COST TABLES 2026

Prepared for the Road Haulage Association by:
Apprise Consulting Ltd

Contents

Introduction to the Cost Tables

The 2026 RHA Goods Vehicle Operating Cost Tables are the thirty-fourth in this series and have been compiled for the Road Haulage Association by Apprise Consulting Ltd.

These Cost Tables are designed to assist members with the task of relating rates charged to costs incurred. They have two main features:

- They are the result of a survey of real costs from a large range of road freight transport companies within the RHA membership. These have been used either directly or as the basis for discussion with manufacturers and suppliers to establish actual costs.

- They make no claim to be your own costs or the increases or decreases you may have witnessed over the past year. Space is provided to build up a parallel picture of your own vehicle costs and overheads. Guidance is given as to how to do this. There is also an interactive cost table available for RHA members at https://howtologistics.com/rha-members/ where different types of vehicle costs can be calculated.

Annual cost changes are based on the results of the Annual Survey on Movement of Costs, based on the periods 1st October to 30th September for each year. Thank you to all those companies who contributed to the survey.

As a result of this year's survey results, discussions with members and additional research we have decided to reduce the cost of a 44-tonne articulated vehicle and tri-axle trailer in order to remain in line with other similar surveys. In order to include the actual cost increases experienced by our membership we have adjusted the earlier 2025 costs accordingly. As we have used the year 2000 as our base figure for the past 25 years, we have also decided to change the base date to 2025 as you will see on page 18 However, we have included the operating index from 2015 for those who wish to see how the costs have changed over this period. This can be found in Appendix I.

This year, 76% of the survey responses related to 44 tonne gross articulated units, so we have restricted the cost tables to this vehicle type only. The principles are the same for all other types of vehicles which is why you need to include your own true costs in the calculations. Our figures are a guide only. An example 18 tonne rigid is displayed in the interactive cost table already mentioned.

Results from the 2025 survey are shown on pages 13 and 14

A summary of costs and their percentages at a typical annual mileage is provided on page 17.

It is important to note that these cost percentages will vary significantly between different types of operation e.g. long / short distance journeys, tipper work / car transport / general haulage and also by geographic location.

You need to establish your own ratios in the following way:

- Substitute your own figures which you can identify as being different from those in the tables;
- Determine the total time-related cost per year;
- Apply the distance-related costs to your own estimated annual mileage to determine the total of those costs;
- Determine total time and distance costs;
- Calculate each item of cost as a percentage of the total.

Using these percentages will enable you to convince your customers how much your own costs have increased during the year and help you in obtaining those sorely needed increases in rates.

You should have a separate fuel escalator to cover the increases and decreases in fuel thus enabling you to separately negotiate increases in all other costs associated with your operations. In our tables for 2026 we show that the majority of costs have increased year on year except fuel and fuel additive with a significant increase in a number of areas. Vehicle excise duty has also increased this year.

Both the RHA and Apprise Consulting welcome your comments and suggestions for improvements as to how we can make these tables even more useful to members. We are also interested in what other kinds of data you want included in this report.

Users of these tables are welcome to raise any queries with Gwynne Richards on 01446 500231 or e-mail Gwynne at gr@appriseconsulting.co.uk

Interactive cost tables can be found at the following web site which are available to RHA members https://howtologistics.com/rha-members/

The 2025 Survey – RHA commentary

The overall percentage increase for 2025 based on our own member survey is 5.91 percent, **excluding fuel.**

Increases in the individual aspects involved in operating a truck are detailed with the adjusted cost percentages for our 2025 model in the right-hand column. There is a large variation when fuel and additive is included because of the fuel cost reduction throughout most of 2024.

The 44-tonne cost model demonstrates annual costs of £165,822 excluding fuel and additive. This is an increase of £9,255 on the previous year.

Including fuel and additive gives the total annual costs for the 44-tonne combination as £211,180 with fuel at average price of 107.87 ppl to the end of September based on an annual mileage of 75,000.

Vehicle and depreciation: 6.9% (trailer 5%)

We have adjusted downwards our model vehicle and trailer purchase cost this year by using a lower base for the previous year to ensure the overall view is captured accurately.

Most members still entirely rely on ICE vehicles with 74% stating they were not using any kind of alternative fuelled vehicles. Obviously, that means the number that are flirting, typically with electric are increasing but it is in small experimental way to date. Our recent industry wide net zero survey findings reflect the very real challenge of meeting the UK's Net Zero targets. 70% of HGV operators, 75% of coach operators and 56% of van operators currently report having no plans in place to introduce zero emission vehicles into their fleets, with operators across the different vehicle modes consistently ranking lack of vehicle mileage and cost as the main barriers preventing them from doing so. This is a stark reminder that Net Zero must be commercially viable and significant additional support and investment is needed if planned targets for HGVs and vans are to be met.

