



Manager's Guide to Distribution Costs - Sample

2019

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1. INTRODUCTION

The Manager's Guide to Distribution Costs has been developed to enable effective monitoring of costs and is regarded as a reliable and credible guide to trends within the logistics sector. The Guide is produced annually, based on data supplied to Logistics UK by a survey of our members in April each year. The data supplied by contributors regarding wages trend, vehicle operating costs and haulage trends are then updated quarterly with the latest information as at 1 July, 1 October and 1 January.

In the annual survey conducted in April 2019 for the Guide, contributors were asked to provide information on:

- trends in wage costs during 2018 and the first three months of 2019 for three types of employee – drivers, workshop staff and warehouse staff.
- average weekly pay rates and hours for day workers employed in a selection of job roles within the three employee types as at 1 January 2019.
- their commercial vehicle fleet including current size, insurance premium, overhead costs and hourly labour rates for maintenance costs.
- typical mileage, vehicle life, fuel consumption, tyre costs and maintenance costs for a range of commercial vehicles according to their gross vehicle weight (gvw) from 3.5 tonne gvw vans up to 44 tonne gvw articulated vehicles. These data were then used to calculate the vehicle operating costs tables, which show the likely costs at three different annual mileages as at 1 April 2019.
- trends in domestic and international haulage rates paid and charged during 2018 and the first three months of 2019 and domestic and international haulage rates as at 1 January 2018 and 1 January 2019.

2. VEHICLE OPERATING COSTS

Please note that the cost tables should be considered a **guide only** to operating costs and indicate **general trends only** within the road freight industry. Actual costs will vary according to operational circumstances and individual companies' agreements with suppliers and employees.

General information	VEHICLE OPERATING COSTS			Table 1			
	Vans of 3.5 tonnes GVW – diesel						
	Costs as at 1 April 2019						
	Average mileage	Higher mileage	Lower mileage				
	35,000	45,000	25,000				
	6.0	5.0	8.0				
	210,000	225,000	200,000				
	27,341	29,450	24,566				
	26.0	29.0	23.5				
	6,120	7,054	4,836				
103.58	103.58	103.58					
30,000	30,000	25,000					
Standing costs	Costs: £ per annum			Costs: pence per mile			
	Average mileage	Higher mileage	Lower mileage	Average mileage	Higher mileage	Lower mileage	
	260	260	260	0.74	0.58	1.04	
	1,163	1,310	966	3.32	2.91	3.86	
	3,737	4,064	2,764	10.68	9.03	11.05	
	5,160	5,634	3,990	14.74	12.52	15.95	
	Running costs						
		6,339	7,307	5,009	18.11	16.24	20.04
		470	609	408	1.34	1.35	1.63
		2,956	3,311	2,601	8.45	7.36	10.41
9,765		11,227	8,018	27.90	24.95	32.08	
Total vehicle cost							
	14,925	16,861	12,008	42.64	37.47	48.03	
Overheads							
	1,613	1,613	1,613	4.61	3.59	6.45	
TOTAL COST	16,538	18,474	13,621	47.25	41.06	54.48	
CO ₂ EMISSIONS (TONNES PER YEAR, KG PER MILE)							
	15.87	18.30	12.55	0.45	0.41	0.50	

General information	VEHICLE OPERATING COSTS						Table 3
	16 to 18 tonnes GVW – box or curtain-sided						
	Costs as at 1 April 2019						
	Average mileage	Higher mileage	Lower mileage				
	60,000	70,000	50,000				
	7.0	6.0	8.0				
	420,000	420,000	400,000				
	70,929	80,850	58,469				
	12.0	13.0	11.0				
	22,730	24,478	20,664				
103.58	103.58	103.58					
60,000	75,000	55,000					
Standing costs	Costs: £ per annum			Costs: pence per mile			
	Average mileage	Higher mileage	Lower mileage	Average mileage	Higher mileage	Lower mileage	
	650	650	650	1.08	0.93	1.30	
	2,836	3,605	2,195	4.73	5.15	4.39	
	8,106	10,106	6,212	13.51	14.44	12.42	
	11,592	14,361	9,057	19.32	20.52	18.11	
	Running costs						
		23,543	25,354	21,403	39.24	36.22	42.81
		1,481	1,331	1,358	2.47	1.90	2.72
		6,586	7,371	5,824	10.98	10.53	11.65
31,610		34,056	28,585	52.69	48.65	57.18	
Total vehicle cost							
	43,202	48,417	37,642	72.01	69.17	75.29	
	32,151	34,377	27,367	53.59	49.11	54.73	
Cost of vehicle and driver	75,353	82,794	65,009	125.60	118.28	130.02	
Overheads							
	5,895	5,895	5,895	9.83	8.42	11.79	
	5,895	5,895	5,895	9.83	8.42	11.79	
TOTAL COST	87,143	94,584	76,799	145.26	135.12	153.60	
CO ₂ EMISSIONS (TONNES PER YEAR, KG PER MILE)							
	58.96	63.50	53.60	0.98	0.91	1.07	

