

You win some...

While fuel has come down in price during 2023, many other costs have risen for buyers and operators of commercial vehicles, writes **David Batty**

When comparing this year's operating costs with last year's figures, it becomes apparent that there are some significant changes to be aware of. These include a much higher purchase price, which also increases finance and insurance costs, and a reduction in fuel prices. The higher the mileage a vehicle travels, the greater the potential to recover the increase in capital costs through the lower fuel costs. However, the cost of fuel is influenced by global issues and so operators need to be wary of price fluctuations. Other price pressures on operators come from such issues as increasingly expensive parts and tyres and the shortage in skilled technicians, which results in higher maintenance costs.

Looking ahead, fixed-cost tyre pressure management systems (TPMS) are becoming mandatory. To be fully compliant, all newly registered trailers must be installed with TPMS from 7 July 2024, at an estimated cost of £700 per triaxle trailer. Other unavoidable costs coming down the road are those associated with the General

POWERING UP: Electric trucks are starting to appear on our roads but in small numbers, so the figures for EV operating costs should be taken as indicative

Safety Regulations, which are estimated to add a further £2,500 to the cost of a vehicle.

Going green is a major consideration for operators, with some switching from diesel to hydrotreated vegetable oil (HVO). While being more environmentally friendly, this fuel does carry a price premium. Some operators are choosing to run gas-powered trucks – mainly compressed natural gas (CNG) – and if the distance travelled is high enough this can more than compensate for the increase in capital cost.

Electric vehicles (EVs) are starting to make an appearance in small numbers, mostly on trials with operators. In the absence of a large pool of data from which to draw conclusions, the figures for EVs in the cost tables should be taken as indicative.

The residual value of an EV is assumed to be 10% of the capital cost. With batteries making up half the cost of an EV and having an anticipated lifespan of 10 years, the residual value could be impacted by the replacement battery costs. However, it should be noted that the data is young and very limited.

As with internal combustion engine vehicles, a higher capital cost means increased finance and insurance expenditure. Consideration should also be given to the purchase of battery chargers and any other infrastructure costs, while bearing in mind that the heavier weight of EVs could reduce tyre life.

With a range of options available to power vehicles, operators need to collect, check and analyse their costs to make the best decisions. ■

CHANGE IN ANNUAL OPERATING COSTS (CHARGE PER MILE)

	2022	2023	CHANGE
44-tonne tractor (100,000 miles/year)	217	210	-3%
18-tonne rigid (60,000 miles/year)	222	224	+1%
3.5-tonne van (30,000 miles/year)	205	213	+4%



Photo: DCI Media

ARTICS	32-tonne 4x2 unit, taxed for tandem-axle trailer	38-tonne 4x2 unit, taxed for triaxle trailer	44-tonne 6x2 unit, taxed for triaxle trailer	Tandem-axle trailer (curtainsided)	Triaxle trailer (curtainsided)
Vehicle cost (£)	100,689	103,583	114,744	22,226	28,805
Fuel cost (p/litre): ex VAT, average monthly	130	130	130		
MPG	10.4	9.2	8.5		
AdBlue cost (p/litre)	48.0	48.0	48.0		
Depreciation period (years)	7	7	7	12	12
Residual value (£)	9,062	9,322	10,327	2,223	2,881
ANNUAL STANDING COSTS (£)					
Driver wages and NI	56,251	56,251	56,251		
Vehicle insurance	4,187	4,187	4,187		
Establishment/overheads	27,895	27,895	27,895		
Vehicle tax (VED) based on no RPC but with Levy	920	920	1,136		
Depreciation	13,090	13,466	14,917	1,667	2,160
Finance cost	6,207	6,407	7,380	1,682	1,852
Subtotal	108,549	109,126	111,766	3,349	4,012
Profit allowance (5%)	5,427	5,456	5,588	167	201
Total annual standing costs (£)	113,977	114,582	117,354	3,516	4,213
STANDING COSTS ALLOCATION					
Per week (£) based on 46 weeks	2,478	2,491	2,551	76	92
Per day (£) based on a 5-day week	496	498	510	15	18
Per hour (£) based on an 11-hour day	45.05	45.29	46.39	1.39	1.67
RUNNING COSTS (P/MILE, 80,000 MILES/YEAR)					
Fuel	56.8	64.2	69.5		
AdBlue (at 6% of fuel consumption)	1.26	1.42	1.54		
Tyres	2.63	3.00	3.65	1.90	2.94
Maintenance & repairs	12.70	12.70	13.10	4.10	4.80
Subtotal	73.41	81.36	87.82	6.00	7.74
Profit allowance (5%)	3.7	4.1	4.4	0.3	0.4
Total (p/mile)	77.08	85.43	92.21	6.30	8.13
CHARGE PER MILE (P)					
60,000 miles/year	267	276	288	12	15
80,000 miles/year	220	229	239	11	13
100,000 miles/year	191	200	210	10	12

