

Paying over the odds

World events and domestic politics have caused last years' rise in operating costs to continue apace, writes **Colin Barnett**

The ancient Chinese reputedly had a curse “may you live in interesting times”. Well, times don't come much more “interesting” than 2022. While the plague that was coronavirus arrived with little warning in 2020, and fortunately seems to be largely under control, no-one could have anticipated that post-Cold War Europe would see the invasion of Ukraine by its neighbour, Russia.

Putting aside the immense human tragedy of the war, the direct impact of lost components from Ukrainian suppliers on top of the existing semi-conductor shortage has exacerbated the poor availability of new vehicles. The situation has also meant that fuel prices are no longer as volatile as in the past two years – now they're just stuck on high.

Closer to home, we have had unprecedented political turmoil. While many could have predicted the demise of former PM Boris Johnson, who would have expected

his replacement to come so close to destroying the British economy in a week? Sorting that mess out will take years.

We usually like to brighten up these annual reviews with at least a hint of positivity, but the feedback from our panel of operators has been either bad news or dreadful news. From vehicle acquisition, driver remuneration, tyres, fuel and insurance to borrowing costs and establishment overheads, every element of road transport operating costs has gone up – and often by far more than the double-digit inflation that has come as such a shock to younger generations that they actually need the concept to be explained to them. And if you do manage to create a surplus, April's increase in corporation tax from 19% to 25% for many operators will take another substantial bite.

Unfortunately, the prospects are for things to get much worse before they get better. For example, indications are that some truck prices are set to rise by as much as 25% next year. The grim reality is that the gap between survival and failure is narrowing so rapidly that many operators simply won't be around to read next year's MT cost tables. Hopefully we're wrong, and everyone finds a way through. Here's to far less interesting times. ■

ALTERNATIVE FUEL: For comparison, **David Batty** has put together operating costs for a 6x2 CNG tractor for 44-tonne operation on 6 axles. The price of CNG has been variable in recent months but it now looks more settled. The futures market is forecasting it to cost around £0.95 per kg.

GAS	44-tonne 6x2 unit, taxed for 6-axle trailer
Vehicle cost (£)	180,000
Residual value (£)	10,000
Net cost (£)	170,000
Maintenance & repairs (£)	67,000
Fuel cost CNG (£)	294,300
Total cost (£)	531,300
Cost per mile (£)	0.80
SAVINGS (7-YEAR ASSET LIFE, 95,000 MILES/YEAR)	
CNG vs derv (£)	179,560
CNG vs derv (tonnes CO ₂)	980

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 (£)	21,721	20,749	28,842	31,638
Fuel cost (p/litre): ex VAT	159	159	159	159
MPG	43	40	33	28
Depreciation period (years)	5	5	5	5
Residual value (£)	2,323	2,590	3,157	4,892
ANNUAL STANDING COSTS (£)				
Driver wages and NI	33,645	33,645	33,645	33,645
Vehicle insurance	1,316	1,401	1,663	1,848
Establishment/overheads	6,462	6,462	6,462	6,462
Vehicle tax (VED) based on E5	140	140	140	140
Depreciation	3,880	3,632	5,137	5,349
Finance cost (5-year term)	630	742	921	1,143
Subtotal	46,073	46,022	47,968	48,587
Profit allowance (5%)	2,304	2,301	2,398	2,429
Total annual standing costs (£)	48,376	48,323	50,366	51,017
STANDING COSTS ALLOCATION				
Per week (£) based on 46 weeks	1,052	1,050	1,095	1,109
Per day (£) based on a 5-day week	210	210	219	222
Per hour (£) based on an 11-hour day	19.12	19.10	19.91	20.16
RUNNING COSTS (P/MILE, 30,000 MILES/YEAR)				
Fuel	16.8	18.1	21.9	25.8
Tyres	0.76	0.87	1.33	1.76
Maintenance & repairs	4.04	4.77	5.25	5.75
Subtotal	21.61	23.71	28.48	33.32
Profit allowance (5%)	1.1	1.2	1.4	1.7
Total (p/mile)	22.7	24.9	29.9	35.0
CHARGE PER MILE (P)				
20,000 miles/year	265	267	282	290
30,000 miles/year	184	186	198	205
40,000 miles/year	144	146	156	163