General information	VEHICLE OPERATING COSTS			Table 4			
	44 tonne GVW articulated vehicle						
	3 axle tractor 3 axle curtain-sided semi-trailer						
	Costs as at 1 April 2019						
	Average mileage	Higher mileage	Lower mileage				
	85,000	100,000	70,000				
	6.0	5.0	8.0				
	11.0	10.0	12.0				
	510,000	500,000	560,000				
	106,680	109,800	103,350				
22,488	22,488	22,488					
8.2	9.0	7.5					
47,123	50,511	42,429					
103.58	103.58	103.58					
85,000	100,000	70,000					
70,000	80,000	60,000					
Standing costs	Costs: £ per annum			Costs: pence per mile			
	Average mileage	Higher mileage	Lower mileage	Average mileage	Higher mileage	Lower mileage	
	1,200	1,200	1,200	1.41	1.20	1.71	
	3,692	3,778	2,393	4.34	3.78	3.42	
	14,580	16,909	11,239	17.15	16.91	16.06	
	2,044	2,249	1,874	2.41	2.25	2.68	
	21,516	24,136	16,706	25.31	24.14	23.87	
	Running costs	48,809	52,318	43,947	57.42	52.32	62.78
		1,571	1,508	1,649	1.85	1.51	2.36
		1,607	1,740	1,450	1.89	1.74	2.07
9,091		10,395	7,790	10.70	10.40	11.13	
5,105		5,873	4,276	6.01	5.87	6.11	
66,183		71,834	59,112	77.87	71.84	84.45	
87,699		95,970	75,818	103.18	95.98	108.32	
38,956		44,094	35,890	45.83	44.09	51.27	
126,655		140,064	111,708	149.01	140.07	159.59	
10,362		10,362	10,362	12.19	10.36	14.80	
10,362	10,362	10,362	12.19	10.36	14.80		
147,379	160,788	132,432	173.39	160.79	189.19		
TOTAL COST							
	122.24	131.03	110.07	1.44	1.31	1.57	
CO ₂ EMISSIONS (TONNES PER YEAR, KG PER MILE)							

MOVEMENT IN VEHICLE OPERATING COSTS – PERCENTAGE CHANGE

12 months to 1 April 2019

Table 5

	3.5 tonnes GVW (diesel)	7.5 tonnes GVW	16-18 tonnes GVW	Artic (3+3) 44 tonnes GVW
Drivers' wages	n/a	0.4	0.5	1.9
VED	4.0	0.0	0.0	0.0
Insurance	2.9	2.9	2.9	2.9
Depreciation	3.0	0.0	0.0	0.0
Standing costs	3.0	0.8	0.7	0.5
Fuel	5.3	5.3	5.3	5.3
Tyres	3.2	3.2	3.2	3.2
Maintenance	3.3	3.3	3.3	3.3
Running costs	4.6	4.7	4.8	4.8
Overheads – transport business	3.0 n/a	3.0 3.0	3.0 3.0	3.0 3.0
Vehicle costs	4.1	3.5	3.7	3.7
Vehicle & driver costs	n/a	1.8	2.3	3.1
Total costs	4.0	2.0	2.4	3.1
Total costs (ex. fuel)	2.8	1.3	1.3	2.1