RIGIDS	7.5-tonne GVW (curtainsided)	13-tonne GVW (curtainsided)	18-tonne GVW (curtainsided)	26-tonne GVW 6x2 (curtainsided)	32-tonne GVW 8x4 (tipper)
Vehicle cost (£)	69,141	82,961	90,258	130,286	141,683
Fuel cost (p/litre): ex VAT	130	130	130	130	130
MPG	17	15	13	10.5	7.5
AdBlue cost (p/litre)	48.0	48.0	48.0	48.0	48.0
Depreciation period (years)	5	5	5	5	7
Residual value (£)	10,371	12,444	13,539	19,543	24,795
ANNUAL STANDING COSTS (£)					
Driver wages and NI	45,137	49,230	50,989	52,873	52,873
Vehicle insurance	2,476	2,830	3,141	3,841	3,841
Establishment/overheads	9,035	13,244	17,612	18,499	23,864
Vehicle tax (VED) based on E6 & Levy without RPC	165	245	450	450	920
Depreciation	11,754	14,103	15,344	22,149	16,698
Finance cost	2,108	2,445	3,151	4,099	5,289
Subtotal	70,675	82,097	90,687	101,910	103,486
Profit allowance (5%)	3,534	4,105	4,534	5,095	5,174
Total annual standing costs (£)	74,208	86,201	95,221	107,005	108,660
STANDING COSTS ALLOCATION					
Per week (£) based on 46 weeks	1,613	1,874	2,070	2,326	2,362
Per day (£) based on a 5-day week	323	375	414	465	472
Per hour (£) based on an 11-hour day	29.33	34.07	37.64	42.29	42.95
RUNNING COSTS (P/MILE, 60,000 MILES/YEAR)					
Fuel	34.8	39.4	45.5	56.3	78.8
AdBlue (at 6% of fuel consumption)	0.77	0.87	1.01	1.25	1.75
Tyres	3.00	3.41	3.56	4.75	10.40
Maintenance & repairs	10.20	11.30	11.90	13.10	17.90
Subtotal	48.74	54.98	61.93	75.38	108.84
Profit allowance (5%)	2.44	2.75	3.10	3.77	5.44
Total (p/mile)	51.2	57.7	65.0	79.1	114.3
CHARGE PER MILE (P)					
40,000 miles/year	237	273	303	347	386
60,000 miles/year	175	201	224	257	295
80,000 miles/year	144	165	184	213	250

VANS	1.6-tonne GVW (550kg payload)	2.1-tonne GVW (750kg payload)	2.8-tonne GVW (1-tonne payload)	3.5-tonne GVW (1.4-tonne payload)
Vehicle cost (£)	22,616	23,675	31,483	38,265
Fuel cost (p/litre): ex VAT	130	130	130	130
MPG	43	40	33	28
Depreciation period (years)	5	5	5	5
Residual value (£)	4,523	4,735	6,297	7,653
ANNUAL STANDING COSTS (£)				
Driver wages and NI	35,832	35,832	35,832	35,832
Vehicle insurance	1,553	1,653	1,962	2,181
Establishment/overheads	6,656	6,656	6,656	6,656
Vehicle tax (VED) based on E5	140	140	140	140
Depreciation	3,619	3,788	5,037	6,122
Finance cost (5-year term)	638	751	933	1,157
Subtotal	48,437	48,820	50,560	52,088
Profit allowance (5%)	2,422	2,441	2,528	2,604
Total annual standing costs (£)	50,859	51,261	53,088	54,693
STANDING COSTS ALLOCATION				
Per week (£) based on 46 weeks	1,106	1,114	1,154	1,189
Per day (£) based on a 5-day week	221	223	231	238
Per hour (£) based on an 11-hour day	20.10	20.26	20.98	21.62
RUNNING COSTS (P/MILE, 30,000 MILES/YEAR)				
Fuel	13.7	14.8	17.9	21.1
AdBlue (at 6% of fuel consumption)	0.09	0.08	0.07	0.06
Tyres	0.80	0.92	1.40	1.86
Maintenance & repairs	4.36	5.15	5.67	6.21
Subtotal	19.00	20.93	25.05	29.23
Profit allowance (5%)	0.9	1.0	1.3	1.5
Total (p/mile)	19.95	22.0	26.3	30.7
CHARGE PER MILE (P)				
20,000 miles/year	274	278	292	304
30,000 miles/year	189	193	203	213
40,000 miles/year	147	150	159	167

ALTERNATIVE FUEL	40-tonne 4x2 unit CNG		3.5-tonne panel van electric	18-tonne 4x2 rigid electric
Vehicle cost (£)	134,860		64,780	246,500
Fuel cost (p/kg): ex VAT	0.81	Kw/Hr mile	0.58	0.69
MPKG	2.11	Charging Cost Kw/hr	0.29	0.29
Depreciation period (years)	7		5	7
Residual value (£)	13,500		6,478	24,650
ANNUAL STANDING COSTS (£)				
Driver wages and NI	56,251		35,832	50,989
Vehicle insurance	4,187		2,181	5,654
Establishment/overheads	27,895		6,656	17,612
Vehicle tax (VED) including Levy at E6	920		0	150
Depreciation	17,337		11,660	31,693
Finance cost (£)	8,348		4,211	16,023
Subtotal	114,938		60,540	122,120
Profit allowance (5%)	5,747		3,027	6,106
Total annual standing costs (£)	120,685		63,567	128,226
STANDING COSTS ALLOCATION				
Per week (£) based on 46 weeks	2,624		1,382	2,788
Per day (£) based on a 5-day week	525		276	558
Per hour (£) based on an 11-hour day	47.70		25.13	50.68
RUNNING COSTS (P/MILE)				
	80,000 MILES/YEAR		30,000 MILES/YEAR	30,000 MILES/YEAR
Fuel	38.39		9.1	20.0
Tyres	3.00		1.86	3.56
Maintenance & repairs	11.43		5.59	10.71
Subtotal	52.82		16.54	34.28
Profit allowance (5%)	2.6		0.8	1.7
Total (p/mile)	55.46		17.36	35.99
CHARGE PER MILE (P)				
30,000 miles/year			123	463
80,000 miles/year	206			