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Transport Insight

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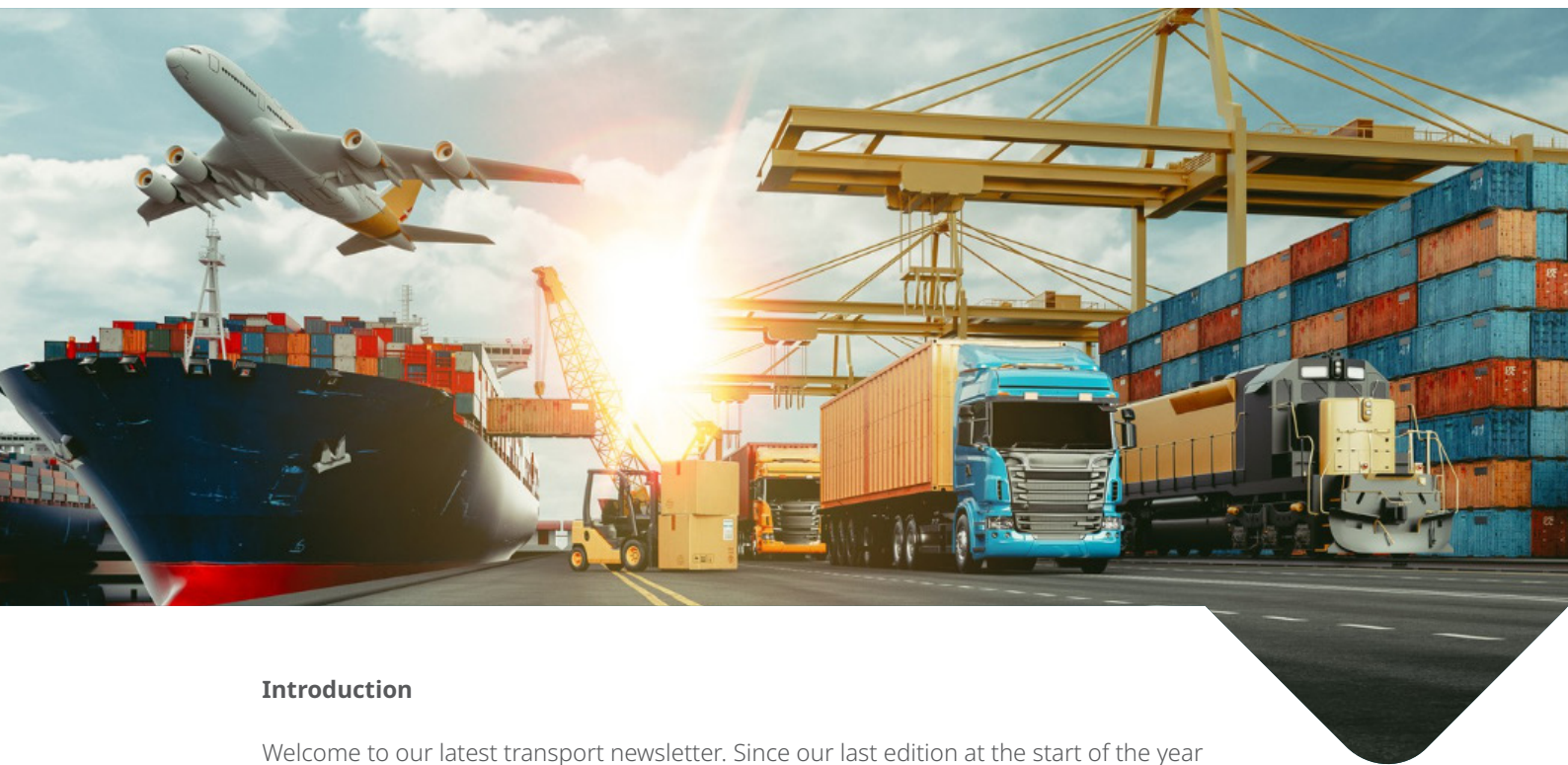


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Paul Wormald Partner



Introduction

Welcome to our latest transport newsletter. Since our last edition at the start of the year interest rates and inflation has risen sharply due to increased consumer demand and supply chain shortages due to the pandemic and the conflict in Ukraine.

