



SCALA Supply Chain Best Practice Forum

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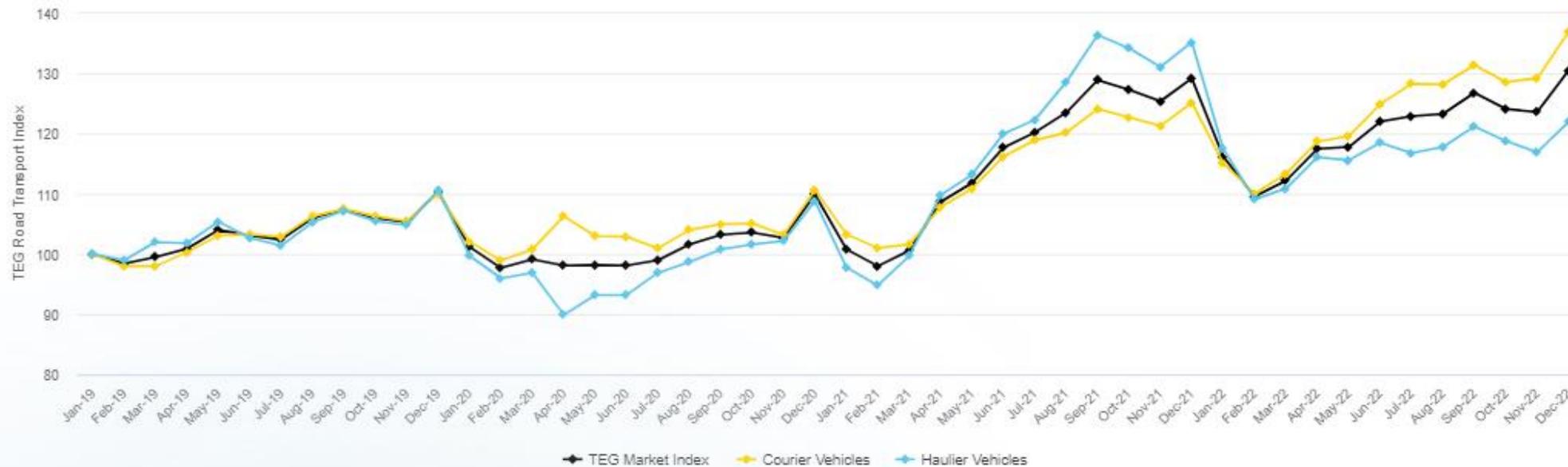
26 January 2023

Agenda

- > New sources of market intelligence for benchmarking:
 - > TEG Road Transport Price Index
 - > Adzuna job adverts portal
- > Business rates
- > Current logistics demographics

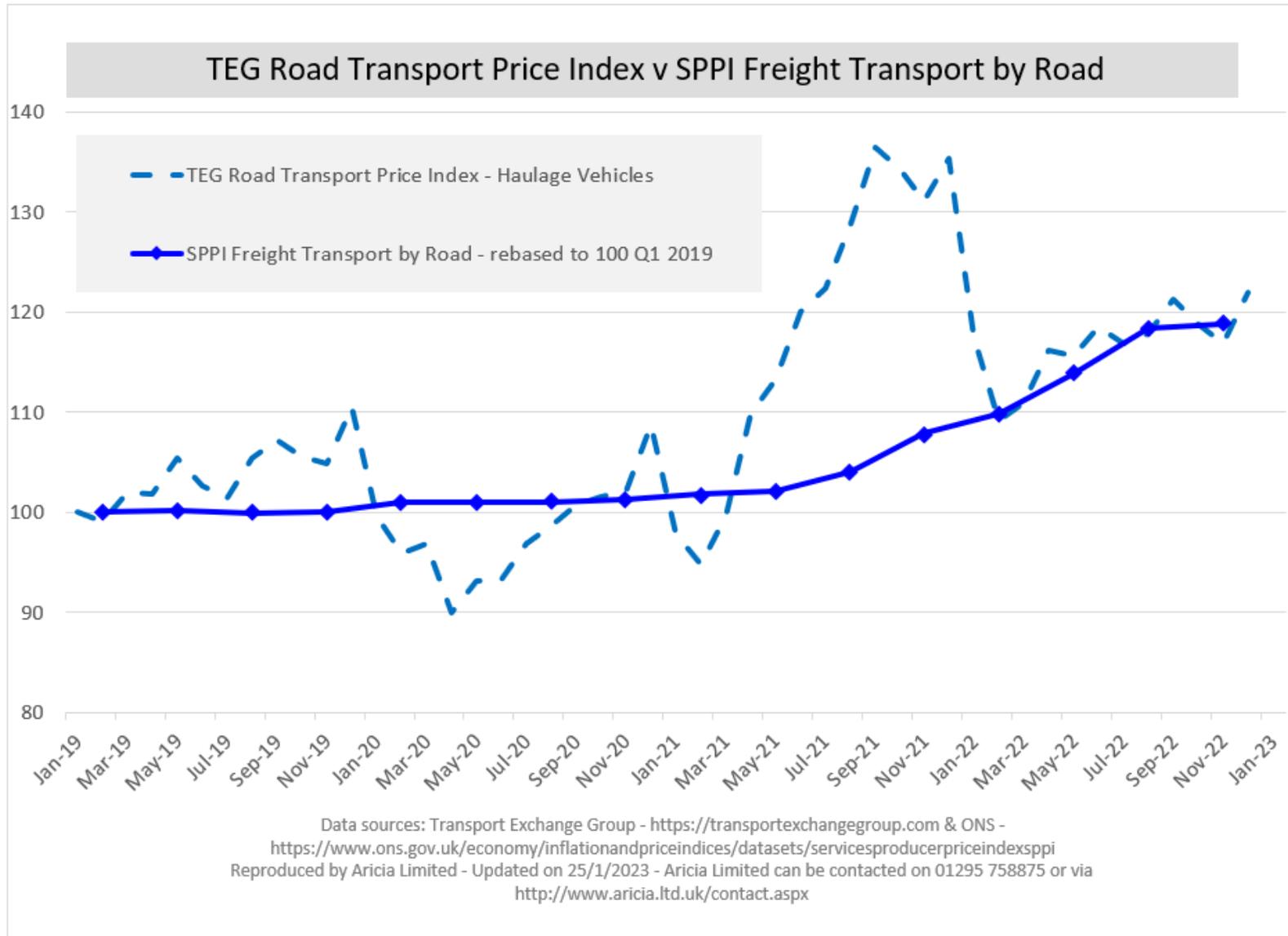
TEG Road Transport Price Index – spot rates ppm

