271,073**		**321,686**		**371,830**	

SOURCE: SMMT

Van sales have been the true success story in the commercial vehicle space in recent years. In 2012 new registrations stood at 239,641. In 2015 they stood at 371,830. This is a 55.16% rise in three years. Ford continues to dominate the van space, accounting for (slightly more than) one-in-four commercial vehicles below 3.5 tonnes registered in the UK in 2015. It shows the staggering growth in the market that a 21.5% increase in new vehicle registrations, from 82,519 in 2014 to 100,262 in 2015, saw its market share rise just 1.31 percentage points.

Second- and third-place players Volkswagen and Vauxhall put in markedly different performances in 2015, rising 7.09% and 27.95% respectively. While it may be too early to point fingers, the emissions scandal enveloping VW is clearly a challenge when it comes to customer confidence but sales are yet to fall off a cliff. However Vauxhall is challenging VW for the second place spot, which was unthinkable in 2013 and 2014. It is worth noting that of OEMs registering more than 10,000 units in 2015, only Ford, Vauxhall, Renault and Landrover grew above the market average of 15.59%.

3.4 SUPPLIER DEALER NETWORK

	Independent dealers	Franchised dealers	Total
Daf Trucks	140	0	140
Isuzu Trucks	21	26	47
Iveco	17	1	18
MAN	50	16	66
Mercedes-Benz*	91	0	91
Scania**	48	41	89
Renault Trucks ***	51	11	62
Volvo****	45	33	71

SOURCE: all listed manufacturers

**Mercedes-Benz's dealer network constitutes of 91 Mercedes points of representation (56 of which are truck sales and aftersales and 35 are aftersales only) and 88 points of representation for Fuso (53 of which are truck sales and aftersales and 35 are aftersales only). There are five authorised repairers for Mercedes and seven for Fuso.*

***Scania's 48 independent dealer points are owned by six dealerships.*

****Renault Trucks' 51 independent dealer points comprises of 31 dealer companies.*

*****Volvo's 45 independent dealer points are, owned by nine dealer companies.*

3.5 VEHICLE RENTAL AND LEASING

There are four major types of financial arrangements in this market.

Operating lease: this allows the asset (truck) to remain off the balance sheet with the ownership retained by the supplier. New rules around operating leases are being proposed.

Contract hire: this allows the operator to use a vehicle at a set monthly payment for an agreed duration and mileage. The fee takes into account the price of the vehicle when hired, its forecast mileage during the contract, and the anticipated residual value of the vehicle at the end of the contract.

Finance lease: the operator chooses to pay either the entire cost of the vehicle, including interest charges over an agreed lease period, or they opt to pay lower monthly rentals with a final payment based on the anticipated resale value of the vehicle. Under this agreement the operator at no time takes ownership of the asset, it belongs with the leasing company.

Contract purchase: the operator chooses to buy the vehicle via monthly instalments, including interest, and takes legal ownership of the vehicle at the end of the contract.

The British Vehicle Rental and Leasing Association (BVRLA) – which represents the UK vehicle rental and leasing industry – has said that the data of its members is not robust enough to break down its members fleet assets into the type of financial products they are owned by.

TOP 20 LEASING COMPANIES BY TRUCK FLEET SIZE

Rank	Company name	Number of trucks
1	Ryder	12,500
2	CVL	9,600
3	MAN Financial Services	8,958
4	Gulliver's Truck Hire	5,028
5	Dawsonrentals	4,500
6	Fraikin	3,471
7	Salford Van Hire	3,390
8	Enterprise	1,900
9	MC Rental	1,786
10	TOM Vehicle Rental	1,750
11	BRS	1,710
12	SHB	1,600
13	Axis Fleet Management	1,500
14	Prohire	1,283
15	Scania Truck Rental	1,200
16	Leeds Commercial	1,111
17	Close Brothers CVS	975
18	Seven Asset Management	950
19	DGC Vehicle Rental & Contract Hire	550
20	Hitatchi Capital CV Solutions	471

SOURCE: Motor Transport/ BVRLA CV Informer – August 2015

TOP 10 TRAILER RENTAL AND LEASING COMPANIES BY FLEET SIZE

Rank	Company name	Number of trailers
1	TIP Trailer Services	13,000
2	Ryder	7,800
3	Dawsonrentals	6,500
4	Cartwright Group	5,856
5	CVL	5,730
6	Hireco	4,700
7	TOM Vehicle Rental	1,750
8=	Axis Fleet Management	1,500
8=	Bell Trailer Rentals	1,500
10	Salford Van Hire	1,410

