

While 44-tonne tractor prices have come down, uncertainty surrounding Brexit means other bills have risen, reports **David Batty**

Costs on the rise

Truck and van operators have seen another rise in operating costs this year, the main culprits being increases in fuel, wages, insurance premium tax, tyres and repair and maintenance.

Unsurprisingly, given the post-Brexit referendum slump in the value of the pound, many operating costs have risen. One exception however is the cost of 44-tonne 6x2 tractors. Their fall in price is possibly due to the arrival of a number of new generation and facelifted versions and, because that segment of the market is a huge part of OEMs' production and sales, they are more competitively priced than last year. This is despite rises in raw materials costs that account for a large proportion of truck components: steel has risen by 11%, zinc 21% and aluminium 9%.

Currency exchange rates continue to play a

big part in the rise in prices facing UK operators, with the cost of road fuel seeing a 7% and tyres a 6% year-on-year increase.

These price movements have pushed up the standing and running costs in all sectors of the industry – vans, rigids and artics. The recent Bank of England announcement of a quarter point interest rate rise to 0.5%, coupled with the lack of confidence in the industry surrounding Brexit, may well mean that a lot of operators will replace fleet less often. Seven years is typically the norm – this may well push up residual values in due course.

Since April we also have had the Apprenticeship Levy on employers with an annual payroll in excess of £3m. Smarter operators should see this as a benefit and not a cost, and look to maximise the opportunities to bring into the industry some much-needed young talent and get them trained up. ■



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 (£)	15,319	15,540	21,601	22,666
Fuel cost: (ppl) ex VAT	96.9	96.9	96.9	96.9
MPG	43	40	33	28
Depreciation period: (years)	5	5	5	5
Residual value: (£)	1,769	2,084	2,458	4,043
ANNUAL STANDING COSTS (£)				
Driver wages and NI	24,433	24,433	24,433	24,433
Vehicle insurance	1,113	1,186	1,408	1,565
Establishment/overheads	5,233	5,233	5,233	5,233
Vehicle tax, based on E5	140	140	140	140
Depreciation	2,710	2,691	3,829	3,725
Finance cost (five-year term)	360	424	526	653
Subtotal	33,989	34,107	35,568	35,748
Profit allowance (5%)	1,699	1,705	1,778	1,787
Total annual standing costs (£)	35,688	35,813	37,347	37,536
STANDING COSTS ALLOCATION				
Per week (£) based on 46 weeks	776	779	812	816
Per day (£) based on a five-day week	155	156	162	163
Per hour (£) based on an 11-hour day	14.11	14.16	14.76	14.84
RUNNING COSTS (P/MILE, 30,000 M/YR)				
Fuel	10.2	11.0	13.3	15.7
Tyres	0.57	0.69	1.04	1.38
Maintenance and repairs	3.39	4.00	4.41	4.83
Subtotal	14.20	15.70	18.80	21.94
Profit allowance (5%)	0.7	0.8	0.9	1.1
Total (p/mile)	14.9	16.5	19.7	23.0
CHARGE PER MILE (P)				
20,000 miles/yr	193	196	206	211
30,000 miles/yr	134	136	144	148
40,000 miles/yr	104	106	113	117