- > TEG = Transport Exchange Group - a UK freight exchange for haulage & couriers, so spot rates
- > The TEG Road Transport Price Index charts the price-per-mile cost for haulage and courier vehicles each month
- > “Uses data from over four million aggregated and anonymised transactions ...an arithmetic weighted series, tracking PPM (Price per Mile) each month against a base of January 2019”
- > “Weighting is applied according to the mileage mix from each vehicle type using the Paasche formula. This ensures the PPM of each month is compared accurately with the base month”



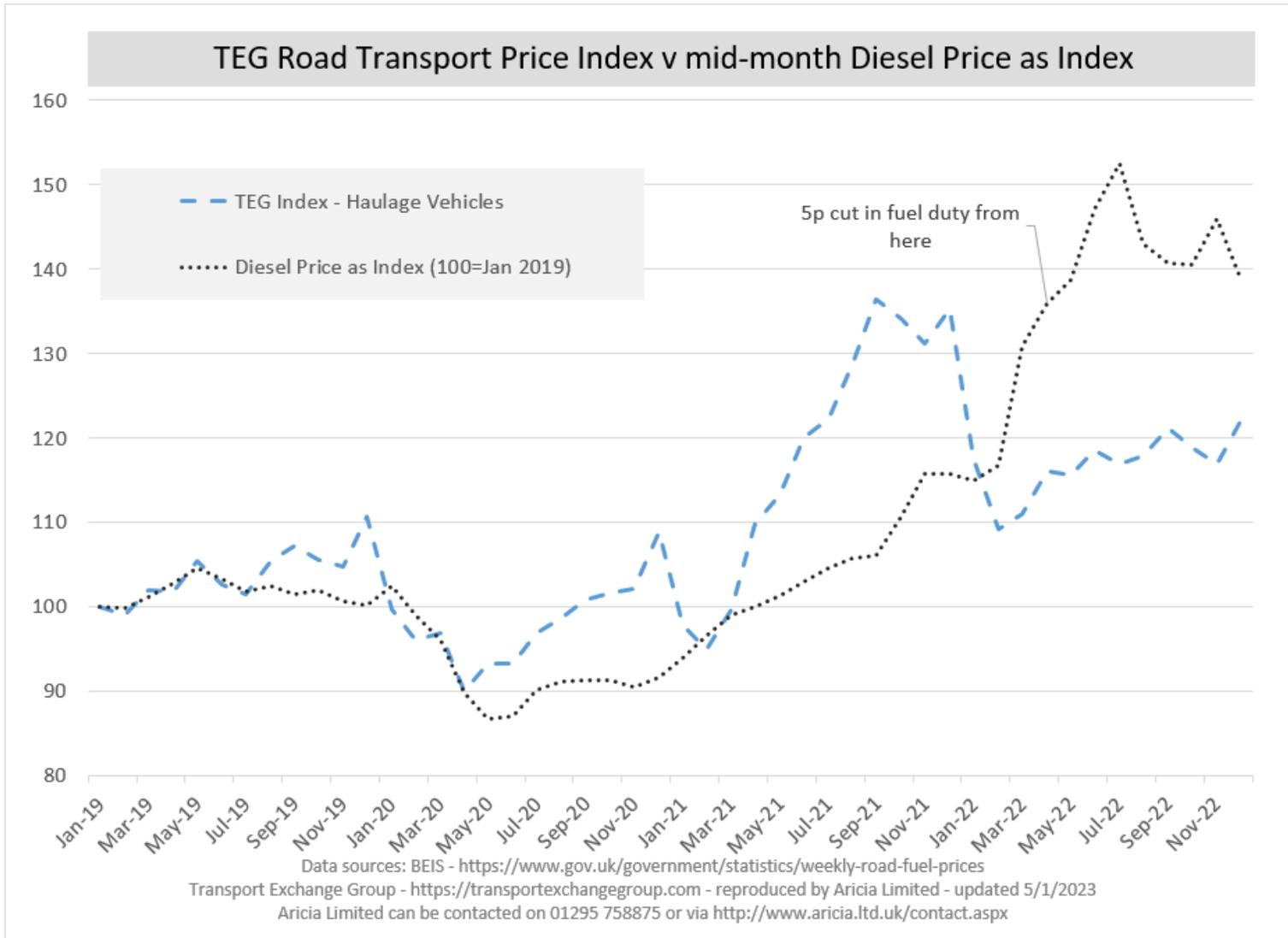
TEG Road Transport Index: Data ID - A3, B3, C3

TEG Haulage v ONS SPPI Road Freight



- > SPPI Road freight index showing 10.2% YoY inflation in Q4 (13.7% in Q3)
- > The influences for contractual rates and spot haulage can be quite different
- > The next slides look at potential drivers for spot haulage rates:
 - > Operational costs
 - > Customer demand
 - > Capacity / Resource availability

