



It's mostly good news for truck operating costs – until you get to the overheads. **David Wilcox** reports

Costs contained in 2012

MT's annual evaluation of truck operating costs shows that they rose by an average of just 2% to 2.5% this year. With retail price index (RPI) inflation for the year as a whole averaging about 3.3%, this means that operating costs declined just a tad in real terms this year.

Costs were contained thanks to modest increases in two key elements. Drivers' wage settlements were held down to about 2%. And, when averaged for the year as a whole, the bulk diesel price was just 2p (1.8%) above last year.

Operators not tied into index-linked maintenance contracts should have kept service and repair costs in check. We believe that taken across the piece, parts are up by no more than 2%, thanks to price matching in the highly competitive parts business. We heard many dealers and repairers, accustomed to upping labour charge-out rates by a couple of pounds each year, opted for smaller or even zero increases in 2012. "It's tough out there," said one dealer.

That uncertain business climate also muted rises in vehicle capital costs, with new truck prices much the same as last year, or up by no more than 2%. After stratospheric hikes in 2011, tyre prices stabilised. The cost of natural rubber – 30% down year-on-year – and a 20% drop in demand for replacement tyres served to anchor prices. The cost of AdBlue was also static. VED rates have held steady for 11 years.

Most of the above-inflation cost rises are buried among the overheads. Business rates leapt by 5.8% in April. Utility prices for small business consumers rose by up to 13%. Vehicle insurance premiums rose typically by about 5%, even for those with good claims records; operators with poorer claims histories probably faced increases of 10% to 20%.

ARTICS	32-TONNE UNIT 4x2 (two-axle trailer)	38-TONNE UNIT 4x2 (trixle trailer)	44-TONNE UNIT 6x2 (trixle trailer)	TANDEM TRAILER (c'sider)	1ST TRIAXLE TRAILER (c'sider)	2ND TRIAXLE TRAILER (c'sider)
Vehicle Cost (£)	58,000	60,000	71,000	17,000	18,500	18,500
Fuel cost (ppl)	113	113	113			
MPG	9.9	8.7	8.0			
AdBlue cost (ppl)	32	32	32			
Depreciation period (years)	6	6	6	10	10	10
Residual value (£)	6,000	10,000	12,000	1,700	2,250	2,250
ANNUAL STANDING COSTS (£)						
Driver wages and NI	32,325	32,325	32,325			
Vehicle insurance	2,640	3,080	3,410			
Establishment/overheads	19,011	19,272	20,972			
Vehicle tax (VED)	1,200	1,200	1,200			
Depreciation	8,667	8,333	9,833	1,530	1,625	1,625
Finance cost (five-yr term)	1,856	1,920	2,272	544	592	592
Fixed maintenance costs second trailer						600
Subtotal	65,699	66,130	70,012	2,074	2,217	2,817
Profit allowance (5%)	3,285	3,307	3,501	104	111	141
Total annual standing costs (£)	68,984	69,437	73,513	2,178	2,328	2,958
STANDING COSTS ALLOCATION						
Per week (£)	1,500	1,509	1,598	47	51	64
Per day (£)	300	302	320	9	10	13
Per hour (£)	27.27	27.45	29.06	0.86	0.92	1.17
RUNNING COSTS (P/MILE @ 80,000 M/YR)						
Fuel	51.9	59.0	64.2			
AdBlue (4% of fuel consumption)	0.6	0.7	0.7			
Tyres	1.8	2.0	2.5	1.5	2.3	
Maintenance and repairs	6.9	7.3	7.9	3.0	3.4	
Subtotal	61.2	68.9	75.3	4.5	5.7	
Profit allowance (5%)	3.1	3.4	3.8	0.2	0.3	
Total (p/mile)	64.2	72.4	79.1	4.7	5.9	
CHARGE PER MILE (P)						
60,000 miles/yr	179	188	202	8.3	9.8	4.9
80,000 miles/yr	150	159	171	7.4	8.9	3.7
100,000 miles/yr	133	142	153	6.9	8.3	3.0