SOURCE: Motor Transport/ BVRLA CV Informer – August 2015

4 OPERATIONAL CHALLENGES

4.1 DRIVERS

There remain serious concerns regarding the availability of skilled drivers in the labour force. The Road Haulage Association estimates that the industry is short of between 45,000 and 50,000 drivers, while several operators have noted that the shortage of drivers has driven up labour prices and affected the profitability of their businesses. Furthermore, the estimated shortage of drivers can be seen in the diminishing number of owner-operators (see 1.2) – from 35,302 in 2013 to 31,576 in 2015.

Furthermore, as of 10 September 2014 all professional commercial vehicle drivers must have qualified for, and hold a Driver Qualification Card (DQC) under the rules of the Driver Certificate of Professional Competence (Driver CPC). In order to hold and continue to hold a DQC, both new and existing drivers must have completed 35 hours of periodic training over a period of five years. Modules include: loading vehicles safely and securely; applying rules about professional driving; first aid; optimising fuel consumption; and preventing trafficking of illegal immigrants.

As of 10 September 2014, the DVSA said that 664,000 drivers (including coach drivers) had completed their first five-year block of training during its first five years of existence. Between October 2014 and September 2015 89,073 DQC's have been issued, and of these 33,702 were the result of completing an initial Driver CPC qualification (i.e. new entrants into the labour market).

Given the total number of commercial vehicles in the UK is 473,900, and the total number of coaches in the UK is 163,000, a total qualified workforce of 664,000 is not enough to keep every vehicle on the road, taking into account simple factors such as rest, holidays, shift patterns, peak delivery windows and a growing economy.

Compliance with Driver CPC has been incredibly high. On 10 September 2015, the DVSA said it had carried out more than 89,000 roadside checks between 11 September 2014 and 31 August 2015 and 1,400 Driver CPC related offences were recorded during these checks. Failure to carry a DQC can result in a £50 fixed penalty, with a maximum fine of £1,000 for both the driver and the operator licence holder.

NUMBER OF C, C1, C+E AND C1+E TESTS PASSED, ANNUALLY FROM APRIL 2010 TO MARCH 2015

Year	Conducted	Passes	Pass rate (%)
2010/11	43,894	22,664	51.6
2011/12	46,549	24,401	52.4
2012/13	46,246	24,498	53
2013/14	48,283	26,224	54.3
2014/15	55,161	30,574	55.4

SOURCE: DfT

The number of HGV driving tests being conducted, and passed has risen markedly since the low of the recession, with a 16.6% year-on-year rise in the number of drivers passing the tests from 26,224 in 2013-14 to 30,574 in 2014-15. However it is worth putting the number of tests conducted, and the number of tests passed, in the first half of this decade into some context. Between April 2007 and March 2008 70,766 tests were conducted and at the height of the recession 65,852 tests were conducted between April 2008 and March 2009. Yet the pass rates during these two 12-month periods was much lower than it is now (46.3% and 49% respectively) resulting in 32,779 passes between April 2007 and March 2008 and 32,298 between April 2008 and March 2009. The leap in the number of passes, and the pass rate, in 2014/15 points to a healthier market for new entrants joining the labour force, but is not statistically robust enough to establish a long-term trend.

There is no data recording the number of licences surrendered or lapsed and the DVSA does not make note of the difference between truck drivers and bus and coach drivers.

NUMBER OF HGV TESTS CONDUCTED, BY QUARTER, FROM APRIL 2010 TO JUNE 2015

Year	Quarter	Conducted	Passes	Pass rate (%)
2010/11	**Q1**	10,744	5,499	51.2
2010/11	**Q2**	11,051	5,688	51.5
2010/11	**Q3**	10,003	5,121	51.2
2010/11	**Q4**	12,096	6,356	52.5
	TOTAL	**43,894**	**22,664**	
2011/12	**Q1**	11,754	6,043	51.4
2011/12	**Q2**	11,919	6,267	52.6
2011/12	**Q3**	11,300	5,973	52.9
2011/12	**Q4**	11,576	6,118	52.9
	TOTAL	**46,549**	**24,401**	
2012/13	**Q1**	11,806	6,120	51.8
2012/13	**Q2**	11,682	6,139	52.6
2012/13	**Q3**	11,680	6,257	53.6
2012/13	**Q4**	11,078	5,982	54
	TOTAL	**46,246**	**24,498**	
2013/14	**Q1**	12,236	6,555	53.6
2013/14	**Q2**	12,013	6,558	54.6
2013/14	**Q3**	12,184	6,584	54
2013/14	**Q4**	11,850	6,527	55.1
	TOTAL	**48,283**	**26,224**	
2014/15	**Q1**	12,622	6,851	54.3
2014/15	**Q2**	12,929	7,178	55.5
2014/15	**Q3**	14,129	7,930	56.1
2014/15	**Q4**	15,481	8,615	55.6
	TOTAL	**55,161**	**30,574**	
2015/16	**Q1**	16,820	9,127	54.3