In this edition of the newsletter we discuss the following:

- Battery or hydrogen for net-zero HGV's
- Government launches 'Generations Logistics' to address skills shortage
- Could there be a modal shift from road to rail to decarbonise freight?
- How to avoid penalties for Making Tax Digital on VAT?
- Help to Grow: Digital Scheme

As always we hope you enjoy the contents of this newsletter and as ever please do not hesitate to contact our experts if you have any questions about these articles.

Paul Wormald
Partner



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Battery or hydrogen for Net Zero HGV's

The transport industry is still considering what the best long-term solution may be for net-zero HGVs. There are currently two leading technologies that HGVs can adopt which are hydrogen trucks, or battery trucks. The current debate is focused on which option is the most practical and financially viable for the transport and logistics industry. In this article, we are going to discuss the positives and negatives of adopting battery trucks and hydrogen trucks.

Cost

In terms of cost, battery-powered HGVs are the more affordable option. Hydrogen-powered HGVs will require three times as much electric power generation compared to electric HGVs. This means that running an electric-powered HGV will cost less than running a diesel HGV, whereas hydrogen HGVs will cost more. However, some experts believe that with further development the cost of running a hydrogen HGV could be reduced.

Range & Refuel time

Hydrogen fuel cells currently deliver longer ranges and quicker refuel times than battery-powered HGVs. However, experts have suggested that an Electric Road System (ERS) could be a feasible option. An ERS would allow battery-powered HGVs to charge their HGV via overhead cables as they travel. However, this would require an investment of around £20bn to implement, and would involve significant disruption to the existing road network.

Reliability

Hydrogen is much less reliable than electricity because it is more difficult to create and transport because it requires a platinum catalyst. In addition, hydrogen-powered HGVs would be much less energy efficient than electricity making battery-powered HGVs more reliable.

Hawsons transport & logistics partner Paul Wormald commented:

With the ever-increasing scarcity and cost of traditional fossil fuels, coupled with the trend towards more sustainable practices, the whole question of how HGV fleets may be fuelled in the future is an interesting one and one that throws up a number of challenges.

From a practical perspective, a lot of investment will be required in refueling infrastructure under pretty much all of the current alternatives, and the creation of ERS system would bring its own level of disruption to an already stretched road system.

Whilst the long-term future is intended to be green, the immediate future still looks to be diesel driven.

Conclusion

To conclude, battery-powered HGVs would appear to be currently more cost-effective and more reliable than hydrogen. However, hydrogen-powered HGVs have the potential to deliver longer ranges and quicker refueling time.



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How to avoid penalties for Making Tax Digital for VAT?

Filing VAT returns

Businesses must file their VAT returns using functional compatible software. Most businesses are doing this successfully, but those who do not may be charged a £400 penalty for each VAT return filed.

Keeping records digitally

Businesses must also keep some records digitally within their functional compatible software.

Transferring/exchanging data between software programmes

If business transfers or exchanges data between software programmes, this should be done using digital links. Businesses must digitally link each piece of software they use. A digital link is where you transfer or exchange data electronically between software programs, apps or products. You must not transfer or exchange data manually.

Some examples of digital links are:

- linked cells in spreadsheets, including the use of 'cell number/return' functions
- emailing a spreadsheet containing digital records so the information can be imported into another

software product

- transferring a set of digital records onto a portable device, such as a pen drive or memory stick, and physically giving this to someone else to import that data into their software
- XML, CSV import and export, and download and upload of files
- automated data transfer
- Application Programming Interface (API) transfer

Please see the link below, from HMRC, that expands on these rules.

<https://www.gov.uk/government/publications/compliance-checks-how-to-avoid-penalties-for-making-tax-digital-for-vat-ccfs69/compliance-checks-how-to-avoid-penalties-for-making-tax-digital-for-vat-ccfs69>

Government launches 'Generation Logistics' to address skills shortage

The government has launched a campaign called 'Generation Logistics', which will be an industry-led recruitment and awareness campaign supported by the government to help address the skills shortage in the transport and logistics sector.

Why has the government launched the generation logistics campaign?

Logistics skills shortage

It has been recently publicised that there has been a transport and logistics skills shortage. In pre-pandemic times the transport and logistics sector relied heavily on skilled workers from overseas, particularly in countries within the EU. However, when the pandemic hit many of these skilled workers returned to their home countries resulting in a logistics skills gap. Furthermore, when the UK left the EU on 1st January 2021, immigration rules became more complex and when Covid-19 restrictions were relaxed, most skilled foreign workers chose not return to work in the UK. Therefore, this has led to a transport and logistics skills shortage that needs to be filled.