VED + LEVY: 3.61%
The Vehicle Excise Duty & HGV Levy were both raised by RPI from 1 April 2025.

The E1 VED band for a 38,000 – 44,000kg applies at £580 for 12 months

The levy rate for over 38,000kg applies at £597 bringing the total to £1177 compared to £1136 the previous year.

Insurance: 5%

Our survey response averaged an increase of 5% in the 2025 survey with a number of members reporting welcome policy reductions. Generally, to get this scenario there has to be lower claims and this is normally because a more proactive approach had been taken with regard to managing the risks.

Monitoring telematics and driver behaviours, dealing with accident claims quickly and analysing the reasoning behind them. Younger drivers are often mentioned along the lines of 'we can't get cover'. If, however, the case is put forward with good context and a willingness for example to take an excess then the case is often resolved. Such an example was given at a recent specialist group meeting of RHA members where the company owner explained his young son who was an up-and-coming racing driver was granted coverage but with a £5,000 excess. He was employed in an ad-hoc capacity when race seasons were not in operation.

Where coaches are concerned there is a very limited market of underwriters writing that sort of business as explained by Liam Chatfield of RHA Insurance Services. This is resulting in less appetite by insurers and premium increases apart from those with exceptional claims experience.

Driver employment costs: 6%

The increased NICs has added to the increased costs for the driver aspect this year since April and the increasingly tight market for quality HGV drivers persists with 21% of members mentioning the concern about driver availability, of course that also means the cost aspect too.

The increase to the employer NICs added £615 per employee and thus adding at least 2% to the driver cost line on our 44-tonne model.

From April 2020, the National Living Wage has gone from £8.72 to £12.21 with more to come (likely £12.70) therefore the increase over 5 years has been 40%. The creates additional pressures on the roles about the NLW and means in this case that drivers want increases to keep the keep between NLW and their role.
We publish an annual survey regarding employee remuneration within the haulage industry, and this is due to be published in December where we will look further into the driver role and related pay.

Repairs and maintenance: 6.5%

The skills shortage with technicians is discussed in the skills section – there has been many comments through the year of members unhappy with the service standard provided by main dealer along with the extra expense. Adopting EPBMS was a mention this year to counter the requirements for laden brake testing at each PMI

Tyres: 5%
Some members commented on buying tyres in bulk as a method for cost control and also changing suppliers.
The UK Trade Remedies Authority (TRA), announced on 1 August 2025 revised anti-dumping and countervailing duties on truck and bus tyres imported from China. This followed a notice issued by the Secretary of State and backed by the Trade Remedies Authority (TRA). The move targets pneumatic tyres with a load index above 121 – standard across trucks and buses.

The result:

Hankook Group: £6.55 anti-dumping duty per tyre (until Oct 2028); £0.00 countervailing duty

All other exporters: £45.71 anti-dumping + £64.41 countervailing = £110.12 total per tyre

These new UK measures replace the EU-era tariffs, amount to a staggering 113% increase.

Overhead costs: 5.3%

The overheads average slipped back a little for 2025 which could have been a result of reducing headcount to counter the higher employer NICs. There wasn't really any specific commentary on overheads, and we still await the the proposed changes to Business Rates looking to introduce higher multipliers for the most valuable properties. It is the large logistics premises including warehouses that could be hit by big increases that take effect from April 2026. The details of this are supposed to take place in the 2025 Budget.

Diesel exhaust fluid (DEF) -11.79%
AdBlue fell again in 2025 and this year our 1000 litre IBC price was 41.9ppl compared to last year at 47.5ppl. Over the distance of 75,000 miles than means the cost dropped from £1185 to £1045 based on 6% of fuel used.

Fuel: -4.93%
We measure diesel using a 60/40 mix of bulk fuel (via our survey) and card related pricing using the RHA fuel card. For the year to end of September the diesel average was 107.87ppl ex-vat compared to 113.46ppl for the same period in the previous year which meant a reduction 4.93% in the fuel associated with a 44-tonne model.

Our weekly bulk fuel survey average opened in January at 109.50ppl rising to a high two week later of 113.67ppl with a low point of 101.05ppl in May and now in November pricing around 111ppl after recently starting to rise once more.

Explanatory notes

The following brief notes are provided to assist members fully understand these cost tables.

The costs assembled in the accompanying pages result from a combination of the annual survey undertaken by the Road Haulage Association and research by Apprise Consulting on vehicle costs. The figures are averages based on the responses received from the survey and validation thereafter. It was after this validation that we reduced the purchase cost of the 44-tonne tractor unit and tri-axle trailer combination.

Accordingly, it is misleading for you to assume that the costs and increases shown in the accompanying tables relate exactly to your fleet.

As part of our research, we have compared our results with several of the published cost tables. The variations across these tables, for every cost except VED, lend weight to our contention that depending on averages is simply untenable and is no substitute for utilising your own specific costs.