SOURCE: DVSA

DRIVER CPC BY MONTH - OCTOBER 2014 TO SEPTEMBER 2015

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Periodic training hours uploaded	396,705	325,759	218,211	381,313	376,789	372,084
Drivers attending periodic training	56,037	45,881	30,874	53,738	52,977	52,320
DQCs issued for completion of periodic training	11,647	7,644	5,603	4,603	5,370	5,883
DQCs issued for completion of initial qualification	2,896	3,123	2,748	2,537	2,530	2,773
Total DQCs issued (excludes replacements, EU/EEA driving licence holders etc)	14,543	10,767	8,351	7,140	7,900	8,656
Replacement DQCs issued	912	696	539	650	617	606
DQCs issued to EU/EEA driving licence holders	109	93	36	17	29	22

SOURCE: DVSA

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Periodic training hours uploaded	325,159	290,094	307,277	248,178	210,907	245,641
Drivers attending periodic training	45,916	40,892	43,307	34,828	29,594	34,466
DQCs issued for completion of periodic training	4,283	4,218	4,370	3,707	3,362	3,681
DQCs issued for completion of initial qualification	2,589	2,432	3,096	3,205	2,625	3,148
Total DQCs issued (excludes replacements, EU/EEA driving licence holders etc)	6,872	6,650	7,466	6,912	5,987	6,829
Replacement DQCs issued	500	484	580	577	532	631
DQCs issued to EU/EEA driving licence holders	22	15	21	17	12	16

SOURCE: DVSA

HGV TEST RATES BY GENDER, ANNUALLY, APRIL 2007 TO JUNE 2015

	MALE TESTS			FEMALE TESTS		
	CONDUCTED	PASSES	PASS RATE %	CONDUCTED	PASSES	PASS RATE %
2007/08	66,445	30,693	46.2	4,305	2,077	48.2
2008/09	61,950	30,258	48.8	3,892	2,035	52.3
2009/10	43,119	22,058	51.2	3,305	1,816	54.9
2010/11	41,011	21,122	51.5	2,883	1,542	53.5
2011/12	43,525	22,762	52.3	3,024	1,639	54.2
2012/13	42,937	22,736	53	3,309	1,762	53.2
2013/14	44,993	24,296	54	3,290	1,928	58.6
2014/15	51,314	28,310	55.2	3,847	2,264	58.9
2015/16*	15,649	8,465	54.1	1,171	662	56.5

SOURCE: DVSA * Covers April, May and June 2015

Men continue to dominate the new entrant workforce, accounting for 92.6% of all tests passed in 2014/15. However the proportion of women passing HGV tests continues to rise year-on-year, from 6.1% in 2007-08 to 7.4% in 2014-15. That 12-month period also saw the highest number of women recorded passing an HGV test.

According to the most recent Office for National Statistics (ONS) Labour Force Survey the number of HGV drivers employed has grown from a low of 259,000 in 2013 to 299,000 drivers in 2015. It said that prior to the recession there had been around 320,000 HGV drivers and that in 2009 driver numbers started to decline.

Furthermore, the same ONS Labour Force Survey (covering the period April 2015 to June 2015) said that the number of people claiming Jobseekers' Allowance who stated that "HGV driver" was their usual occupation has continued to fall since 2009. In April 2015, 1,135 people claiming Jobseekers' Allowance stated that "HGV driver" was their usual occupation, and according to the ONS this was 65% lower than pre-recession levels.