SUMMARY OF QUARTERLY INDICES

Table 6

Total costs

	7.5 tonnes GVW		16-18 tonnes GVW		Artic (3+3) 44 tonnes GVW	
01/04/2007	108.0		108.1		110.1	
01/07/2007	109.2		109.4		111.9	
01/10/2007	111.8		111.7		114.5	
01/01/2008	114.8		115.1		121.2	
01/04/2008	117.5		118.1		125.0	
01/07/2008	121.4		122.8		131.7	
01/10/2008	119.7		120.3		127.9	
01/01/2009	115.4		114.8		119.4	
01/04/2009	117.6		116.7		122.2	
01/07/2009	116.9		116.5		122.3	
01/10/2009	117.3		117.1		123.2	
01/01/2010	119.2		119.3		125.8	
01/04/2010	121.1		121.6		128.8	
01/07/2010	122.2		122.6		129.9	
01/10/2010	122.7		123.0		130.1	
01/01/2011	125.5		126.5		134.6	
01/04/2011	128.3		129.7		138.7	
01/07/2011	128.0		129.3		138.0	
01/10/2011	129.1		130.4		139.2	
01/01/2012	129.7		131.0		139.9	
01/04/2012	131.5		133.1		142.6	
01/07/2012	129.4		130.2		138.2	
01/10/2012	132.0		133.2		142.1	
01/01/2013	131.5		132.4		140.8	
01/04/2013	132.8		133.9		142.6	
01/07/2013	132.3		133.1		141.3	
01/10/2013	133.0		133.8		141.9	
01/01/2014	133.4		134.1		142.1	
01/04/2014	133.4		134.2		141.4	
01/07/2014	133.7		134.0		141.5	
01/10/2014	133.5		133.3		140.4	
01/01/2015	130.6		129.2		134.9	
01/04/2015	131.2		129.6		135.2	
01/07/2015	131.8		130.3		135.9	
01/10/2015	130.7		128.5		133.3	
01/01/2016	129.6		126.7		130.8	
01/04/2016	130.9		128.0		132.3	
01/07/2016	132.6		130.1		134.9	
01/10/2016	133.8		131.5		136.4	
01/01/2017	136.1		134.3		139.9	
01/04/2017	135.6		133.5		138.7	
01/07/2017	135.9		133.5		138.4	
01/10/2017	137.8		135.8		141.0	
01/01/2018	139.4		137.5		143.0	
01/04/2018	139.9		137.8		143.1	
01/07/2018	141.4		140.1		147.0	
01/10/2018	143.3		142.5		150.1	
01/01/2019	140.8		138.9		145.2	
01/04/2019	142.7		141.0		147.6	
Annual % change to 01/04/2019	2.02%		2.37%		3.13%	

3. OVERALL WAGES TRENDS

Table 7 shows an overall summary of wage awards for all three types of employee – drivers, workshop staff and warehouse staff.

Table 7: Summary of wage awards in the first three months of 2019

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	70.73%	70.73%
Increase up to 2%	9.76%	9.76%
Increase between 2% and 3%	9.76%	9.76%
Increase between 3% and 4%	6.10%	6.10%
Increase between 4% and 6%	3.65%	3.65%
Increase of more than 6%	0.00%	0.00%

	Basic pay	Gross pay
Overall average % changes	0.82%	0.82%
Average % increase (where reported)	2.93%	2.93%
Average % decrease (where reported)	0.00%	0.00%

3.1 Drivers' Wages

Table 8: Summary of wage awards for day & shift drivers in the first three months of 2019

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	70.00%	70.00%
Increase up to 2%	10.00%	10.00%
Increase between 2% and 3%	8.00%	8.00%
Increase between 3% and 4%	8.00%	8.00%
Increase between 4% and 6%	4.00%	4.00%
Increase of more than 6%	0.00%	0.00%

	Basic pay	Gross pay
Overall average % changes	0.91%	0.91%
Average % increase (where reported)	3.02%	3.02%
Average % decrease (where reported)	0.00%	0.00%

**ANALYSIS OF WEEKLY HOURS AND WAGES OF DAY DRIVERS
BY CATEGORY OF VEHICLE DRIVEN AS AT 1 JANUARY 2019**

Table 9

Range values

	Average total sample	Average adjusted	Min	Lower quartile	Median	Upper quartile	Max
<u>Light rigid vehicles</u>							
Basic pay (£)	455.24	434.39	360.00	425.25	450.00	473.28	585.00
Overtime pay (£)	29.56	30.23					
Productivity pay (£)	3.78	4.21					
Other pay (£)	4.46	4.97					
Gross pay (£)	493.04	473.80	390.00	434.75	471.56	517.90	695.25
Basic hours	44.63	43.85	39.00	42.00	44.00	48.00	50.00
Guaranteed hours	44.63	43.85	39.00	42.00	44.00	48.00	50.00
Hours worked	46.50	45.75	42.00	43.50	45.00	49.00	55.00
Basic per hour (£)	10.26	9.93	9.00	9.35	9.78	10.42	15.00
Gross per hour worked (£)	10.60	10.33	9.10	9.55	10.00	11.01	15.00
<u>Medium rigid vehicles</u>							
Basic pay (£)	461.64	481.76	350.00	400.00	455.00	528.00	568.01
Overtime pay (£)	45.66	44.26					
Productivity pay (£)	3.65	4.51					
Other pay (£)	8.30	11.73					
Gross pay (£)	519.25	542.26	368.00	436.00	500.00	574.63	695.25
Basic hours	44.64	45.00	37.00	40.00	44.00	48.00	52.50
Guaranteed hours	44.64	45.00	37.00	40.00	44.00	48.00	52.50
Hours worked	47.62	47.85	37.00	44.00	48.00	52.00	60.00
Basic per hour (£)	10.34	10.69	8.38	9.91	10.23	11.12	12.03
Gross per hour worked (£)	10.86	11.28	8.98	10.00	10.73	11.54	13.53