It is for this reason that, alongside the average costs for the 44-tonne articulated unit as determined in the survey, there is a column in which you can insert the relevant comparable figures for the vehicles in your own fleet. This is not restricted to 44 tonne vehicles however care needs to be taken when applying these increases to other types of vehicles. The format will however work for any type of vehicle. The interactive cost tables at https://howtologistics.com/rha-members/ allows you to enter any type of vehicle or trailer into the cost model.

Time-related and distance-related costs

Although a number of companies convert their fixed and variable costs into a total cost per mile this can be wholly inaccurate when quoting for certain types of haulage work. Separation of these costs is encouraged by these tables which bring costs together but do not produce an all-encompassing cost per mile although examples are shown where a cost per mile only figure can lead to significant undercharging as can be seen in Table 6! Costs are an infinitely variable mixture of time-related and distance-related costs. Time-related costs are accruing even when the vehicle is not being used while the distances we may cover in any given period of time can vary enormously according to the type of work we are undertaking.

These tables are designed to arrive at a cost per average day (see below), which can be reduced to a cost per hour depending on the number of hours worked in a day, and then, quite separately, an average cost per mile or kilometre actually run. This is dealt with in greater detail in the section **Calculating Charges and Rates** on page 19 and in the Supplementary Paper on page 25 onwards.

Cost categories

i) Vehicle and trailer costs

These are given on a representative basis because of the enormous variations encountered. These variations arise from:

- Costs from different vehicle and trailer manufacturers
- Different Euro-specifications
- Truck specification required for a particular operation
- Discounts available to large fleet purchasers
- List price differences by dealership and geographic location

ii) Average days per annum

One of the most vital keys to profitability is the number of days per annum you effectively use your vehicles. This governs the rate at which you can recover time-related costs since these will mostly be accruing against you, whether you use the vehicle or not. You must determine, either from available records or from an informed view of your work, the number of days likely to be worked by each vehicle during the year.

In these tables, to be consistent, we have continued to assume 240 'Earning Days' throughout, but it is essential that you determine your own utilisation and hence your potential competitive edge. There is evidence to suggest that many companies are, in fact, achieving higher utilisation factors, particularly where multi-shifting is possible and where there is an increase in weekend working. If multi-shifting, ensure that you include the costs of a second and if applicable, a third driver.

iii) Typical miles per annum

These figures are used to calculate the typical cost percentages per annum on page 17. In these cost tables we have taken an average of 75,000 miles for a 44-tonne articulated unit and trailer. This average mileage is again likely to be different for your own fleet especially if you are double-shifting the vehicles.

iv) Average depreciation/residuals

This is calculated on a straight-line basis over periods appropriate to the type of vehicle. In the 44 tonne gvw category we use a 6-year depreciation period for the tractor unit and 10 years for the trailer.

There is no allowance for residual values to compensate for the escalating price of replacing existing vehicles with new or even second-hand equipment. Within your own calculations you may wish to include a residual value and either use straight line or declining balance methods of depreciation. Many companies are now turning to declining balance methods using a 25% depreciation figure. Other companies are also looking at “double-lifeing” - re-using key cost

components such as bodies and chiller units on new base vehicles - with these companies realising significant step-change reduction in total cost of ownership. Another trend is the lease or contract hire of vehicles. In this case, replace the depreciation and interest costs with a single lease or contract hire figure. You will also need to check whether the VED is included. If the contract is lease with maintenance or contract hire you will also need to adjust the R & M and tyre figures accordingly. Over time, we will of course see the introduction of electric and hydrogen powered vehicles which will change the way in which we cost these vehicles with likely higher daily costs and lower running costs.

v) Driver employment costs

Employment costs must cover actual weekly wages, bonuses, holiday entitlements, relief drivers, sick leave, NHI and pension costs together with training, uniforms and PPE. In other words, the total cost of ensuring that you have a driver in the cab for every available working hour.

vi) Insurances

These are average premiums for the vehicle only. There are, in practice, wide variations in premiums paid, related to fleet size, use of technology such as telematics and cameras and claims record. Goods in transit insurance is included in the overheads section.

vii) VED licences

Rates shown are for a new, standard 44 tonne gross combination incorporating a tri-axle curtain-sider. There can, however, be some variations based on age, engine size and carbon emissions. In these cost tables we have taken into account the restoration of the HGV levy.