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 (£)	9,500	12,000	16,000	18,000
Fuel cost (ppl)	113	113	113	113
MPG	46.0	42.0	35.0	29.0
Depreciation period (years)	5	5	5	5
Residual value (£)	1,300	1,700	2,400	2,900
ANNUAL STANDING COSTS (£)				
Driver wages and NI	22,500	22,500	22,500	22,500
Vehicle insurance	1,000	1,100	1,300	1,450
Establishment /overheads	4,750	4,750	4,750	4,750
Vehicle tax	215	215	215	215
Depreciation	1,640	2,060	2,720	3,020
Finance cost (5-yr term)	304	384	512	576
Subtotal	30,409	31,009	31,997	32,511
Profit allowance (5%)	1,520	1,550	1,600	1,626
Total annual standing costs (£)	31,929	32,559	33,597	34,137
STANDING COSTS ALLOCATION				
Per week (£)	694	708	730	742
Per day (£)	139	142	146	148
Per hour (£)	12.62	12.87	13.28	13.49
RUNNING COSTS (P/MILE @ 30,000 M/YR)				
Fuel	11.2	12.2	14.7	17.7
Tyres	0.5	0.6	0.9	1.2
Maintenance and repairs	3.1	3.7	4.1	4.5
Subtotal	14.8	16.6	19.7	23.4
Profit allowance (5%)	0.7	0.8	1.0	1.2
Total (p/mile)	15.5	17.4	20.7	24.5
CHARGE PER MILE (P)				
20,000 miles/yr	175	180	189	195
30,000 miles/yr	122	126	133	138
40,000 miles/yr	95	99	105	110

NOTES

MT's cost tables have been revised, not only to take account of movements in costs, but we have rebased the data, market-testing each cost element to establish its veracity. We have added additional cost fields: AdBlue and the cost of finance used to purchase vehicles. We have refined the depreciation calculation to take account of vehicles' residual values. There are twice as many trailers as tractor units in the UK. For the first time, we account for the standing costs of all those spare trailers by including a new '2nd trailer' category. If your trailer-to-unit ratio is 1:1, our first trailer category takes care of all the costs. If the ratio is 2:1, then include the second trailer too, covering its standing costs of depreciation, finance and non-distance-related maintenance costs such as safety inspections and MoT. For ease of calculation, all distance-related trailer costs such as maintenance and tyres are carried by the first trailer, so adding the two produces the overall cost of running two trailers for each unit. To make room for these additions, we have dropped the 5- and 6-tonne GVW vehicles from the tables.

- 1 All costs exclude VAT
- 2 Fuel cost: bulk diesel (full loads), 2012 average
- 3 Residual value: after depreciation period
- 4 Finance cost: representative interest charges on loan to purchase vehicle (3.2% flat rate, five-yr term)
- 5 Fixed maintenance cost of second trailer: non-distance-related costs such as safety inspections and MoT
- 6 Standing costs allocation: per week assumes 46 weeks/yr; per day assumes five days/wk; per hour assumes 11 hours/day

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 (£)	38,000	45,000	58,000	75,000	96,000
Fuel cost (ppl)	113	113	113	113	113
MPG	17.0	15.0	13.0	10.5	7.5
AdBlue cost (ppl)	32	32	32	32	32
Depreciation period (years)	5	5	5	5	7
Residual value (£)	5,750	8,000	11,000	17,000	15,000
ANNUAL STANDING COSTS (£)					
Driver wages and NI	25,750	27,000	28,000	29,000	29,000
Vehicle insurance	1,650	1,815	1,980	2,420	2,970
Establishment /overheads	6,435	9,435	12,545	13,175	16,995
Vehicle tax	165	200	650	650	1,200
Depreciation	6,450	7,400	9,400	11,600	11,571
Finance cost (five-yr term)	1,216	1,440	1,856	2,400	3,072
Subtotal	41,666	47,290	54,431	59,245	64,808
Profit allowance (5%)	2,083	2,365	2,722	2,962	3,240
Total annual standing costs (£)	43,749	49,655	57,153	62,207	68,049
STANDING COSTS ALLOCATION					
Per week (£)	951	1,079	1,242	1,352	1,479
Per day (£)	190	216	248	270	296
Per hour (£)	17.29	19.63	22.59	24.59	26.90
RUNNING COSTS (P/MILE @ 60,000 M/YR)					
Fuel	30.2	34.2	39.5	48.9	68.5
AdBlue (at 4% of fuel consumption)	0.3	0.4	0.4	0.6	0.8
Tyres	2.0	2.3	2.4	3.1	7.1
Maintenance and repairs	5.9	7.6	7.7	8.7	13.0
Subtotal	38.5	44.5	50.0	61.2	89.3
Profit allowance (5%)	1.9	2.2	2.5	3.1	4.5
Total (p/mile)	40.4	46.7	52.5	64.3	93.8
CHARGE PER MILE (P)					
40,000 miles/yr	150	171	195	220	264
60,000 miles/yr	113	129	148	168	207
80,000 miles/yr	95	109	124	142	179