**ANALYSIS OF WEEKLY HOURS AND WAGES OF DAY DRIVERS
BY CATEGORY OF VEHICLE DRIVEN AS AT 1 JANUARY 2019**

Table 9 (continued)

Range values

	Average total sample	Average adjusted	Min	Lower quartile	Median	Upper quartile	Max
<u>Heavy rigid vehicles</u>							
Basic pay (£)	487.84	529.59	357.00	443.75	468.33	513.75	705.00
Overtime pay (£)	76.40	56.71					
Productivity pay (£)	6.83	5.64					
Other pay (£)	11.60	18.29					
Gross pay (£)	582.67	610.23	420.00	507.73	602.50	640.92	766.47
Basic hours	44.68	45.31	37.00	40.00	45.00	48.50	55.00
Guaranteed hours	44.68	45.31	37.00	40.00	45.00	48.50	55.00
Hours worked	49.93	49.43	37.00	46.88	50.00	53.50	65.00
Basic per hour (£)	10.94	11.66	8.45	9.65	10.82	12.36	14.02
Gross per hour worked (£)	11.75	12.35	9.10	10.52	11.95	12.68	15.00
<u>Articulated vehicles</u>							
Basic pay (£)	543.99	541.74	357.00	439.50	532.44	632.21	751.72
Overtime pay (£)	89.18	81.08					
Productivity pay (£)	7.29	3.61					
Other pay (£)	14.36	7.64					
Gross pay (£)	654.82	634.07	420.00	600.00	640.50	715.75	879.00
Basic hours	46.38	47.70	37.50	40.00	48.00	48.00	60.00
Guaranteed hours	46.38	47.70	37.50	40.00	48.00	48.00	60.00
Hours worked	52.29	52.64	40.00	48.00	51.00	56.38	70.00
Basic per hour (£)	11.71	11.32	8.93	10.20	11.16	12.64	15.97
Gross per hour worked (£)	12.61	12.04	9.44	11.38	12.26	13.38	16.90

3.2 Workshop Staff

Table 10: Summary of wage awards for day and shift workshop staff in the first three months of 2019

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	80.00%	80.00%
Increase up to 2%	0.00%	0.00%
Increase between 2% and 3%	13.33%	13.33%
Increase between 3% and 4%	0.00%	0.00%
Increase between 4% and 6%	6.67%	6.67%
Increase of more than 6%	0.00%	0.00%

	Basic pay	Gross pay
Overall average % changes	0.67%	0.67%
Average % increase (where reported)	3.33%	3.33%
Average % decrease (where reported)	0.00%	0.00%

**ANALYSIS OF WEEKLY HOURS AND WAGES OF DAY WORKSHOP STAFF
BY JOB ROLE AS AT 1 JANUARY 2019**

Table 11

Range values

	Average total sample	Average adjusted	Min	Lower quartile	Median	Upper quartile	Max
<u>Workshop supervisors</u>							
Basic pay (£)	600.16	617.51	500.00	552.50	562.65	579.00	855.00
Overtime pay (£)	83.43	46.35					
Productivity pay (£)							
Other pay (£)							
Gross pay (£)	683.59	663.86	524.57	567.98	658.00	791.69	906.25
Basic hours	43.15	41.75	37.00	40.00	40.00	44.25	60.00
Guaranteed hours	43.15	41.75	37.00	40.00	40.00	44.25	60.00
Hours worked	46.25	43.47	37.00	40.50	44.50	51.50	60.00
Basic per hour (£)	14.00	14.85	10.00	13.99	14.13	14.48	17.40
Gross per hour worked (£)	14.76	15.27	12.22	14.00	14.33	15.53	17.40
<u>Skilled mechanics</u>							
Basic pay (£)	609.55	624.33	520.00	546.96	612.50	652.75	720.00
Overtime pay (£)	69.68	31.79					
Productivity pay (£)	3.57	0.47					
Other pay (£)	1.43	0.38					
Gross pay (£)	684.23	656.97	545.94	633.00	691.16	721.50	843.75
Basic hours	44.36	45.73	37.00	40.00	42.00	48.75	60.00
Guaranteed hours	44.36	45.73	37.00	40.00	42.00	48.75	60.00
Hours worked	48.00	47.40	37.00	44.25	47.50	51.50	60.00
Basic per hour (£)	13.82	13.72	12.00	13.04	13.68	14.59	15.91
Gross per hour worked (£)	14.30	13.90	12.00	13.29	14.25	15.37	16.00