Full details on vehicle tax can be found at https://www.gov.uk/government/publications/rates-of-vehicle-tax-v149

viii) Interest on capital

This has been estimated at a notional 6.0% on mid-life value, i.e. effectively half the original cost. Companies will be able to borrow money at different rates. Companies need to ensure they enter their own figures here. Interest rates are currently reducing but unlikely to reach the very low figures we experienced a couple of years ago. We try to be consistent over the years.

ix) Overheads per vehicle

This again is the average increase obtained from the survey. You must assess the total overheads in your own business and allocate them to vehicles. The simplest way of doing this is in proportion to vehicle carrying capacity (Tonnage, cubic metres or pallets). Remember also that if you run a business with other activities besides vehicle operations such as warehousing or vehicle recovery, only overheads specifically attributable to the haulage operation should be allocated directly to it.

Overheads are all business costs not specifically identified in the cost sheets.

Typically, they will include:

a) Management (including working directors), Supervisory and Clerical Salaries and Wages, including NHI, holiday, sickness pay and pension costs for those staff directly involved in the transport operation excluding drivers. Also include replacement staff. Where a manager is in charge of both transport and warehousing the costs need to be apportioned accordingly;

b) Administration Overheads: These include total property costs incurred by the transport operation, not including the warehouse - i.e. rents and rates paid, gas, water and electricity, property repairs and maintenance, general insurance, general office expenses, postage, telephone charges, legal fees, bank charges (not interest), hire of or depreciation of furniture and equipment, IT systems, depreciation of or rental of staff cars, subsistence payments to managers, audit fees, management consultancy fees and sales promotion, provision for bad debts, security services, welfare and ancillary wages;

c) Operational Overheads: These include Operator's licence fees, goods in transit insurance at the basic level, price of equipment such as sheets, ropes, straps, dunnage, running costs of breakdown vehicles, service vans and staff cars including fuel, maintenance and cleaning of tanker/refrigerated/garage equipment, tachograph charts (if still using), tachograph analysis, tools and consumable materials. Note if you are operating your workshops on a commercial basis, servicing other companies' vehicles then these costs need to be apportioned accordingly.

x) Other costs

Additional costs such as bonuses, low emission zone and congestion charges, overtime hours and subsistence, tolls and ferry costs do not accrue on any consistent time or distance-related

basis. They are specific to individual jobs. They must, therefore, be charged direct to those transport jobs as incurred and have therefore not been included in these Tables.

Distance-related costs

These are based on a best view of industry averages, adjusted annually by reference to the survey results shown on pages 5 - 7. These costs have been calculated as follows:

xi) Fuel

In the past the RHA cost tables have been based on the bulk fuel price as at 30th September each year. This year, as for the previous six years, we have used a blended average to the end of September 2025. This is based on 60% bulk fuel purchases and 40% fuel card purchases.

For this year's figure the cost of fuel is calculated as 107.87 pence per litre (ppl) and Ad Blue at 41.9 ppl. Companies will purchase their fuel and additive in different ways and therefore you need to use your own actual fuel costs to determine year on year increases/decreases.

xii) Lubricants & additives

These are included in the repairs and maintenance figures below.

xiii) Tyres

These are based on average costs per mile taken from the survey. We have used a tyre life of 65,000 miles per annum based on an annual truck mileage of 75,000.

xiv) Repairs & maintenance

All service and repair related costs have been included under this heading, however, routine servicing costs and contract repairs (which are often charged on a monthly basis, under contract) are frequently recovered as a separate, time-related item. Lubricants and certain additives are included in these figures.

NOTE

All of the costs we have outlined above will vary from operation to operation. This is why you **must** incorporate your own fleet figures when using these Tables.

Costs for a 44 tonne gross (6x2 + tri-axle c/s) combination

Data	Average Figures	Your Figures
Vehicle price (representative) tractor only	£141,108	----------
Average depreciation period (years)	6	----------
Typical miles per annum	75,000	----------
Average days worked per annum	240	----------
Average miles per gallon	8.3	----------
Costs		
Time-related per annum	£	
Driver employment costs	65,264	----------
Depreciation	23,518	----------
Licences	1,177	----------
Vehicle insurance	6,079	----------
Interest on capital (6.0%)	4,233	----------
Overhead per vehicle	40,502	----------
Ownership of 1 trailer (page 14)	4,300	----------
Total time costs	145,074	----------
Time cost per day ÷ 240	£604.47	----------

Note Bonuses, excess hours, subsistence and similar are not included. These should be added to costings for rates as incurred, by job. Figures are rounded to nearest pence.

		+ Trailer	
Mileage-related	ppm	ppm	
Fuel at 107.87 p. p. litre	59.08		---------
Additive at 41.9 ppl	1.39		
Tyres	3.13	3.91	---------
Repairs and maintenance	14.61	6.01	---------
Total mileage costs	78.21	9.92	--------

N.B. Chargeable rate = time cost + mileage cost + job specific costs + profit
There is an element of roundup in these figures.