What is the aim of the 'Generation Logistics' campaign?

This campaign has been designed to promote careers in the transport and logistics industry by changing preconceived perceptions about the industry to attract a new diverse generation of homegrown talent to occupy vacancies across the logistics sector. The campaign will also be used to raise awareness about how important the logistics sector is to the UK economy as a whole. The ultimate aim of the campaign is to increase the amount of skilled logistics workers in the UK to reduce our reliance on overseas workers.

Government launches 'Generation Logistics' to address skills shortage (continued)

When does the campaign launch?

The campaign launches on 31st July and you can find out more about the campaign via the generation logistics website.

Paul Wormald Transport partner at Hawsons provides his views on the campaign:

The shortage of skills within the transport and logistics sector has been well publicised in recent months. Recruitment into the industry was already proving challenging even before the double whammy of Brexit and Covid which served to exacerbate the situation. Whilst any initiative to attract new talent into the sector should be welcomed, one wonders just how far a proposed investment of £345,000 will actually go in improving matters. We have commented often in our observations on the sector that it is the backbone of the UK economy – without it, nothing works, and with this in mind we would suggest that more still should be done to raise the profile of transport and logistics as an attractive sector in which to work.



Could there be a modal shift from road to rail to decarbonise freight?

Introduction

The University of Birmingham and Pass Logistics (Multi-modal freight company) have signed a memorandum to conduct research into switching contained goods from road to rail to support decarbonisation. The aim of this memorandum is to develop solutions to help transport and logistics businesses reduce their carbon emissions in a financially viable way.

Why should there be modal shift from road to rail freight?

Pass logistics have estimated that one full train could replace 80 lorries on the road. Each tonne of freight that is transported via rail produces 76% less carbon emissions compared to on the road. Removing more lorries from the road will result in less congested roads and less polluted city centres.

Furthermore, independent research conducted by Deloitte found that railfreight delivers £2.5 billion in economic and social benefits to the UK each year. It has been found that transporting goods via rail has more benefits than reducing carbon emissions. It also benefits businesses and consumers by providing a cost efficient mode of transport helping with business cost control and resulting in better prices for consumers.

Helping transport & logistics companies understand their carbon emissions

In order to get more freight delivered by rail, researchers from both organisations will develop solutions to help transport & logistics companies understand their current carbon output. Once these businesses have a better understanding of their carbon output these organisations will suggest how alternative solutions such as transporting more freight via rail will affect their business in terms of cost and logistics. All of this will hopefully persuade some freight companies to reconsider how they transport goods in order to be more environmentally friendly.

Conclusion

To conclude, it has been found that a modal shift from road to rail will deliver more social and economic benefits to the UK. Therefore, researchers from Pass logistics and the University of Birmingham aim to help transport & logistics companies to develop a better understanding of their carbon output. With the aim of persuading companies to reconsider how they can transport goods in a more environmentally friendly way.



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Help to Grow: Digital Scheme

Help to Grow: Digital is a government-backed scheme that is looking to support eligible SMEs to choose, buy, and integrate software into their business.

What are the benefits of this scheme?

Through this scheme, eligible SMEs will receive a discount of up to 50% or £5,000 (excluding VAT) towards the cost of purchasing one approved item of software in the Help to Grow: Digital scheme. Eligible SMEs will also be able to access free impartial advice and guidance, including eLearning modules, to help implement the new software into their business.

Many businesses feel that the cost and knowledge that is required to implement new software is a huge barrier for them. This scheme is designed to help overcome this barrier and help SMEs implement new software into their business to help improve efficiency and productivity.

What software is eligible for a discount under the scheme?

- Digital accounting software
- Customer Relationship Management (CRM) Software
- eCommerce software

If you would like to see the full list of software that is available on the scheme then please visit: <https://www.learn-to-grow-your-business.service.gov.uk/comparison-tool>

How can I apply?

If you would like to find out information and how to apply, please visit: <https://www.learn-to-grow-your-business.service.gov.uk/about-the-scheme>

Get in touch



Transport & logistics experts

We act for a large number of clients in this sector across our three offices, ranging from hauliers to international couriers, and understand the challenges this dynamic sector faces.

Nearly every other commercial sector is reliant on the services transport and logistic businesses provide and, in many ways, this specialist sector is the linchpin for our country's economy.

With our experience in the transport and logistics sector we are able to develop a close understanding of your business and, through active year round involvement, we can help you anticipate and deal with challenges quickly and effectively.



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