3.2 Warehouse Staff

Table 12: Summary of wage awards for day and shift warehouse staff in the first three months of 2019

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	64.71%	64.71%
Increase up to 2%	17.65%	17.65%
Increase between 2% and 3%	11.76%	11.76%
Increase between 3% and 4%	5.88%	5.88%
Increase between 4% and 6%	0.00%	0.00%
Increase of more than 6%	0.00%	0.00%

	Basic pay	Gross pay
Overall average % change	0.88%	0.88%
Average % increase (where reported)	2.50%	2.50%
Average % decrease (where reported)	0.00%	0.00%

**ANALYSIS OF WEEKLY HOURS AND WAGES OF DAY WAREHOUSE STAFF
BY JOB ROLE AS AT 1 JANUARY 2019**

Table 13

Range values

	Average total sample	Average adjusted	Min	Lower quartile	Median	Upper quartile	Max
<u>Forklift truck drivers</u>							
Basic pay (£)	406.26	355.16	314.80	360.00	386.22	444.63	650.00
Overtime pay (£)	21.98	72.03					
Productivity pay (£)	1.43	0.23					
Other pay (£)	1.79	1.46					
Gross pay (£)	431.46	428.88	314.80	368.11	415.00	470.14	650.00
Basic hours	40.88	40.57	37.00	40.00	40.00	40.62	50.00
Guaranteed hours	40.88	40.57	37.00	40.00	40.00	40.62	50.00
Hours worked	43.05	49.32	37.00	40.00	40.42	44.75	55.00
Basic per hour (£)	9.99	8.77	8.02	8.68	9.41	10.22	17.57
Gross per hour worked (£)	10.13	8.83	8.05	9.00	9.51	10.49	17.57
<u>Order pickers</u>							
Basic pay (£)	410.37	390.45	314.80	340.00	380.00	452.31	650.00
Overtime pay (£)	29.52	33.33					
Productivity pay (£)	2.22	0.67					
Other pay (£)							
Gross pay (£)	442.11	424.45	314.80	392.43	415.00	476.85	650.00
Basic hours	39.70	39.79	37.00	37.50	40.00	40.00	45.00
Guaranteed hours	39.70	39.79	37.00	37.50	40.00	40.00	45.00
Hours worked	42.52	43.62	37.00	37.50	40.00	44.00	55.00
Basic per hour (£)	10.38	9.85	8.05	8.50	9.81	10.27	17.57
Gross per hour worked (£)	10.55	9.91	8.05	8.50	9.81	11.08	17.57

**ANALYSIS OF WEEKLY HOURS AND WAGES OF DAY WAREHOUSE STAFF
BY JOB ROLE AS AT 1 JANUARY 2019**

Table 13 (continued)

Range values

	Average total sample	Average adjusted	Min	Lower quartile	Median	Upper quartile	Max
<u>Warehouse loaders</u>							
Basic pay (£)	434.55	439.49	314.80	376.25	418.72	458.45	650.00
Overtime pay (£)	18.11	10.37					
Productivity pay (£)	2.50	1.13					
Other pay (£)							
Gross pay (£)	455.16	450.99	314.80	405.61	430.00	491.93	650.00
Basic hours	40.92	43.42	37.00	37.38	40.00	41.87	50.00
Guaranteed hours	40.92	43.42	37.00	37.38	40.00	41.87	50.00
Hours worked	42.21	44.19	37.00	37.38	40.42	45.50	51.32
Basic per hour (£)	10.72	10.30	8.39	9.07	9.93	10.62	17.57
Gross per hour worked (£)	10.92	10.40	8.39	9.30	10.14	11.23	17.57
<u>Other skilled workers</u>			Small sample – no range values				
Basic pay (£)	416.97	368.46					
Overtime pay (£)	18.05	44.80					
Productivity pay (£)							
Other pay (£)							
Gross pay (£)	435.02	413.26					
Basic hours	41.46	40.57					
Guaranteed hours	41.46	40.57					
Hours worked	42.96	44.30					
Basic per hour (£)	10.06	9.06					
Gross per hour worked (£)	10.19	9.39					

4. HAULAGE TRENDS

4.1 Domestic haulage trends sample

Table 14 gives an overview of the changes in 2018 in the sample of domestic haulage rates provided by contributors. The weighted average percentage change shown in the table is the average percentage change where a change in rates was reported by contributors. If no change in rates by reported by a contributors then it is excluded from the calculation. The overall average percentage change includes all results reported by contributors, including where no change in rates was reported.