Costs for a tri-axle trailer (curtainsider)

Data	Average Figures	Your Figures
Trailer price (representative)	£33,075	----------
Average depreciation period (years)	10	----------
Costs		
Time-related per annum		
Driver employment costs		
Depreciation	3,307.50	----------
Licences		
Vehicle insurance		
Goods in transit insurance		
Interest on capital (6.0%)	992.25	----------
Overhead per vehicle		
Total time costs (rounded up)	4,300	----------
Total daily cost	17.92	----------
Mileage-related	**ppm**	
Fuel		
Tyres	3.91	----------
Repairs and maintenance	6.01	----------
Total mileage costs	9.92	----------

Note Operators using more than one trailer per tractor unit should adjust this cost as appropriate.

N.B. Utilise the adjacent column to enter your own figures for this vehicle and trailer type.

Alternative methods of vehicle and trailer acquisition

Although 76% of members purchase or part purchase their vehicles there are a number of alternative vehicle acquisition methods available. Meanwhile, 23% of the members surveyed use a combination of leasing arrangements, purchase and contract hire to acquire their trucks. Very few of our members use leasing or hiring arrangements without purchased options.

According to the BVRLA more and more companies are choosing to acquire vehicles through some form of funding agreement rather than buying them upfront. They have a choice of purchase-based funding, contract hire or leasing. These forms of funding involve paying a regular monthly amount over a specified contracted period.

Purchase-based funding methods include hire purchase and contract purchase. Lease-based methods include contract hire, finance lease and operating leases.

Before opting for a funding method, an organisation needs to consider the overall cost of each approach, the flexibility it provides, how it will affect the balance sheet and what the potential tax implications are.
The length of contract with your customer can also have an impact on the method of vehicle acquisition.

Table 1 RHA Survey on movement of costs

PERIOD: 1st OCTOBER 2024 – 30th SEPTEMBER 2025

(a)	*(b)*	*(c)*	*(d)*
% Total Cost 30.9.24	**Cost Category**	**%Price Movement in period**	**% Total Cost 30.09.25**
14.71%	Vehicle and Trailer Depreciation	6.53%	15.18%
0.56%	Road Tax	3.61%	0.56%
2.83%	Insurance	5.0%	2.88%
30.13%	Driver Employment Costs	6.0%	30.90%
7.11%	Repairs & Maintenance	6.5%	7.32%
2.46%	Tyres: Replacement tyres, tubes etc.	5.0%	2.50%
18.82%	Overhead Costs	5.3%	19.18%
76.61%	TOTAL	5.91%	78.52%
22.81%	Fuel	-4.93	20.98%
0.58%	Additive	-11.79	0.50%
100.00%	Total = Fuel + Other Costs	3.34%	100

*2019 Fuel ppl (30/09/19)	102.71
*2020 Fuel ppl (30/09/20)	90.61
*2021 Fuel ppl (30/09/21)	100.53
2022 Fuel ppl (30/09/22)	139.95
2023 Fuel ppl (30/09/23)	117.67
2024 Fuel ppl (30/09/24)	113.46
2025 Fuel ppl (30/09/25)	107.87

The above figures relate to a 44-tonne artic plus tri-axle trailer. The trailer costs are included under Vehicle and Trailer depreciation. Running costs are based on 75,000 miles per annum and 8.3 mpg.

* Note today's average fuel cost is based on the blended year average of 60% bulk fuel price and 40% card rate up to the end of September 2025.
Note also that the purchase cost of the Artic and trailer combination has been adjusted downwards for the past two years in line with this year's survey results.

Table 2 Cost Movement Report

September 2025

44 tonne gross 6 x 2 articulated unit plus a 13.6 metre tri-axle curtainsider

Mileage	**75,000**	**75,000**	
	September 2025 %	**September 2024 %**	**Change in % points 2025 - 2024**
Wages	30.90	30.13	0.78
Depreciation	11.14	10.77	0.37
Licence	0.56	0.56	-0.00
Insurance	2.88	2.83	0.05
Interest	2.00	1.94	0.07
Overheads	19.18	18.82	0.36
Trailer	2.04	2.00	0.03
	68.70	**67.05**	**1.65**
Fuel	20.98	22.81	-1.82
Additive	0.50	0.58	-0.08
Tyres	2.50	2.46	0.04
R & M	7.32	7.11	0.21
	31.30	**32.95**	**-1.65**
		100.0	**0**

NOTES

1. Average miles per year is as per the RHA Cost Tables 2026, page 13. Figures are only valid at these mileages.
2. Differences relate to "roundup / rounddown" calculations

Table 3 Index of operating costs

30th September 2024 = 100

	09.24	09.25										
COST CATEGORY												
Vehicle Depreciation	100	106.53										
Road Tax	100	103.61										
Vehicle Insurance	100	105.00										
Drivers: Employment Costs	100	106.00										
Repairs and Maintenance	100	106.50										
Replacement Tyres	100	105.00										
Overheads	100	105.30										
Fuel (Diesel)	100	95.07										
AdBlue Additive	100	88.21										
Index of total operating costs	100	103.34										
Index of total operating costs excl fuel	100	105.91										

Fuel costs are now based on 60% Bulk fuel purchases and 40% card purchases.