4.2 DOMESTIC MOVEMENTS

GOODS MOVED, GOODS LIFTED AND VEHICLE KM, ANNUALLY, 2005 – 2010

YEAR	GOODS MOVED (BILLION TONNE KM)	GOODS LIFTED (MILLION TONNES)	VEHICLE KM (MILLION KM)
2005	153	1,746	22,232
2006	152	1,776	21,848
2007	157	1,822	21,900
2008	146	1,668	20,395
2009	125	1,356	18,024
2010	139	1,489	18,769
2011	145	1,559	19,347
2012	150	1,587	18,604
2013	139	1,475	17,213
2014	136	1,490	16,907

SOURCE: DfT

Between 2013 and 2014, the amount of goods moved by Great Britain registered HGVs operating in the UK decreased by 2% to 136bn tonne km. This is 14% lower than the peak of 157 billion tonne km in 2007 and a fall of 11.1% between 2005 and 2014.

A tonne km is a unit of measurement for all modes of goods transport which represents the transport of one tonne over one km. Therefore a truck carrying 16 tonnes of goods over one km has completed 16 tonne km of transport.

Between 2013 and 2014, the amount of goods lifted (the tonnage part of the tonne km equation) by Great Britain-registered HGVs operating in the UK increased by 1% to 1.49 billion tonnes. This is 18% lower than the peak in 2007 of 1.82 billion tonnes.

The distance travelled by HGVs in the UK (the km part of the tonne km equation) decreased by 2% to 16.9 billion vehicle km in 2014. This continues the downward trend over the past 10 years from 22.2 billion vehicle km in 2005, a fall of 23.3%.

To put it simply, UK hauliers are driving fewer km and carrying less tonnage of goods than they were 10 years ago. This could be a combination of factors; firstly the recession has diminished supply and demand of goods across the UK; and, secondly, haulage and logistics business have sought to streamline operations, reduce total vehicle km and move freight more efficiently.

Year-on-year the trend is positive. UK operators moved 1% more tonnes of goods in 2014 than they did in 2013, but did so by reducing total vehicle km by 1.7% - pointing towards a more effective industry.

4.3 INTERNATIONAL MOVEMENTS

ROAD GOODS VEHICLES TRAVELLING TO MAINLAND EUROPE, ANNUALLY, 2005 – 2014, BY UNIT

Year	Powered vehicles registered in UK	Foreign-registered powered vehicles	Powered vehicles unknown origin	Total powered vehicles	Un-accompanied trailers	All vehicles
2005	418,000	1,513,000	10,000	**1,941,000**	763,000	**2,704,000**
2006	406,000	1,606,000	9,000	**2,021,000**	784,000	**2,805,000**
2007	400,000	1,719,000	11,000	**2,129,000**	772,000	**2,901,000**
2008	382,000	1,672,000	5,000	**2,060,000**	709,000	**2,768,000**
2009	347,000	1,404,000	13,000	**1,764,000**	611,000	**2,375,000**
2010	379,000	1,406,000	9,000	**1,794,000**	673,000	**2,468,000**
2011	361,000	1,446,000	4,000	**1,812,000**	660,000	**2,472,000**
2012	338,000	1,471,000	1,000	**1,811,000**	620,000	**2,430,000**
2013	326,000	1,707,000	5,000	**2,037,000**	652,000	**2,689,000**
2014	313,000	1,902,000	1,000	**2,216,000**	679,000	**2,895,000**

SOURCE: DfT

ROAD GOODS VEHICLES TRAVELLING TO MAINLAND EUROPE, ANNUALLY, 2005 – 2014, BY PERCENTAGE

Year	Powered vehicles registered in UK	Foreign-registered powered vehicles	Powered vehicles unknown origin	Total powered vehicles	Unaccompanied trailers	All vehicles
2005	15.4	56	0.4	**71.8**	28.2	**100**
2006	14.5	57.2	0.3	**72**	28	**100**
2007	13.8	59.3	0.3	**73.4**	26.6	**100**
2008	13.8	60.4	0.2	**74.4**	25.6	**100**
2009	14.6	59.2	0.5	**74.3**	25.7	**100**
2010	15.3	57	0.4	**72.7**	27.3	**100**
2011	14.6	58.5	0.2	**73.3**	26.7	**100**
2012	13.9	60.5	0.1	**74.5**	25.5	**100**
2013	12	63.5	0.2	**75.7**	24.3	**100**
2014	10.8	65.7	>0	**76.5**	23.5	**100**

SOURCE: DfT

Over the past decade, the share of UK-registered HGVs travelling out of the UK has shrunk from 15.4% market share in 2005 to 10.8% in 2014. Foreign-registered HGVs' share of the overall market has risen by 11.7 percentage points to 65.7% in that time. The number of HGVs travelling from the UK to mainland Europe (excluding the Republic of Ireland) in 2014 is at the second-highest in the past 10 years at 2.89 million journeys, compared to 2.9 million in 2007. The market was at its lowest in 2009, when just 2.4 million journeys were made. During the recession UK-based HGVs were able to make market share gains, but as economic conditions have improved, foreign-based HGVs have reclaimed and improved on market share losses.