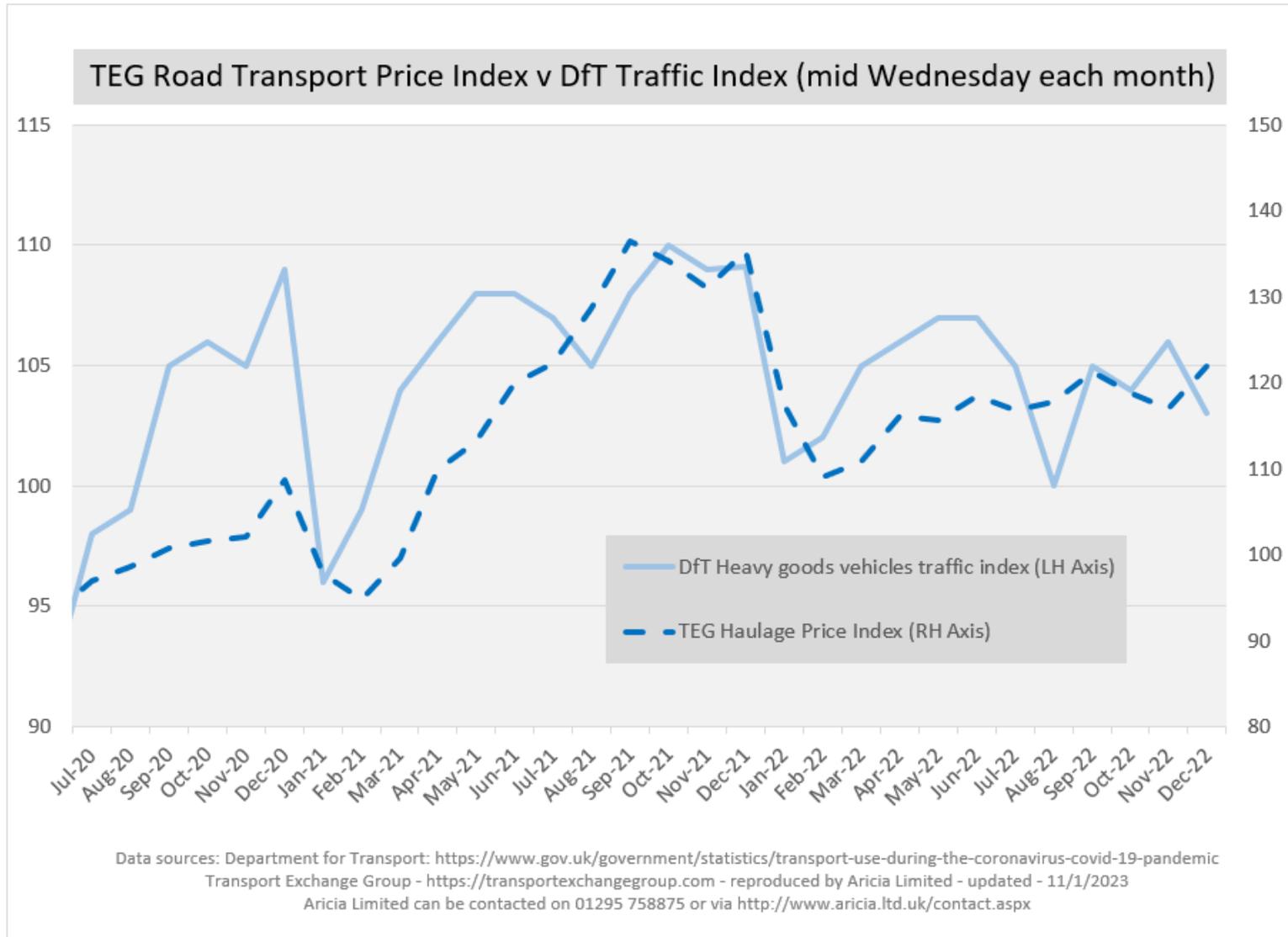
TEG Haulage v Diesel Price as an index



- > Actually, not much relationship between spot rates & diesel
- > RHA Cost Tables show 19% uplift inc fuel & 11.58% exc fuel
- > New vehicle c20%, trailer c15%
- > Many other costs 10%+ (driver employment, repairs & maint, tyres, overheads)
- > MT Top 100 2022 (vast majority of results for 2021!) pre-tax profit = 5.4%

- > Other increases yet to come:
- > Fuel duty increase less likely
- > Changed energy relief
- > Business rates review
- > What else?

TEG Haulage v HGV Traffic levels



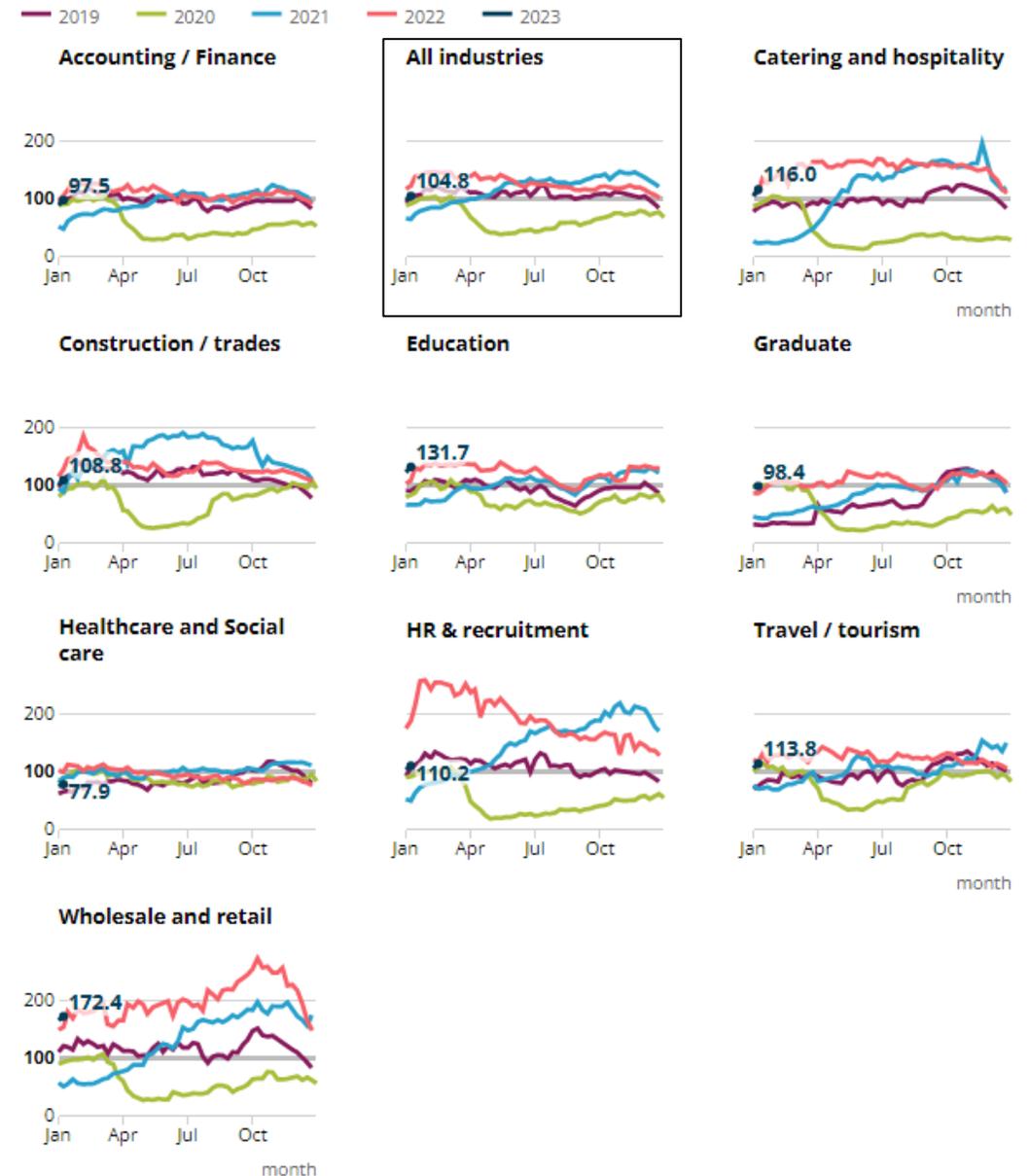
- > Traffic levels as a proxy for demand?
- > DfT only started publishing this data at the start of Covid
- > The first few months have been removed from the graph, which starts from July 2020, to make best use of graph space available
- > The scales have been chosen to demonstrate that there seems to be some sort of relationship