We have also included the Operating Index for the past 15 years in Appendix I for those of you who want to see the cost index trend over the past few years.

Calculating rates and charges

It is a frequent mistake to approach the calculation of charges and costs on the basis of a requirement for a revenue per day or revenue per mile figure. The difference in mileage for haulage jobs undertaken necessitates having a separate cost per day/hour and cost per mile. You must approach the task of quoting customers by assessing both the time likely to be required to complete a job and the number of miles that will be covered. You must then apply to the time element, the cost per day as determined; add any specific bonuses, extra hours, subsistence, tolls, emission zone charges, sundries and miles at the appropriate cost.
This will give you a fair cost for the job for which you are quoting. To this you must add a percentage for profit. In today's market this is extremely difficult because, on many occasions, you will find the costs, as properly determined by your calculations, are greater than the revenue likely to be derived from the rates being charged by your competitors.
Notwithstanding this, you must aim for a profit margin and a practical exercise is to add (say) 5% (but get more if you can!) to your total costs, when comparing yourself with what you know about competitive market rates. There is a fine margin between success and failure.

The Motor Transport Top 100 results for 2025 have just been released and continue to demonstrate the resilience required in logistics operations to stay profitable. This year, the pre-tax profit is recorded at just 2.17% compared to the 1.93% quoted for the previous year – a slight improvement, however these rates are not sustainable. Average turnover increased by 0.44%. This year has seen a number of acquisitions and mergers including GXO acquiring Wincanton, CMA CGM acquiring Freightliner together with a shake up of the parcel sector with InPost taking over Yodel and Evri taking over DHL eCommerce. Amazon continues to increase its transport fleet also.

Business conditions have become increasingly challenging, as indicated by the recently published BDO Logistics Confidence Index for 2025, which records a score of 40.4 - the lowest level in fourteen years. BDO has emphasized labour market pressures, noting that increasing hiring costs are due in part to higher employers' National Insurance contributions.

According to the TEG Index, vehicle availability continued to outstrip demand in October. Following September's jump, overall vehicle availability rose by 18.9% in October, whereas artic availability increased by 21.7%. In contrast, demand dropped by 5.4% overall (and by 17.1% for artics). This is a worrying trend given that we are heading towards the peak period.

In the case of fuel, you should always attempt to negotiate a clause into all rate schedules and contracts allowing fuel price increases or reductions to be passed on to the customer as they occur. Note that over the last year, fuel costs have reduced, and your customers will be looking for a cost reduction. However, as you will see, other costs have risen higher!
You need to decide whether you can accept a job at less than the rate calculated and, even more crucially, whether you can accept it at less than the true cost of undertaking it.
In anything but the shortest run you cannot afford to do the latter; except perhaps for casual or special jobs which fit into the pattern of your overall work.

You should never accept work at rates which, overall, you know will not cover the costs you have identified from following the rules suggested in these notes. On page 21 we present a Template showing the steps you should take when calculating a rate.
Further guidance on rates is given in the Supplementary Paper on page 25 onwards. If you have any queries or require advice concerning these tables please contact Gwynne Richards at: gr@appriseconsulting.co.uk. 01446 500231 or 07968 874890

Estimate of working capital requirements

Start-up Position – 44 Tonne Artic and tri-axle trailer

Wages	:	8 weeks	10,041
Licence	:	6 months in advance	589
Insurance	:	6 months in advance	3,040
Acquisition, unit & trailer*	:	3 month's lease in advance	11,856
Overheads	:	50% for 8 weeks	3,116
Fuel	:	1442 miles per week for 8 weeks at 60.48 ppm	6,977
Vehicle and trailer Services*	:	Included above	
		TOTAL *(say)*	**£35,617**

***Based on a generic 6 x 2 Tractor unit and tri-axle curtainsided trailer contract hired over 6 years.

This calculation provides an indication of the money you may have to pay out before you start to receive money from your customers. Note that many customers can take up to 90 days to pay invoices.

The above figure should be viewed against the requirements for financial standing (available cashflow) levels for standard national and international licence holders. These levels set by the Government are £8,000 for the first vehicle and £4,500 for each additional vehicle you request to be authorised.

Operators making variation applications will be required to demonstrate financial standing for the existing and additional fleet authority against these levels.

The rates for restricted licence holders and applicants are £3,100 for the first vehicle and £1,700 for each additional authorised vehicle. Further information can be found at: https://bit.ly/2GH8lYK

Also note that the above figures do not take into account the initial outlay for an Operator's Licence and any specific CPC training.