HGVS TRAVELLING TO MAINLAND EUROPE: PERCENTAGE SHARE OF ALL POWERED GOODS BY COUNTRY OF REGISTRATION - Q3 2014 - Q2 2015

country of registration	powered vehicles	% share
Poland	478,204	21.08
UK	303,901	13.39
Netherlands	218,655	9.64
Romania	210,355	9.27
Germany	148,257	6.53
Spain	125,853	5.55
France	120,977	5.33
Hungary	102,630	4.52
Czech Republic	89,700	3.95
Other	522,200	20.73
Total	**2,320,732**	**100**

SOURCE: DfT

HGVs registered in Poland accounted for one in five of every truck that travelled out of the UK into mainland Europe and lead the market for goods exports by road by 7.7 percentage points between July 2014 and June 2015. Compared to Q3 2013 to Q2 2014, Polish-registered HGVs have gained one percentage point of market share, where as UK-based HGVs have fallen by 1.6 percentage points. Outside of UK-registered HGVs, Dutch-registered HGVs remain third (9% share compared to 9.6% share year-on-year) where as big gains have been made by Romanian hauliers, moving from 7% market share to 9.27%, a shift from 151,000 vehicles to 210,355 vehicles.

CABOTAGE

Cabotage, according to the European Commission, means the national carriage of goods for hire or reward carried out by non resident hauliers on a temporary basis in a host Member State, is governed by Regulation (EC) 1072/2009 as of 14 May 2010. The aim of the regulation is to improve the efficiency of road freight transport by reducing empty trips after the unloading of international transport operations.

Article 8 of the regulation provides that every haulier is entitled to perform up to three cabotage operations within a seven day period starting the day after the unloading of the international transport.

A haulier may decide to carry out one, two or all three cabotage operations in different European Union member states and not necessarily the member state in which the international transport was delivered. In this case only one cabotage operation is allowed in a given member state to be carried out within three days of entering that member state without cargo.

CABOTAGE WITHIN THE UK BY COUNTRY OF REGISTRATION OF VEHICLE 2005 - 2014 (MILLION TONNE KMS)

Country of vehicle registration	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Poland	36	117	109	117	124	212	173	106	195	371
Netherlands	756	563	309	388	353	282	232	287	198	251
Ireland	442	378	374	544	289	312	298	212	204	182
France	152	195	331	231	164	129	113	104	92	130
Germany	146	173	179	203	127	136	99	85	58	60
Portugal	0	0	0	0	0	0	0	0	39	58
Belgium	241	252	166	117	114	70	23	18	51	49
Hungary	0	0	0	9	9	9	23	22	33	34
Lithuania	0	8	10	21	0	6	8	15	22	33
Romania	0	0	0	0	0	0	0	11	29	28
Czech Republic	0	0	0	0	0	10	0	0	0	21
Luxembourg	19	16	8	5	4	7	9	3	10	14
Denmark	0	6	0	0	6	4	0	15	4	7
Bulgaria	0	0	0	0	0	0	0	118	0	0
Italy	32	0	0	24	0	0	0	0	0	0
Austria	5	10	0	0	0	0	0	4	0	0
Total	**1,875**	**1,760**	**1,539**	**1,709**	**1,231**	**1,272**	**1,028**	**1,048**	**1,053**	**1,422**
Domestic freight activity by UK vehicles	**156,115**	**156,370**	**161,445**	**149,809**	**129,082**	**141,974**	**149,136**	**154,569**	**143,201**	**139,774**
Cabotage penetration rate (%)	**1.2**	**1.1**	**0.9**	**1.1**	**0.9**	**0.9**	**0.7**	**0.7**	**0.7**	**1**

SOURCE: DfT

In 2004 the EU expanded from 15 to 27 member nations (and, in 2013, expanded to 28 with the inclusion of Croatia). Since then the share of the international vehicle movements conducted by UK commercial vehicles operators has declined steadily, with the exception of a post-recession rise in 2010 and 2011.

