

Brexit, driver shortage, and volatile fuel prices are among the unsettling factors that set the tone for this year's operating costs. **Colin Barnett** reports

Uncertain roads ahead

The main economic factor in the background to road transport operation over the past year has been Brexit, a word that seems inexorably linked to another – uncertainty.

With Euro-6 vehicles now making up the bulk of the first-life parc, overall running costs have been fundamentally stable over the year.

However, fuel costs have been unusually volatile, with forecourt retail prices frequently on the wrong side of 150ppl. Over the 12 months to September, our figures show an overall increase just short of 20%.

Another area where uncertainty has been a factor is in drivers' pay. The task of attracting new recruits to the industry remains as challenging as ever, but the lack of home-grown drivers is now joined by the fear that the overseas staff on which the industry has come to depend will be heading home post-Brexit.

As a result, many operators report that they are not only having to pay above-inflation wage increases, but are also buying higher specifica-

tion vehicles to attract new drivers and retain existing ones.

The effects of another momentous economic event, the 2008 financial crash, seems finally to be ending.

The moratorium on interest rates has ended, although the increases are still at a level where investing surplus funds in banks comes a poor second to spending them wisely.

Inflation is expected to reach a six-year high of 2.74%, before falling to 2.16% in 2019, then settling at just under 2% for the next few years.

For the coming 12 months, the uncertainty over our relationship with Europe should be resolved, one way or another.

One major change in these annual cost tables is that it looks certain to be the last year where we treat diesel as the only significant fuel source.

The rise of alternative fuels, whether it be natural gas for long haul and electricity for urban operations, means you can look forward to some extra lines in next year's tables.



ARTICS	32-tonne unit 4x2	38-tonne unit 4x2	44-tonne unit 6x2	Tandem-axle trailer (curtainsider)	Tri-axle trailer (curtainsider)
Vehicle cost (£)	69,981	72,257	83,215	19,000	20,300
Fuel cost: (ppl) ex VAT average montly	115.6	115.6	115.6		
MPG	10.4	9.2	8.5		
AdBlue cost: (ppl)	34	34	34		
Depreciation period: (years)	7	7	7	12	12
Residual value: (£)	10,497	10,839	12,482	1,900	2,030
ANNUAL STANDING COSTS (£)					
Driver wages and NI	37,069	37,069	37,069		
Vehicle insurance	3,035	3,547	3,924		
Establishment/overheads	22,159	22,461	24,441		
Vehicle tax (VED) based on no RPC but with levy	1,200	1,200	1,850		
Depreciation	8,498	8,774	10,105	1,425	1,523
Finance cost	3,444	3,556	4,095	1,661	1,798
Subtotal	75,405	76,607	81,484	3,086	3,320
Profit allowance (5%)	3,770	3,830	4,074	154	166
Total annual standing costs (£)	79,175	80,437	85,558	3,240	3,486
STANDING COSTS ALLOCATION					
Per week (£) based on 46 weeks	1,721	1,749	1,860	70	76
Per day (£) based on a five-day week	344	350	372	14	15
Per hour (£) based on an 11-hour day	31.29	31.79	33.82	1.28	1.38
RUNNING COSTS (PPL, 80,000 M/YR)					
Fuel	51	57	62		
AdBlue (at 4% of fuel consumption)	0.59	0.67	0.73		
Tyres	2.01	2.30	2.79	1.72	2.65
Maintenance and repairs	8.13	8.23	8.65	2.83	3.16
Subtotal	61.27	68.32	73.99	4.55	5.81
Profit allowance (5%)	3.1	3.4	3.7	0.2	0.3
Total (p/mile)	64.33	71.74	77.69	4.78	6.10
CHARGE PER MILE (P) (2017 in brackets)					
60,000 miles/yr	196 (183)	206 (191)	220 (205)	10 (10)	12 (12)
80,000 miles/yr	163 (151)	172 (159)	185 (170)	9 (9)	10 (10)
100,000 miles/yr	144 (132)	152 (139)	163 (150)	8 (8)	10 (9)



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 (£)	15,740	15,967	22,195	23,289
Fuel cost: (ppl) ex VAT	115.6	115.6	115.6	115.6
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	25,921	25,921	25,921	25,921
Vehicle insurance	1,144	1,219	1,447	1,608
Establishment/overheads	5,377	5,377	5,377	5,377
Vehicle tax, based on E5	140	140	140	140
Depreciation	2,794	2,777	3,947	3,849
Finance cost (five-year term)	360	424	526	653
Subtotal	35,736	35,858	37,358	37,548
Profit allowance (5%)	1,787	1,793	1,868	1,877
Total annual standing costs (£)	37,523	37,650	39,226	39,426
STANDING COSTS ALLOCATION				
Per week (£) based on 46 weeks	816	818	853	857
Per day (£) based on a five-day week	163	164	171	171
Per hour (£) based on an 11-hour day	14.83	14.88	15.50	15.58
RUNNING COSTS (P/MILE, 30,000 M/YR)				
Fuel	12.2	13.1	15.9	18.8
Tyres	0.59	0.71	1.07	1.42
Maintenance & repairs	3.48	4.11	4.53	4.96
Subtotal	16.29	17.96	21.52	25.15
Profit allowance (5%)	0.8	0.9	1.1	1.3
Total (p/mile)	17.1	18.9	22.6	26.4
CHARGE PER MILE (P) (2017 in brackets)				
20,000 miles/yr	205 (193)	207 (196)	219 (206)	224 (211)
30,000 miles/yr	142 (134)	144 (136)	153 (144)	158 (148)
40,000 miles/yr	111 (104)	113 (106)	121 (113)	125 (117)

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 (£)	44,465	51,585	66,746	84,461	111,580
Fuel cost: (ppl) ex VAT	115.6	115.6	115.6	115.6	115.6
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	31,232	32,754	33,925	35,178	35,178
Vehicle insurance	1,794	2,051	2,277	2,785	2,785
Establishment /overheads	7,500	10,994	14,620	15,356	19,810
Vehicle tax (VED) no RPC, E6 and levy	165	200	650	650	1,200
Depreciation	7,490	8,689	11,252	14,164	12,795
Finance cost	1,190	1,380	1,778	2,313	2,985
Subtotal	49,371	56,068	64,502	70,446	74,753
Profit allowance (5%)	2,469	2,803	3,225	3,522	3,738
Total annual standing costs (£)	51,839	58,871	67,727	73,968	78,491
STANDING COSTS ALLOCATION					
Per week (£) based on 46 weeks	1,127	1280	1472	1608	1706
Per day (£) based on a five-day week	225	256	294	322	341
Per hour (£) based on an 11-hour day	20.49	23.27	26.77	29.24	31.02
RUNNING COSTS (P/MILE, 60,000 M/YR)					
Fuel	31	35	40	50	70
AdBlue (at 4% of fuel consumption)	0.36	0.41	0.48	0.59	0.82
Tyres	2.30	2.60	2.72	3.44	7.95
Maintenance and repairs	7.39	8.33	7.92	8.65	14.67
Subtotal	40.97	46.38	51.54	62.73	93.51
Profit allowance (5%)	2.05	2.32	2.58	3.14	4.68
Total (p/mile)	43.0	48.7	54.1	65.9	98.2
CHARGE PER MILE (P) (2017 in brackets)					
40,000 miles/yr	173 (160)	196 (181)	223 (207)	251 (234)	294 (272)
60,000 miles/yr	129 (119)	147 (135)	167 (154)	189 (175)	229 (210)
80,000 miles/yr	108 (99)	122 (112)	139 (127)	158 (145)	196 (179)