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 (£)	84,791	84,507	101,993	22,221	29,500
Fuel cost (p/litre): ex VAT, average monthly	159	159	159		
MPG	10.4	9.2	8.5		
AdBlue cost (p/litre)	64.0	64.0	64.0		
Depreciation period (years)	7	7	7	12	12
Residual value (£)	12,372	12,775	14,712	2,155	2,511
ANNUAL STANDING COSTS (£)					
Driver wages and NI	52,818	52,818	52,818		
Vehicle insurance	3,548	4,146	4,587		
Establishment/overheads	27,083	27,452	29,872		
Vehicle tax (VED) based on no RPC but with Levy	1,136	1,136	1,136		
Depreciation	10,346	10,247	12,341	1,671	2,249
Finance cost	6,130	6,328	7,289	1,661	1,829
Subtotal	101,061	102,127	108,043	3,332	4,078
Profit allowance (5%)	5,053	5,106	5,305	267	263
Total annual standing costs (£)	106,114	107,234	111,413	5,612	5,519
STANDING COSTS ALLOCATION					
Per week (£) based on 46 weeks	2,307	2,331	2,422	122	120
Per day (£) based on a 5-day week	461	466	484	24	24
Per hour (£) based on an 11-hour day	41.94	42.38	44.04	2.22	2.18
RUNNING COSTS (P/MILE, 80,000 MILES/YEAR)					
Fuel	70	79	85		
AdBlue (at 6% of fuel consumption)	1.68	1.90	2.05		
Tyres	2.50	2.86	3.48	1.81	2.80
Maintenance & repairs	9.44	9.55	10.03	3.29	3.67
Subtotal	83.12	92.87	100.60	5.10	6.47
Profit allowance (5%)	4.2	4.6	5.0	0.3	0.3
Total (p/mile)	87.28	97.52	105.63	5.36	6.79
CHARGE PER MILE (P)					
60,000 miles/year	264	276	291	15	16
80,000 miles/year	220	232	245	12	14
100,000 miles/year	193	205	217	11	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 (£)	55,124	63,951	82,746	91,051	140,104
Fuel cost (p/litre): ex VAT	159	159	159	159	159
MPG	17	15	13	10.5	7.5
AdBlue cost (p/litre)	69.0	69.0	69.0	69.0	69.0
Depreciation period (years)	5	5	5	5	7
Residual value (£)	8,321	9,653	12,433	16,176	26,103
ANNUAL STANDING COSTS (£)					
Driver wages and NI	42,382	46,225	47,877	49,646	49,646
Vehicle insurance	2,098	2,398	2,662	3,255	3,255
Establishment/overheads	8,772	12,858	17,099	17,960	23,169
Vehicle tax (VED) based on E6 & Levy without RPC	165	189.5	615	615	1,136
Depreciation	9,361	10,860	14,063	14,975	16,286
Finance cost	2,082	2,415	3,112	4,048	5,224
Subtotal	64,860	74,945	85,428	90,499	98,716
Profit allowance (5%)	3,243	3,747	4,271	4,525	4,936
Total annual standing costs (£)	68,103	78,692	89,699	95,024	103,652
STANDING COSTS ALLOCATION					
Per week (£) based on 46 weeks	1,480	1,711	1,950	2,066	2,253
Per day (£) based on a 5-day week	296	342	390	413	451
Per hour (£) based on an 11-hour day	26.92	31.10	35.45	37.56	40.97
RUNNING COSTS (P/MILE, 60,000 MILES/YEAR)					
Fuel	43	48	56	69	96
AdBlue (at 6% of fuel consumption)	0.74	0.84	0.97	1.19	1.67
Tyres	2.86	3.25	3.39	4.52	9.90
Maintenance & repairs	8.57	9.66	9.19	10.03	17.02
Subtotal	54.69	61.93	69.15	84.58	124.97
Profit allowance (5%)	2.73	3.10	3.46	4.23	6.25
Total (p/mile)	57.4	65.0	72.6	88.8	131.20
CHARGE PER MILE (P)					
40,000 miles/year	228	262	297	326	390
60,000 miles/year	171	196	222	247	304
80,000 miles/year	143	163	185	208	261