In 2014, the overall level of cabotage goods moved in the UK was 1.4 billion tonne km, just 1% of all HGV activity with the UK. This is 35% higher than in 2013 and 24% lower than the peak in 2005.

In terms of goods moved, the major participants to cabotage in the UK were vehicles from Poland, Netherlands and Ireland. These three countries accounted for 57% of cabotage in the UK. France, Germany and Portugal together accounted for most of the remaining cabotage in 2014.

The amount of cabotage by Polish vehicles in the UK has increased seven fold between 2004 and 2014 from 52 million tonne km to 371 million tonne km. Over the same period cabotage tonne km from Belgium, the Netherlands and Ireland dropped by 80%, 64% and 61% respectively.

4.3 COMPLIANCE

VEHICLE MAINTAINENCE AND ROADSIDE PROHIBITIONS

DVSA has a broad range of responsibilities, including processing applications for licences to operate lorries and buses, operating testing schemes for all vehicles, and enforcing the law on vehicles to ensure that they comply with legal standards and regulations.

The agency also enforces drivers' hours and licensing requirements, provides training and advice for commercial operators, investigate vehicle accidents, defects and recalls, and runs tests for instructors of HGVs, as well as driver trainers.

Vehicle testing can be done at a DVSA Goods Vehicle Testing Station (GVTS), or a privately owned ATF. Both use DVSA staff and the same test standards. In July 2015 the 500th ATF opened, and the DVSA said that 93% of all tests are now carried out at private sites away from DVSA's own test stations.

DVSA officers and police officers may issue roadside prohibitions to vehicles that are not roadworthy (i.e. have mechanical problems, or a poor condition of bodywork and equipment), are overloaded, where drivers have breached rules regarding drivers' hours and tachograph use and specifically for issues involving the movement of hazardous goods.

An **immediate prohibition** means that a vehicle will be immobilised immediately. A **delayed prohibition** means the vehicle may be driven away and an operator will have 10 days to fix the problem. A **roadworthiness prohibition** is given for mechanical problems or the condition of the vehicle, and is more commonly referred to as a PG9. It can be immediate or delayed depending on the severity of the problem. An **S-marked roadworthiness prohibition** refers to a defect that the driver and/or operator could not have known about before the journey began. S-marked prohibitions are issued if the vehicle examiner believes there has been a significant breakdown in the maintenance procedures agreed as part of the O-licence. **Drivers' hours prohibitions** – regarding drivers' hours rules and tachograph use – usually result in a fine, but can also result in prosecutions or the immobilisation of vehicles. **Hazchem prohibitions** refer to the carriage of hazardous goods and fixing the problem is usually enough to get the prohibition lifted.