- > Transport Exchange Group has a data portal called Integra - allows users to investigate data at a more granular level
- > Find out more here:
<https://transportexchange.com/integra-market-insights/>
- > Or contact:
 - > Traci Varley, Marketing Manager
traci.varley@transportexchange.com
 - > or
 - > Pete Church, Commercial Director for Integra
pete.church@transportexchange.com

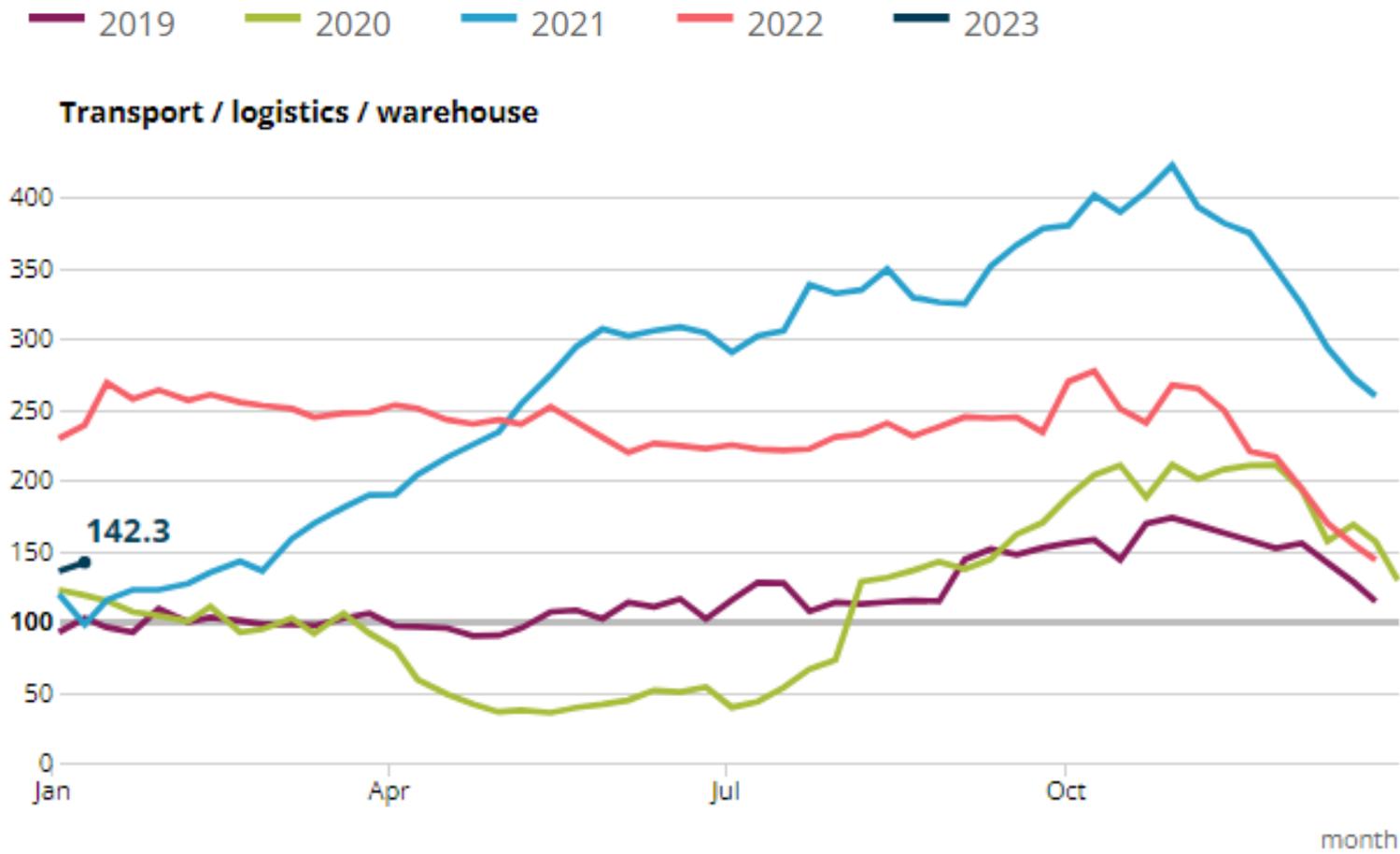


Adzuna – job adverts index

- > Adzuna is a search engine for job adverts
- > It scrapes job ads from all over the web – recruitment companies, other ad boards, employer’s websites...
- > The advert numbers the ONS graph do include potential duplicates eg employers advertising and recruitment companies or agencies on their behalf
- > The Office for National Statistics has been publishing graphs of the Adzuna job adverts in different sectors as part of its real-time economic indicators
- > This is the most recent version of the graphs showing the start of January 2023
- > Note scale on LH axis - ONS had to use a different scale for the logistics industry...