Table 4 Template for rate quotation

1	Customer name	
2	**Job details**	
3	Size of Truck Required	
4	Estimated Days/Hours for Job	
5	Estimated Trip Miles	
6	Details of Market Competitor	
7	Rates if Known	
8	Anticipated Time Costs of Job	
9	Anticipated Distance Cost of Job	
	Job Specific Costs:	
10	Subsistence	
11	Bonus	
12	Tolls	
13	Ferry	
14	Other e.g. Emission zone charges	
15	**Total Cost of Job**	
16	Target Margin	
17	Target Revenue	
18	Target Rate	
19	Agreed rate	
20	Shortfall/Excess	
21	Return Load Time Cost	
22	Return Load Distance Cost	
23	Return Load Specific Costs	
24	Total Return Load Costs	
25	Total Round Trip Cost (15 + 24)	
26	Return Load Revenue	
27	Minimum Required Outward Revenue (25 – 26)	

	Profitability	
28	Actual Total Revenue	
29	Actual Time Costs	
30	Actual Mileage Costs	
31	Actual Specific Costs	
32	Actual Profit/Loss	

Notes:

(a) You will often find that a job will be completed with some hours in the day remaining. These hours will be costing you money if you haven't taken account of them in your rate to the customer.

You will need to decide whether you can use these hours for something else or, if not, can they be charged to the job without making you uncompetitive?

(b) Where a return load is involved, it is important that you cost the whole round trip, allowing for the revenue you are likely to earn for the return trip and deciding how much to allow against the outward job for which you are quoting.

(c) Ensure you are using all of your own costs.

(d) Rate = time cost + mileage cost + job specific costs + profit

Table 5 Fuel adjustment
Specimen agreement and calculations

This Agreement dated [Enter date] is between [Enter name of haulier] and [Enter name of company].

It is agreed that:

(a) the base price of diesel for the purpose of this Agreement is [Enter amount] pence per litre, exclusive of VAT (Based on previous month or year or start of contract)

(b) the haulier may adjust the price(s) for work undertaken for the customer by reference to the following formula:

(i) a change in the price of fuel in the period (Line 7)

(ii) the cost of fuel to the haulier shall be determined as a percentage of the haulier's total cost, as recorded (Line 10)

(iii) the adjustment to be applied (by way of either increase or decrease in price) shall be the product of (i) x (ii)

(iv) an adjustment will be triggered when the change in cost is + / - % (to be agreed) **(Note this is discretionary)**

Such adjustments shall be calculated at [Enter frequency, eg weekly, monthly, annually] intervals.

	EXAMPLE	**NOTES**		
1	**Vehicle type**		44 tonne artic	
2	**kms in period**		120,675	
3	**Mpg / kms per litre**		8.3 mpg / 2.94 kms per litre	
4	**Litres in period**		41,327	
			£	**%**
5	**Fuel at base price**	Date		
	1.13	30/09/2024	46,890	
6	**Fuel at average price**	Date		
	1.08	30/09/2025	44,579	
7	**Increase/ (decrease)**		**-2,310**	
8	**Costs in period**	A	**211,180**	
9	**Fuel as a % of cost at av.**	B		21.48%
10	**Fuel % at base price**	C		23.39%
11	**% increase/(decrease) during period**	B - C		-1.91%

1 mile =	1.609344	kilometres
1 gallon =	4.54609	litres
1 mile per gallon =	0.354	kilometres per litre

9 & 10 inc % fuel additive

Members must use their own actual figures throughout. The appropriate adjustment is shown in line 11. In this case the % is not significant and therefore may not require you to pass on any savings to the customers. Your contract should state at what % the adjustment should take place. E.g. + or – 2%.

Calculating carbon footprint

Supply chain managers are becoming increasingly concerned with minimising the carbon footprint of their operation. This includes all transport: vehicle operators are therefore being required to measure their own footprint profile. Some invitations to tender may well ask for this information to be included in the tender response.

To assist you in this we have produced the following calculation:

- To convert mpg to kms per litre multiply by 0.354
- To obtain litres per km divide 1 by the km/litre figure above
- To obtain CO2 in kg per km multiply by 2.63
- To obtain CO2 in g per km (the accepted measure) multiply by 1000

Example:

Carbon footprint calculation

Assume a 44-tonne returning 8.3mpg:

8.3 multiplied by 0.354 gives 2.94 km/litre;

1 divided by 2.938 gives 0.34 litre/km;

0.34 multiplied by 2.63 gives 0.8942 kg of CO2 / km;

Finally, that figure multiplied by 1,000 gives 894.20g of CO2 / km.

How to determine your own costs.

THE RHA/AC COST TABLES

1. The objective of this paper is to visit the Cost tables and to view them in the context of how RHA members should use them to identify and manage their own actual costs.