Table 14 Percentage change in domestic haulage rates in 2018

% change	Number of rates	% of data sample
Reduced	2	0.64%
Unchanged	126	40.51%
Up to 2% increase	28	9.00%
Over 2% and up to 4% increase	79	25.40%
Over 4% and up to 6% increase	9	2.90%
Over 6% and up to 8% increase	9	2.90%
Over 8% and up to 10% increase	6	1.93%
Over 10% increase	52	16.72%
TOTAL	311	100.00%

	% change
Weighted average % change	6.78%
Average % increase (where reported)	6.88%
Average % decrease (where reported)	-2.63%
Overall average % change	4.03%

Table 15 provides an index of domestic haulage rate trends over the last 25 years. It is based on the sample of domestic haulage rates provided by contributors to the Guide to Road Freight Costs each year and therefore is a **guide only to rate trends**.

Table 15 Domestic haulage rates index

Domestic haulage rates index	
1 January 1995	81.9
1 January 1996	84.4
1 January 1997	86.6
1 January 1998	89.2
1 January 1999	90.9
1 January 2000	93.2
1 January 2001	96.2
1 January 2002	96.9
1 January 2003	97.2
1 January 2004	98.9
1 January 2005	100.0
1 January 2006	103.4
1 January 2007	105.4
1 January 2008	111.2
1 January 2009	110.8
1 January 2010	110.9
1 January 2011	114.7
1 January 2012	118.7
1 January 2013	119.4
1 January 2014	121.2
1 January 2015	123.0
1 January 2016	122.8
1 January 2017	123.6
1 January 2018	125.0
1 January 2019	130.0

4.2 International haulage trends sample

Table 16 gives an overview of the changes in 2018 in the sample of international haulage rates provided by contributors. The weighted average percentage change shown in the table is the average percentage change where a change in rates was reported by contributors. If no change in rates was reported by a contributor then it is excluded from the calculation. The overall average percentage change includes all results reported by contributors, including where no change in rates was reported.

Table 16 Percentage change in international haulage rates in 2018

Percentage change	Number of rates	% of data sample
Reduced	2	4.08%
Unchanged	21	42.86%
Up to 2% increase	4	8.16%
Over 2% and up to 4% increase	2	4.08%
Over 4% and up to 6% increase	5	10.21%
Over 6% and up to 8% increase	4	8.16%
Over 8% and up to 10% increase	2	4.08%
Over 10% increase	9	18.37%
TOTAL	49	100.00%

	% change
Weighted average % change	8.19%
Average % increase (where reported)	9.73%
Average % decrease (where reported)	-11.93%
Overall average % change	4.68%

Table 17 is an index which gives an indication of international haulage rate trends over the last 15 years. It is based on the sample of international haulage rates provided by contributors to the Guide to Road Freight Costs each year and therefore is a **guide only to rate trends**.

Table 17 International haulage rates index

International haulage rates index	
1 January 1999	88.9
1 January 2000	90.2
1 January 2001	93.0
1 January 2002	93.0
1 January 2003	96.4
1 January 2004	98.4
1 January 2005	100.0
1 January 2006	100.1
1 January 2007	104.0
1 January 2008	112.3
1 January 2009	122.3
1 January 2010	122.9
1 January 2011	129.5
1 January 2012	133.6
1 January 2013	133.0
1 January 2014	133.4
1 January 2015	133.5
1 January 2016	134.2
1 January 2017	133.6
1 January 2018	133.7
1 January 2019	140.0

5. FORECASTS

5.1 Vehicle operating costs forecast

5.1.1 Standing costs

Vehicle Excise Duty (VED)

VED has been based on the Autumn Budget 2018 commitment to raise rates for cars and vans in line with the Retail Prices Index (RPI) annual rate of inflation in 2019/20 and 2020/21. For heavy goods vehicles it has been assumed that the HGV Road User Levy (RUL) is offset by a reduction in VED rates and that overall rates remain frozen in 2019/20 and 2020/21.

Vehicle insurance

Premiums are expected to rise by 2.4% in 2019 (see **Explanatory Note 1** in **Appendix 1**).

Vehicle replacement

New vehicle prices are expected to rise by 2.7% in 2019 and by 2.7% in 2020 (see **Explanatory Note 2** in **Appendix 1**).

5.1.2 Running costs

Fuel costs

It is expected that the combined effects of product price movements and exchange rate changes will decrease bulk diesel prices by 4.5% in 2019 and that they will increase by 2.2% in 2020. Fuel duty for diesel and petrol is currently 57.95 pence per litre and is not due to increase again until April 2020. There have been no RPI inflation increases in fuel duty for nine years. Therefore, it has been assumed that fuel duty rates will rise in 2020 by 2.9% (see **Explanatory Note 3** in **Appendix 1**).