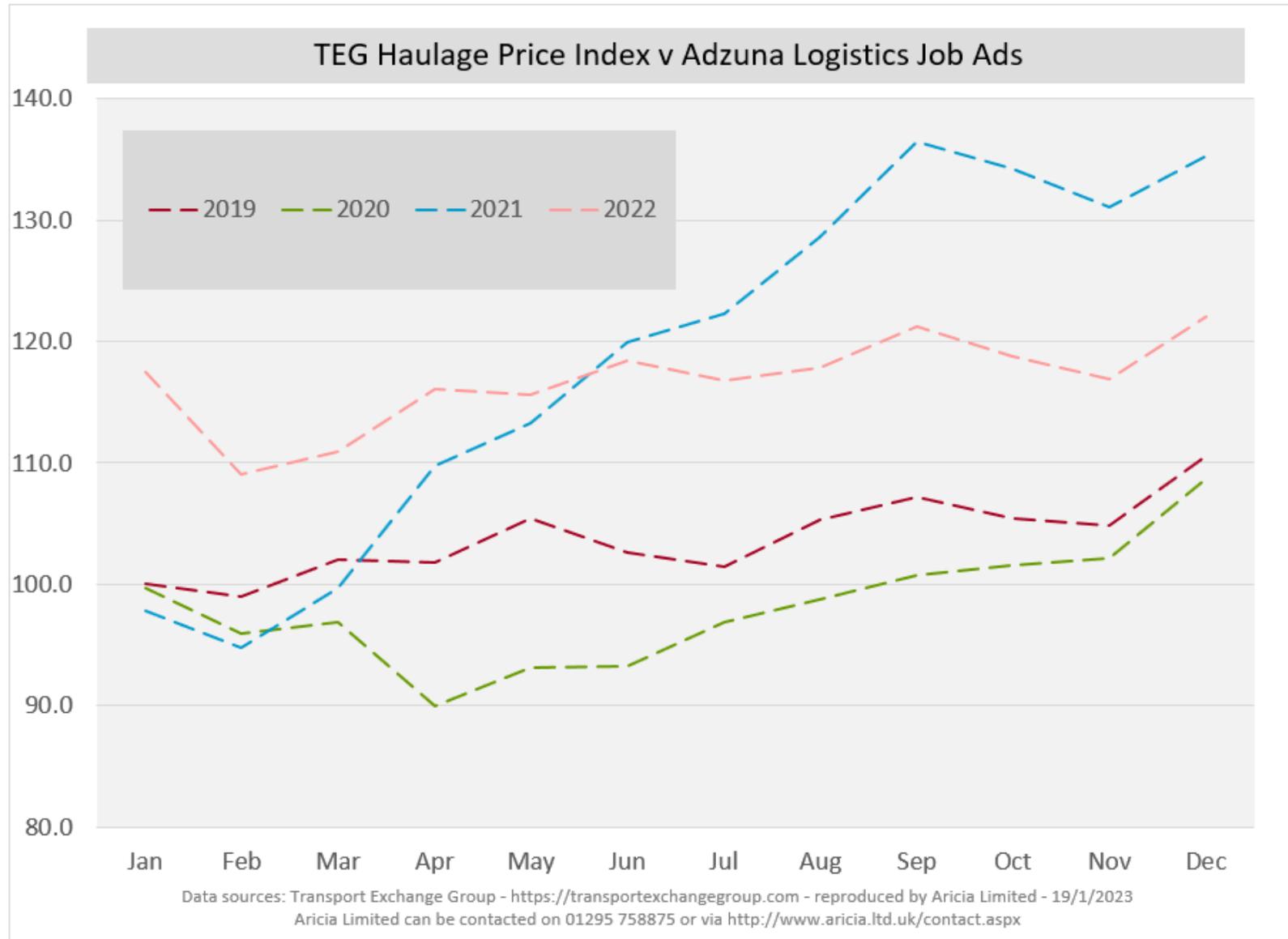
Adzuna Logistics Job Adverts via ONS



- > Note scale = double the other sectors on previous slide
- > Notice the shapes and the relationships between the different years
- > 2020 (green) shows Covid lockdown impact
- > 2021 (light blue) shows over-heat as economy re-opened
- > 2022 (pink) mirrors 2019 (maroon) to an extent
- > And 2023 (dark blue) is back to starting at the same sort of point as 2020 & 2021 - much lower than this time last year

> <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/economicactivityandsocialchangeintheukrealtimeindicators/19january2023>

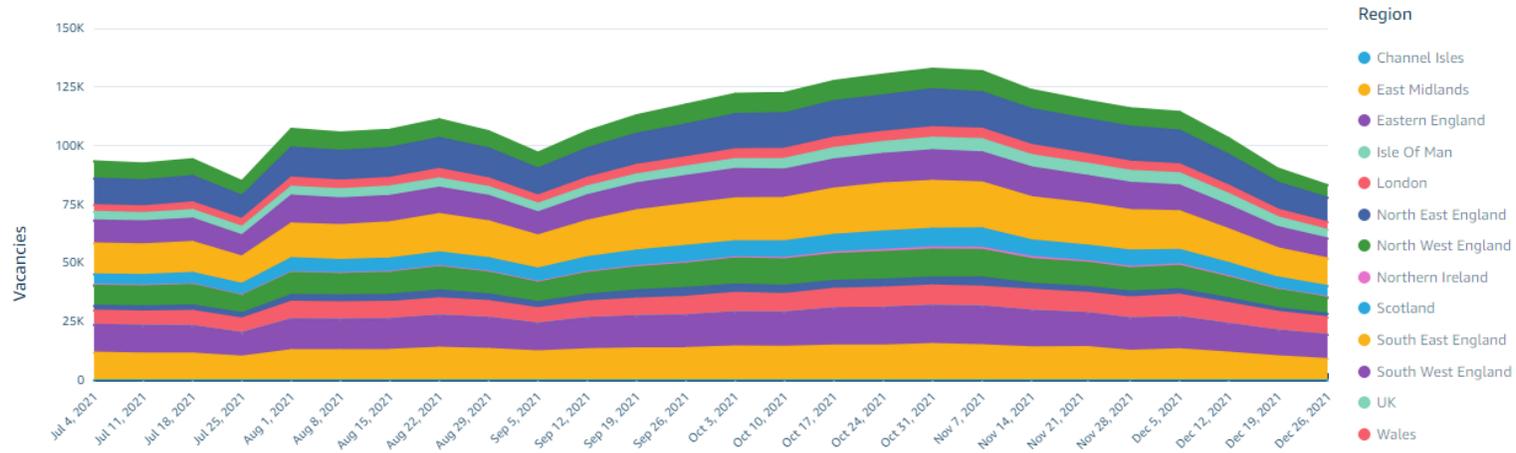
Back to TEG for a moment - Haulage index by Year