ARTICS	32-tonne unit 4x2	38-tonne unit 4x2	44-tonne unit 6x2	Tandem-axle trailer (curtainsider)	Tri-axle trailer (curtainsider)
Vehicle cost (£)	68,108	70,323	80,988	18,500	19,750
Fuel cost: (ppl) ex VAT	96.9	96.9	96.9		
MPG	10.4	9.2	8.5		
AdBlue cost: (ppl)	34	34	34		
Depreciation period: (years)	7	7	7	12	12
Residual value: (£)	10,216	10,548	12,148	1,850	1,975
ANNUAL STANDING COSTS (£)					
Driver wages and NI	35,304	35,304	35,304		
Vehicle insurance	2,954	3,452	3,819		
Establishment/overheads	21,566	21,860	23,787		
Vehicle tax (VED), no RPC, with levy	1,200	1,200	1,850		
Depreciation	8,270	8,539	9,834	1,388	1,481
Finance cost	3,444	3,556	4,095	1,661	1,798
Fixed maintenance costs of 2nd trailer					
Subtotal	72,737	73,911	78,688	3,048	3,279
Profit allowance (5%)	3,637	3,696	3,934	152	164
Total annual standing costs (£)	76,374	77,607	82,623	3,201	3,443
STANDING COSTS ALLOCATION					
Per week (£) based on 46 weeks	1,660	1,687	1,796	70	75
Per day (£) based on a 5 day week	332	337	359	14	15
Per hour (£) based on an 11 hour day	30.19	30.67	32.66	1.27	1.36
RUNNING COSTS (P/MILE, 80,000 M/YR)					
Fuel	42	48	52		
AdBlue (at 4% of fuel consumption)	0.59	0.67	0.73		
Tyres	1.96	2.24	2.79	1.67	2.58
Maintenance and repairs	7.91	8.01	8.42	2.75	3.08
Subtotal	52.82	58.80	63.76	4.43	5.66
Profit allowance (5%)	2.6	2.9	3.2	0.2	0.3
Total (p/mile)	55.46	61.74	66.95	4.65	5.94
CHARGE PER MILE (P)					
60,000 miles/yr	183	191	205	10	12
80,000 miles/yr	151	159	170	9	10
100,000 miles/yr	132	139	150	8	9

RIGIDS	7.5-tonne GVW (curtainsider)	13-tonne GVW (curtainsider)	18-tonne GVW (curtainsider)	26-tonne GVW 6x2 (curtainsider)	32-tonne GVW 8x4 (tipper)
Vehicle cost (£)	43,274	50,204	64,960	84,147	108,594
Fuel cost: (ppl) ex VAT	96.9	96.9	96.9	96.9	96.9
MPG	17	15	13	10.5	7.5
AdBlue cost: (ppl)	34	34	34	34	34
Depreciation period: (years)	5	5	5	5	7
Residual value: (£)	7,017	8,141	10,485	13,641	22,012
ANNUAL STANDING COSTS (£)					
Driver wages and NI	28,876	30,283	31,366	32,524	32,524
Vehicle insurance	1,746	1,996	2,216	2,710	2,710
Establishment /overheads	7,299	10,700	14,229	14,945	19,280
Vehicle tax (VED), no RPC, E6 and levy	165	200	650	650	1,200
Depreciation	7,251	8,413	10,895	14,101	12,369
Finance cost	1,190	1,380	1,778	2,313	2,985
Subtotal	46,528	52,971	61,134	67,243	71,068
Profit allowance (5%)	2,326	2,649	3,057	3,362	3,553
Total annual standing costs (£)	48,854	55,620	64,191	70,605	74,621
STANDING COSTS ALLOCATION					
Per week (£) based on 46 weeks	1,062	1,209	1,395	1,535	1,622
Per day (£) based on a five-day week	212	242	279	307	324
Per hour (£) based on an 11-hour day	19.31	21.98	25.37	27.91	29.49
RUNNING COSTS (P/MILE, 60,000 M/YR)					
Fuel	26	29	34	42	59
AdBlue (at 4% of fuel consumption)	0.36	0.41	0.48	0.59	0.82
Tyres	2.24	2.53	2.65	3.35	7.74
Maintenance and repairs	7.19	8.11	7.71	8.42	14.28
Subtotal	35.71	40.42	44.72	54.31	81.57
Profit allowance (5%)	1.79	2.02	2.24	2.72	4.08
Total (p/mile)	37.5	42.4	47.0	57.0	85.7
CHARGE PER MILE (P)					
40,000 miles/yr	160	181	207	234	272
60,000 miles/yr	119	135	154	175	210
80,000 miles/yr	99	112	127	145	179