Maintenance/tyres costs

Maintenance costs are expected to increase by 1.9% in 2019 and 2.0% in 2020. Tyre costs are expected to rise by 3.1% in 2019 and by 2.3% in 2020 (see **Explanatory Note 4** in **Appendix 1**).

5.1.3 Employment cost of a driver

Pay settlements for drivers averaged 1.8% overall in 2018 per the **Wages Trends** section of this Guide. The employment cost of a driver is expected to increase by 1.2% in 2019 and 1.2% in 2020.

5.1.4 Overheads costs

Overhead costs are expected to rise by 2.8% in 2019 and rise by 2.8% in 2020 (see **Explanatory Note 5** in **Appendix 1**).

Tables 18 and **19** on the next page summarise the forecast changes in vehicle operating costs for the 12 months to 1 January 2020 and the 12 months to 1 January 2021 by the vehicle weight categories.

Table 18 Forecast percentage changes in vehicle operating costs for the 12 months to 22 January 2020

Vehicle type	Annual mileage	Total standing costs	Total running costs	Total vehicle costs	Vehicle and driver costs	Total costs
Car derivative van (diesel)	24,000	3.0	-2.2	-0.3		0.3
3.5 tonnes van (diesel)	35,000	2.9	-2.2	-0.4		-0.1
7.5 tonnes rigid	40,000	2.8	-2.5	-0.8	0.2	0.7
10–12 tonnes rigid	50,000	2.8	-2.6	-1.0	-0.1	0.4
12–14 tonnes rigid	40,000	2.8	-2.9	-0.8	0.2	0.6
16–18 tonnes rigid	60,000	2.7	-2.8	-1.3	-0.2	0.2
26 tonnes rigid	60,000	2.7	-2.8	-1.2	-0.2	0.2
32 tonnes rigid	55,000	2.6	-2.5	-1.1	-0.3	0.1
33 tonnes (2+2) artic	75,000	2.6	-2.6	-1.6	-0.6	-0.1
38 tonnes (2+3) artic	75,000	2.6	-2.8	-1.5	-0.6	-0.0
38 tonnes (3+2) artic	70,000	2.6	-2.8	-1.5	-0.5	-0.0
32.5 tonnes drawbar	60,000	2.7	-2.6	-1.4	-0.3	0.2
40 tonnes (2+3) artic	70,000	2.6	-2.8	-1.4	-0.5	-0.0
44 tonnes (3+3) artic	85,000	2.6	-2.7	-1.4	-0.6	-0.1

Table 19 Forecast percentage changes in vehicle operating costs for the 12 months to 23 January 2021

Vehicle type	Annual mileage	Total standing costs	Total running costs	Total vehicle costs	Vehicle and driver costs	Total costs
Car derivative van (diesel)	24,000	2.6	2.1	2.3		2.4
3.5 tonnes van (diesel)	35,000	2.7	2.1	2.3		2.4
7.5 tonnes rigid	40,000	2.6	2.1	2.3	1.7	1.9
10–12 tonnes rigid	50,000	2.6	2.2	2.3	1.8	2.0
12–14 tonnes rigid	40,000	2.6	2.2	2.3	1.8	2.0
16–18 tonnes rigid	60,000	2.5	2.2	2.3	1.8	1.9
26 tonnes rigid	60,000	2.6	2.2	2.3	1.8	2.0
32 tonnes rigid	55,000	2.5	2.1	2.2	1.8	2.0
33 tonnes (2+2) artic	75,000	2.4	2.2	2.2	1.8	2.0
38 tonnes (2+3) artic	75,000	2.5	2.2	2.2	1.9	2.0
38 tonnes (3+2) artic	70,000	2.5	2.2	2.3	1.9	2.0
32.5 tonnes drawbar	60,000	2.4	2.2	2.2	1.8	1.9
40 tonnes (2+3) artic	70,000	2.4	2.2	2.2	1.9	2.0
44 tonnes (3+3) artic	85,000	2.5	2.2	2.3	1.9	2.0

5.2 Economic Forecast

5.2.1 Gross Domestic Product

Gross Domestic Product (GDP) rose by 0.5% in the first quarter of 2019. The increase in output was due mainly to increases in activity levels in the service sector.

5.2.2 Inflation

Underlying inflation (RPIX) has increased by 3.0% in the year to April 2019 and the RPI also rose by 3.0% over the same period. The RPI is often used as a wage benchmark, however, in 2018 most of the annual pay increases reported by contributors were below annual RPI inflation.

5.2.3 Drivers' wages

The overall change in drivers' wages in the year to 1 January 2019, reported by contributors in the **Wages Trends** section of this Guide, was a 1.8% increase. There was still a tendency to freeze pay with 44% of contributors reporting no changes in drivers' basic pay or gross pay.