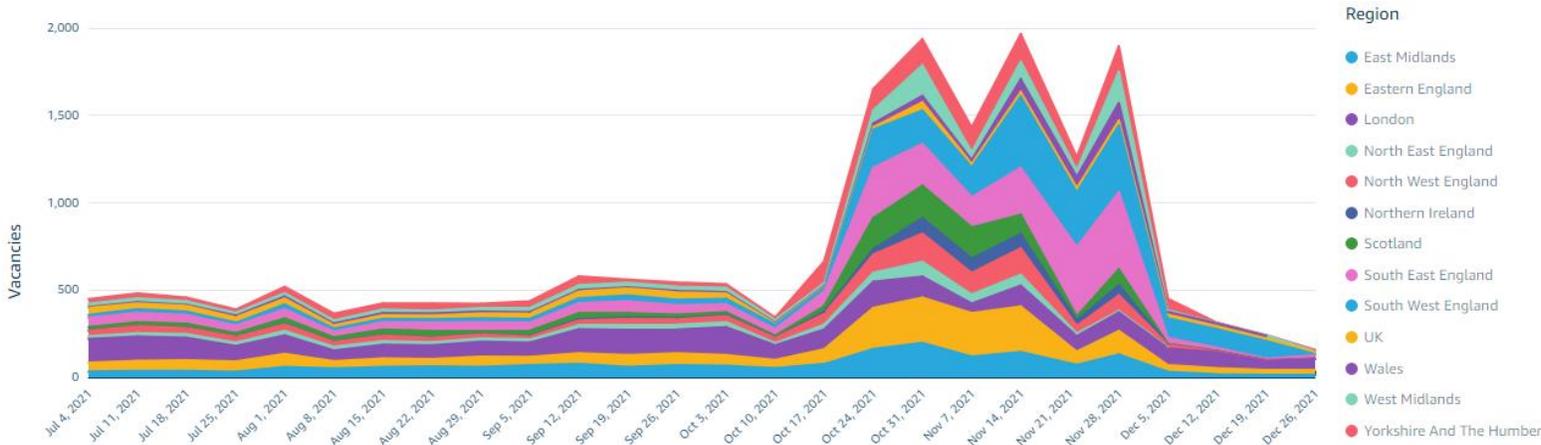
- > Logistics adverts as a proxy for resource / capacity shortage?
- > While not exactly the same shape as the Adzuna job ads (particularly at year end), there are similarities between this and the previous graph
- > The crossover for 2022 v 2021 is roughly the same time in the two graphs
- > The mirroring shape of 2022 v 2019 within each graph – but at a step up in each case
- > 2023?

Adzuna development portal – H2 2021 - delving into data

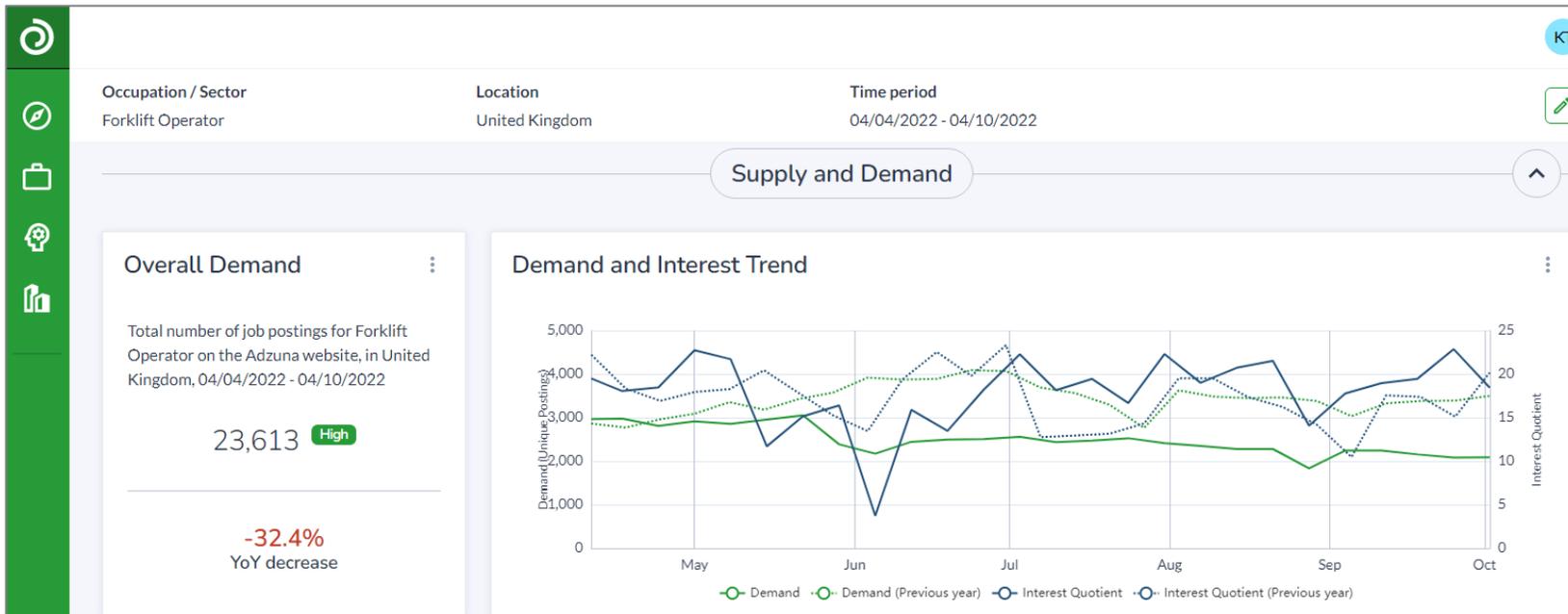
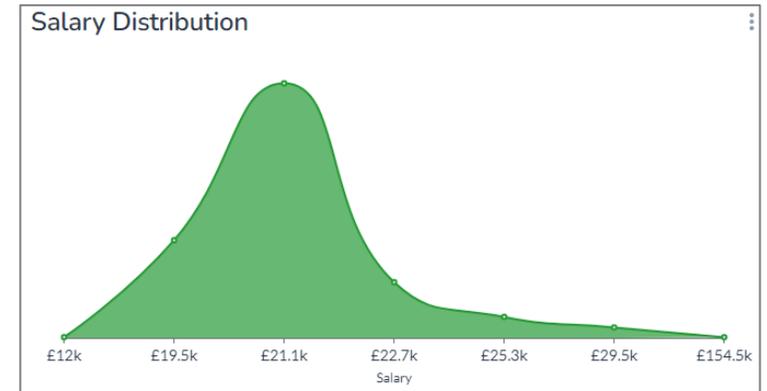
- > Peaking of logistics job adverts in total (top) v just Amazon (bottom) for logistics roles – H2 2021
- > Why no-one wants to be on the same logistics park as Amazon!