NUMBER OF PROHIBITIONS ISSUED TO UK-REGISTERED HGVs IN 2014, BY POLICE AREA

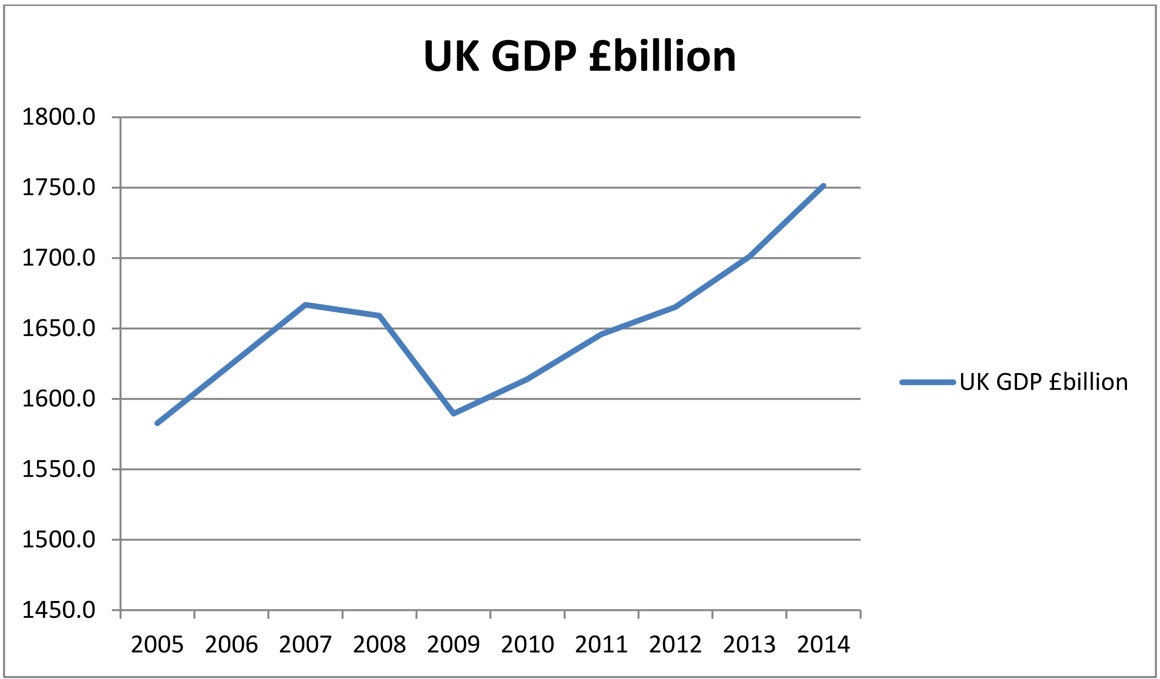
POLICE AREAS	TOTAL ENCOUNTERS	RESULTING IN A MECHANICAL PROHIBITION	IMMEDIATE ROADWORTHI-NESS PROHIBITION	*... OF WHICH THOSE WERE S-MARKED*	DELAYED ROADWORTHINESS PROHIBITIONS
East Scotland	1,486	513	189	24	324
West Scotland	1,474	550	226	30	324
Cumbria, Lancashire and Tyne & Tees	4,545	1,416	661	89	755
Yorkshire and Humberside	2,007	543	298	32	245
Manchester, South Yorkshire and Nottinghamshire	3,722	1,251	535	67	716
Merseyside, Cheshire and North Wales	2,261	580	268	39	312
Staffordshire and Derbyshire	2,217	738	307	72	431
Central Midlands	1,512	381	152	13	229
East Anglia, Lincolnshire and Cambridgeshire	1,935	587	293	47	294
Bristol and the South-West	1,712	514	259	41	255
South-West	1,264	413	174	37	239
Wessex	1,203	305	146	29	159
No longer exists - amalgamated with Wessex and South-East/ Central	93	16	10	5	6
South-East/ Central	1,367	333	154	34	179
Metropolitan	3,621	1,519	972	178	547
Hertfordshire, Essex and Bedfordshire	1,635	346	134	28	212
High Risk Transport Initiative (HRTI)	2,064	727	490	53	237
TOTAL	**34,118**	**10,732**	**5,268**	**818**	**5,464**

SOURCE: DVSA

Despite failing to respond to Freedom of Information requests for roadside prohibitions data, the DVSA did supply roadside prohibition data based on a variety of police enforcement areas. The DVSA's High Risk Transport Initiative (HRTI) targets foreign-registered trucks. The unusually amalgamated region of Manchester, South Yorkshire and Nottinghamshire saw the largest number of roadside prohibitions in 2014 at 3,722; Metropolitan (i.e. Greater London) was second at 3,621.