5.2 Fuel Prices Forecast

With world oil prices and currency exchange markets proving to be volatile, forecasting possible future bulk diesel prices and price movements requires specialist knowledge of the fuel market. Therefore, Logistics UK no longer produces its own short-term bulk diesel price forecast. Members who would like an indication of where prices may head in the next 12 months should contact Portland Fuel, who run Logistics UK's **Fuel Price Information Service**, on 01904 570021 or by email at fta@portland-fuel.co.uk. Please note there may be an additional charge for this service.

APPENDIX 1

EXPLANATORY NOTES

1 Insurance

The forecast is based on anticipated insurance premium rises reported by members in Logistics UK's Logistics Update Survey conducted in August 2018.

2 Vehicle replacement costs

The forecast is based on replacement costs depreciation using forecasts for 2019 and 2020 of consumer prices inflation and average earnings increases in France, Germany, Italy, Spain and the UK produced by the European Commission. Cost changes for each country are weighted to reflect the proportion of rigid truck and artic registrations in the UK, reported by the Society of Motor Manufacturers and Traders (SMMT). Aggregated cost changes are then adjusted to reflect forecast changes in Sterling's effective exchange rate against the Euro calculated by the OBR.

3 Diesel prices

The forecast assumes that Rotterdam diesel prices will fall by the end of 2019 and rise again during 2020. The OBRR forecasts that Sterling's exchange rate against the US Dollar is expected to be \$1.34 at the end of 2019 and \$1.36 at the end of 2020. Fuel duty is set to remain unchanged until April 2020 per the Autumn 2018 Budget. The Budget 2016 policy costings document states that the government's policy is to increase fuel duty rates by RPI inflation each year. Therefore, it has been assumed that fuel duty rates will rise by 2.9% in April 2020 using the OBR's forecast for RPI inflation calculated in April 2019.

The forecast also assumes a 3.48 pence per litre bulk margin (delivery) over the wholesale diesel price based on average margins in previous years between the average bulk diesel price and the wholesale price including fuel duty.

5. Maintenance/tyre costs

The forecast assumes parts costs will rise at the same rate as vehicle purchase prices. Maintenance labour costs are expected to rise by overall average wage settlements of 1.2% in 2019 and by 1.2% in 2020. Overheads costs are expected to rise by underlying inflation (RPIX). Maintenance is assumed to be made up as follows: 50% is labour costs, 40% is parts costs and 10% is overhead costs.

6. Overheads costs

The forecast assumes overheads costs will rise by underlying inflation (RPIX) in 2019 and 2020 using the OBR's forecast calculated in April 2019.

APPENDIX 2

GLOSSARY

Articulated vehicles	Tractor units with semi-trailers attached where part of the load is borne by the tractor unit
Biodiesel	Alternative fuel for diesel engines made from vegetable oil or animal fats
Bulk (contract) price	Price paid for multiple deliveries of fuel to fleet depot fuel storage tanks
Car derivative van	A goods vehicle which is constructed or adapted as a derivative of a passenger vehicle up to 2 tonnes GVW
Drawbar trailer	A trailer pulled by a rigid vehicle
Drawbar vehicles	Rigid vehicles pulling a drawbar trailer
Drivers	Motor vehicle drivers
Fuel duty	Excise duty on motor vehicle fuels
GDP	Gross Domestic Product which is a measure of a country's overall economic output. It is the market value of all final goods and services made within the country in a year
GVW	Gross Vehicle Weight (the weight of a vehicle and its load)
HGV	Heavy Goods Vehicle (used to describe any commercial vehicle over 3.5 tonnes GVW)
Logistics Update Survey	Logistics UK Survey in August 2018 which updated trends in freight transport activity and business confidence reported in Logistics UK's <i>Logistics Report 2018</i>
Red diesel	Rebated diesel fuel used for heating, electrical generators, and agricultural vehicles which rarely use public highways
Retail Prices Index	The measure of inflation in the UK used for a variety of purposes by the government and external users
Rigid vehicle	A commercial vehicle where the cargo body is fixed to the cab of the vehicle
Road fuel gas	Gas used as fuel for motor vehicles. There are 2 types used in the UK – liquefied petroleum gas (LPG) and natural gas
Semi-trailer	A trailer forming part of an articulated vehicle
Tractor units	Heavy-duty commercial vehicle with several axles capable of pulling or drawing a trailer or semi-trailer
Ultra low sulphur diesel	Diesel fuel for motor vehicles which complies with Euro standard emission requirements
Unleaded petrol	Fuel for motor vehicles also known as gasoline containing a reduced amount of lead
VED	Vehicle Excise Duty (road tax)