Controls Start date 01 Jul 2021 End date 01 Jan 2022 Region All Full-time/Part-time All Contract/Permanent All Seniority All Company Amazon Category Logistics & Wa... City All

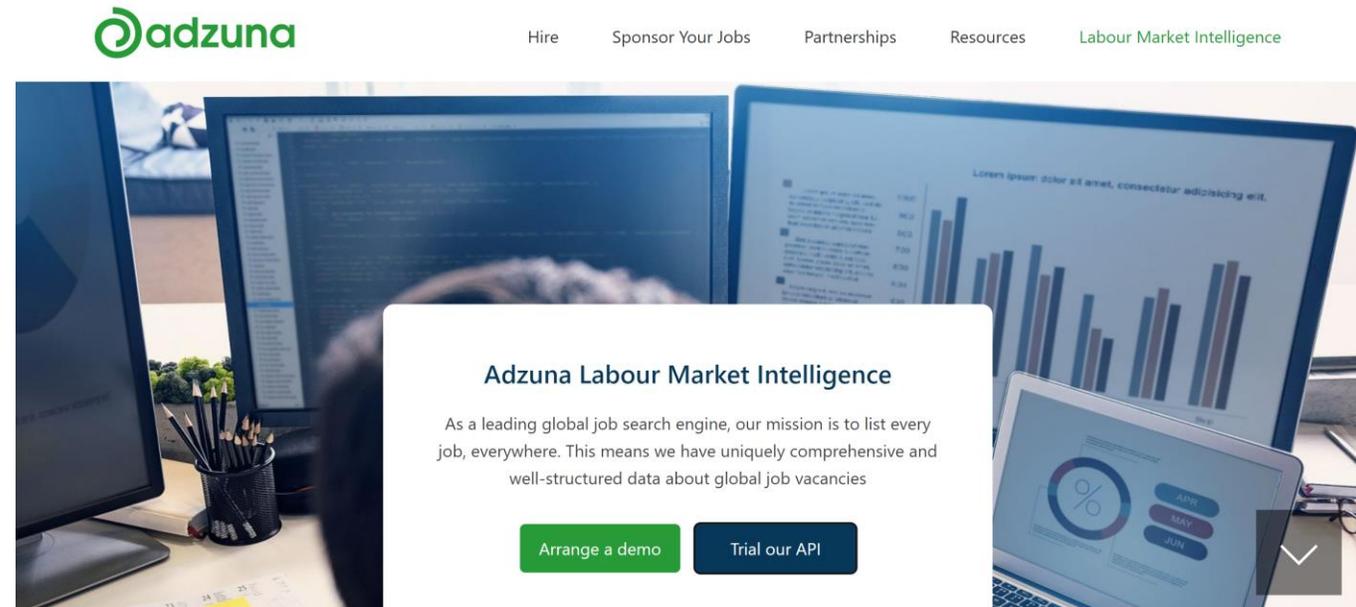


Adzuna portal – Q2&3 2022 - delving into data

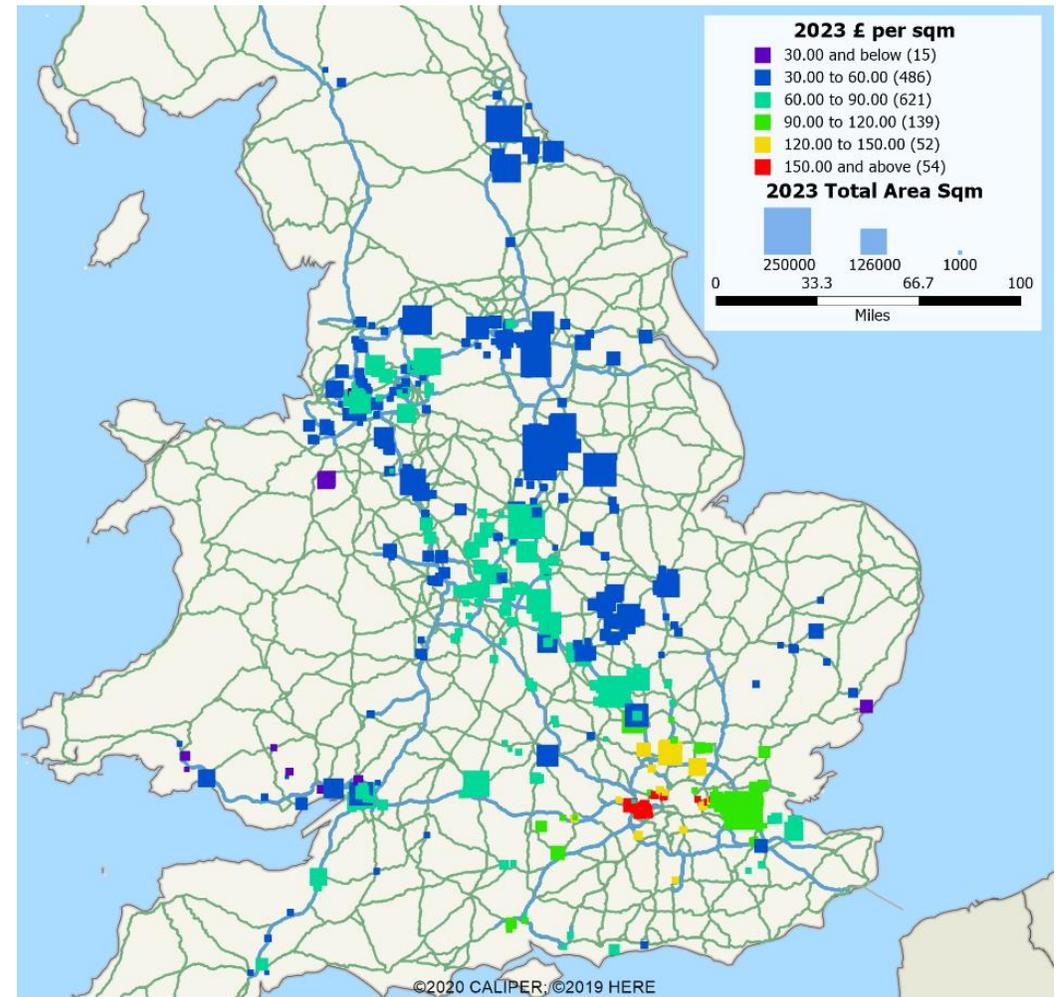
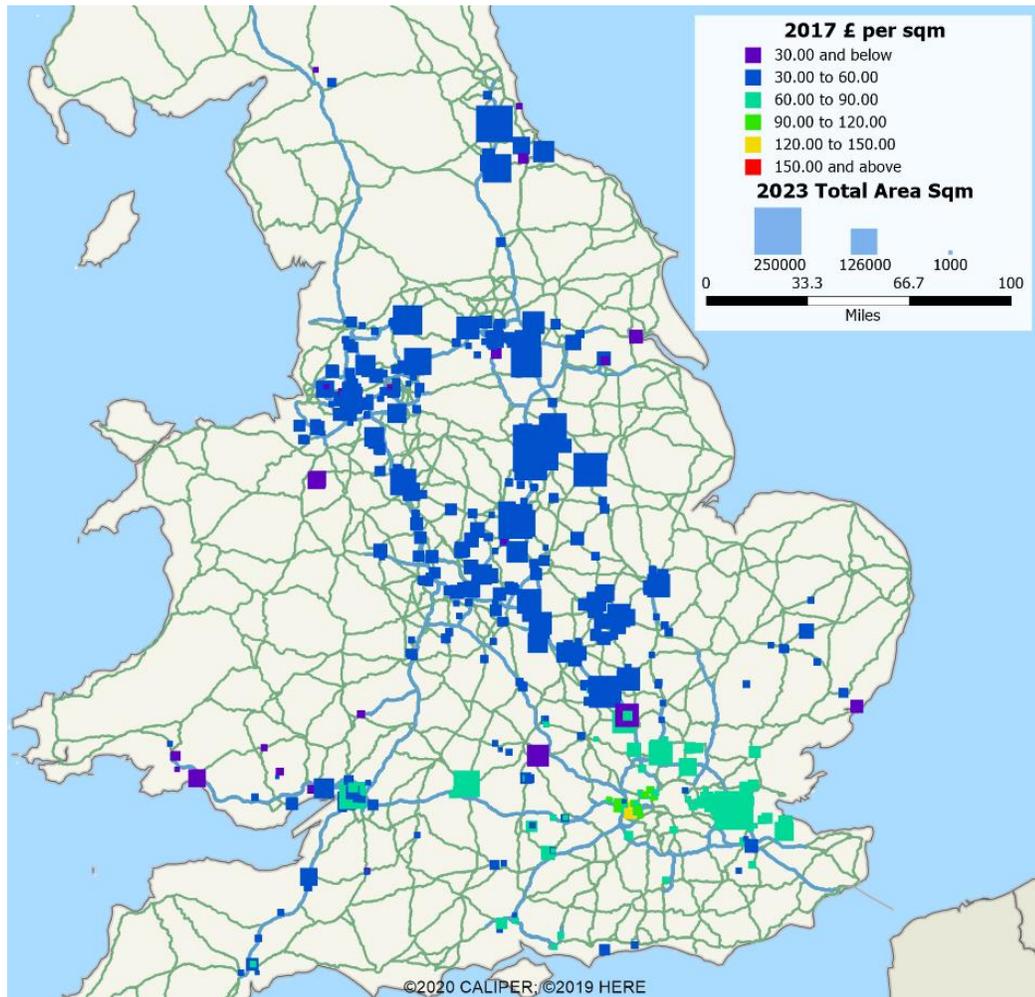