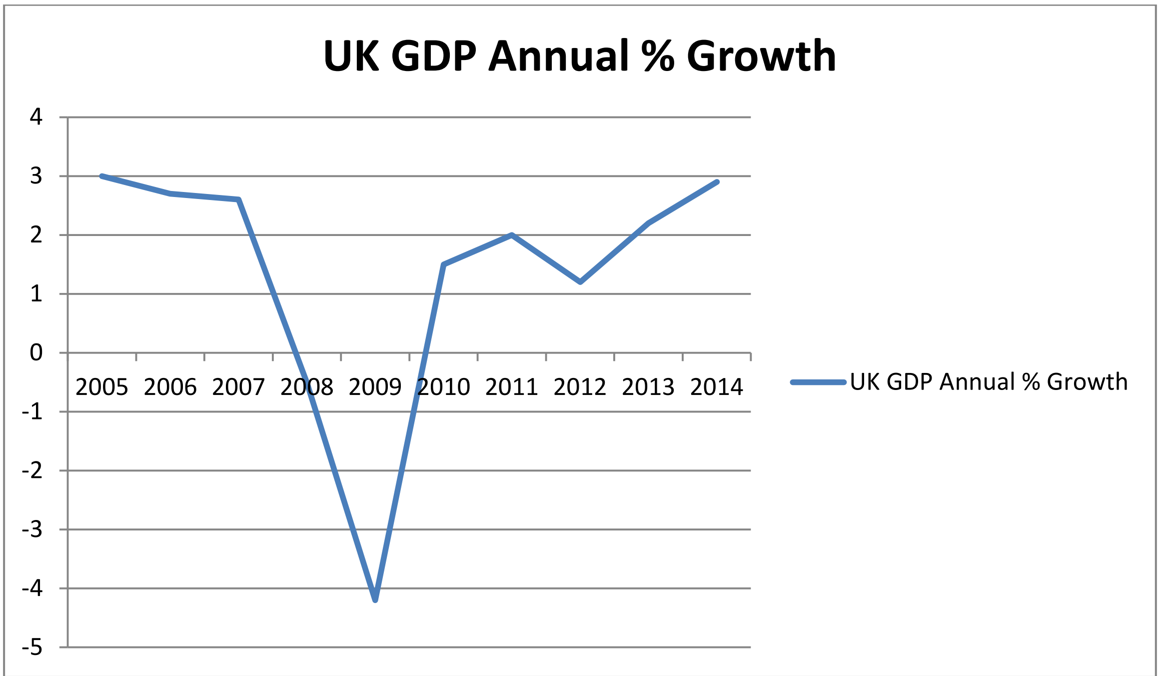
4.4 ECONOMIC PERFORMANCE

UK GDP (£BILLION) 2008 - 2014



SOURCE: ONS

GDP ANNUAL PERCENTAGE GROWTH



SOURCE: ONS

Gross Domestic Product (GDP) in the UK increased 2.99% year-on-year to £1,752.2bn in 2014 from £1,701.2bn in 2013. During the recession GDP fell from £1,666.8bn in 2007 to £1,659bn in 2008 and £1,589.5bn in 2009. GDP did not return to pre-recession levels until 2013.

At a macro-economic level; from the peak in Q1 (Jan to Mar) 2008 to the trough in Q2 (April to June) 2009, GDP decreased by 6.1%. Looking at 2015 by quarter, Q2 showed continued strength, increasing by 0.7% compared with the previous quarter, by 2.4% compared with Q2 2014. GDP has now increased for 10 consecutive quarters.

INTERNATIONAL GDP GROWTH RATE COMPARISONS FOR SELECTED ECONOMIC AREAS, Q ON Q

	EU	**Eurozone**	**France**	**Germany**	**UK**
Q1 2013	0	-0.2	0.1	-0.3	**0.7**
Q2 2013	0.4	0.4	0.7	0.9	**0.6**
Q3 2013	0.4	0.2	-0.1	0.4	**0.9**
Q4 2013	0.3	0.2	0.2	0.3	**0.6**
Q1 2014	0.3	0.2	-0.2	0.7	**0.6**
Q2 2014	0.3	0.1	-0.1	-0.1	**0.9**
Q3 2014	0.4	0.3	0.3	0.2	**0.6**
Q4 2014	0.5	0.4	0.1	0.6	**0.8**
Q1 2015	0.5	0.5	0.7	0.3	**0.4**
Q2 2015	0.4	0.4	0	0.4	**0.7**

SOURCE: ONS **N.B.** *EU comprises all 28 member states of the European Union; Eurozone comprises all 19 member states of the Euro*

Since Q1 2013 the UK has consistently outperformed the Eurozone in quarter-on-quarter GDP growth (with the single exception of Q1 2015 when the difference was just 0.1 of a percentage point). While the UK has achieved 10 consecutive quarters of GDP growth, both the EU and the Eurozone have achieved nine, Germany four and France achieved no GDP growth in Q2 2015.

ACKNOWLEDGEMENTS

Many organisations and individuals contributed to this report. The author would like to thank, in no particular order:

The Department for Transport; the DVSA; the Office of the Traffic Commissioner; the Office of National Statistics; the Society for Motor Manufacturers and Traders; the British Vehicle Rental and Leasing Association; Daf Trucks; Isuzu Truck; Iveco; Mercedes-Benz; MAN; Renault Trucks; Scania and Volvo.

Ashleigh Wight, senior legal reporter at Road Transport Media, and David Wilcox, formerly technical editor at Road Transport Media, provided assistance and data in producing this report. The Motor Transport Top 100, Top 250 and Motor Transport Own-Account Top 50 were compiled by Christopher Walton, managing editor at Road Transport Media.

This report was researched and produced by Christopher Walton, managing editor at Road Transport Media.

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