- > Forklift driver – salary & demand
- > NB These graphs came from the current portal – still under development

- > Adzuna continues to develop its portal, allowing users to investigate data – granularity has varied in the different portals
- > Find out more here:
- > <https://www.adzuna.co.uk/hire/labour-market-intelligence/>
- > Or contact:
- > Scott Sweden, Head of Data Sales
- > scottsweden@adzuna.com
- > M: 07779 038069



Business rates – 2017 v draft 2023 – ‘Large DCs’



- > Cap in Year 1 for large businesses is 30% - you can check particular properties here:
- > <https://www.tax.service.gov.uk/business-rates-find/search>

Logistics Demographics Snapshot

But see the provisos

IoD, 10 October 2022: "More vacancies than unemployed for the first time ever"

CityAM, 9 January 2023: "UK firms stop hiring and mull layoffs as recession takes hold"

	Employee numbers	% Female	Ages	Difficulty recruiting	Comment
HGV					
Large Goods Vehicle Drivers	302K Q3 2022 Min 236K in Covid (Q2 2021)*	2.2%	38.7% < 45 QLFS Q2 2022 via Driver Require	73.3% cos: Moderate-V Severe HGV Mechanics 81.1% cos M-VS	All recent ONS figures have provisos But, HGV drivers seem pretty much back to pre-Covid level
CE Lic with medical CE with DQC	608K->615K (GB) 415K->426K->425K (GB)	2.6%	43.5% < 45		Very similar figures, but slight increase
C (inc CE) Lic with medical C (inc CE) with DQC	951K->967K (GB) 591K->617K->620K (GB)	4.0%	49.4% < 45		c50% C Lic holders <45 - medicals required at 45
Van driver	283K->275K -> 265K Q3 2022 Max 303K in Covid (Q2 2021)*	9.1%		52.2% cos: Moderate-V Severe	? Are some van drivers upskilling to HGV* *Lowest Covid HGV date-matches highest van figure Low F given that 46.5% of driver lic in GB = F
FLT	93K->60K	3.0%	48% > 50 Talent in Logistics Survey 2021	46.9% cos: Moderate-V Severe	Reduction occurred prior to miscoding issue Biggest cause of Economic Inactivity now Long Term Sick Low F given that 46.5% of driver lic in GB = F
Warehouse workers	440K->472K 2019? but 2022 inc 35K supers	15%		55.8% cos: Moderate-V Severe	Adzuna Logistics ads in Oct were ~half of Oct21 & ~Oct19 Automation spend broadly doubled over past 6 years
Clerks - transport & stock control	147K->140K	43%			c48% of employees in UK = F
Directors & Managers in Logistics & T&S	196K->251K inc Passenger & all modes	25% ditto		46.7% cos: Moderate-V Severe	ONS now breaks out logistics as well as T&S 36% F = general at this level across UK

Dates & Sources:

Nomis figures have provisos

Nomis - y/e Dec19 -> y/e Jun22 UK

%F & <45 most recent sources as per nos

Logistics UK Q3 2022 Survey

Compiled by Aricia Sept 2022, updated Jan 2023

Other sources or interesting points

QLFS figures have provisos

QLFS via Log UK reports - NB These are often calculated using previous figures

DVLA - Aug19 -> Oct22

FOI - Aug18 -> Aug20 -> Jan22



Please follow:

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Provisos for ONS numbers for occupations

- > ONS have reported that there has been some miscoding of some of their occupation statistics that won't be fully resolved until Spring:
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/theimpactofmiscodingofoccupationaldatainofficeforationalstatisticsocialsurveysuk/2022-09-26>
- > This arose because of the change of Standard Occupation Codes, but there have been several changes in logistics eg warehouse supervisors not broken out before – I don't know whether they were included as elementary storage occupations before, which makes it difficult to compare some figures and it's not worth querying until we know the figures are correct
- > The figures in the various Logistics UK reports (and the Driver Require Think Tank reports) have been based on QLFS (Quarterly Labour Force Survey) figures from ONS - these are better as they have an element of seasonality as they are Jan-March etc rather than a whole year and are therefore effectively more up to date – however, they are not published statistics and I think they will be subject to the same potential miscoding issue
- > This proviso has been resolved: Nomis confirm that the SOC 2020 figures are still year ending and they will change what it says on website