2. These Tables are unique in several respects:

i) They are based on actual member survey costs

ii) They emphatically reject the idea of a single cost (and hence the rate) per mile or per day. They separate time-related and distance-related costs and keep them so. This is because both cost per mile and cost per day vary infinitely according to the number of miles travelled in the day.

iii) They contain numerous indices and guides to costing and rate calculation. These are all yardsticks against which you should measure your own figures.

In addition, in a comparison with other published Cost tables, they score very highly as being on or closest to the average of all costs at similar annual mileages.
They are therefore an extremely valuable tool for helping members.
This is fine but it does of course mean that members must be able to determine their own specific costs before they can take advantage of this facility. The rest of this paper is devoted to seeing how members can do this and make use of the Explanatory notes on pages 8 – 12.

3. Brian Fish, the previous author of these cost tables was often asked “what is the point of calculating costs when customers tell me the rate they want to pay?”
All too often, in this highly competitive industry, the method of rate setting consists merely of finding out what is currently being paid and undercutting it! This approach has always been prevalent in our industry, accounting for a generally unacceptably low level of rates and a high level of company failures as can be seen in the recent MT report and constant reporting of hauliers going into administration.
So why are accurate costs essential, even when they apparently do not, by themselves, gain profitable traffic?

All hauliers MUST be able:

a) to know the rate at which they can earn a profit.
b) to react quickly, to reflect increased costs in their charges and demonstrate to customers the validity of the increases.
c) to analyse costs, update budgets and monitor current performance regularly and frequently.
d) to forecast operating results and cash flow.
e) to know by just how much rates can be reduced under market pressure and still yield a contribution and to judge how long a business can survive on that basis.
f) to compare profit forecasts with achieved results, overall or by individual contract/job.
g) to understand which contracts are profitable and which require a rate increase or even be terminated. There is no point in carrying out work at a loss unless there are extenuating circumstances.

4. The aim of this paper is to see how the cost sheets on pages 13 - 18 relate to the actual financial performance of the operator.

5. It is vital to realise that current rates are NOT a function of historical costs. They must be related to the actual current operating costs of the fleet concerned.

In the RHA/AC Tables, as a result of surveys, an average utilisation factor of 240 days has been assumed. Not only are there considerable variations around this average, there are also other factors to be measured and taken into account e.g.:

- The number of hours used in each day, for the purposes of reducing cost per day to a cost per hour;
- The extent to which vehicles are multi-shifted, in which case additional costs will be incurred in sustaining the additional shifts. However, the overall cost per hour should reduce.
- The extent to which weight and volume capacities are filled.

6. At the outset we noted that we reject the concept of a single cost, and hence a rate per mile or rate per day. A cost per job of work is preferable.

We noted that there are two elements of cost - time and distance. Total cost is a continuously varying function of these two; thus, it is totally wrong to reduce total costs to a figure per mile, or per day, a mistake made by many operators. There is only ONE period/distance at which the supposed average cost per mile is correct; below that figure it will be too low and above, too high.

Herein lies the problem of so many operators who still rely on these figures or are forced by clients to charge on that basis!

Example

Among the fleet of RHA Member Ltd today, one 44-tonne tractor unit is doing local trailer shunting and will cover 100 miles. Another one is doing a trailer exchange and will cover 250 miles, a third is undertaking a single day journey over 370 miles and a fourth is working over a two-day period, traveling a total of 730 miles. We have assumed an average of 8.3 mpg. Note that it is likely that the lower mileage vehicle might not achieve 8.3 mpg. We have also included the trailer cost here. Here are the costs compared with those of the fleet average of 75,000 miles per year:

Table 6 - Comparison of various transport operations based on mileage travelled

	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Av. per vehicle p.a.
Miles	100	250	370	730	65,100
Time-related costs	£604.47	£604.47	£604.47	£1,208.95	£145,074
Distance related costs	£88.13	£220.32	£326.07	£643.33	£57,370.82
Subsistence				£26.20	£786.00
Total cost	£692.60	£824.79	£930.54	£1,878.48	£203,230.43
Margin	£34.63	£41.24	£46.53	£93.92	£10,161.52
Total revenue	£727.23	£866.03	£977.07	£1,972.40	£213,391.95
Notional mileage charge	£7.27	£3.46	£2.64	£2.70	£3.28

Note the average cost column is based on 240 days worked and 65,100 miles per annum based on the four different trips.

So, what is our going rate per mile or rate per day?!?!

7. As can be seen above it can be dangerous to quote a single cost per mile or per day on a fleet average. Each job needs to be quoted on a day rate plus mileage rate or a total cost per job.

8. It has now been assumed that you have established accurate costs to compare with those shown in our Cost Tables. When invited to quote for work the first task will be to assess the time needed to complete the job, the distance to be covered, any additional costs not included in the standard costs, a profit contribution and the difficult problem of dealing with return load possibilities and revenues.

It is a dangerous myth that return loads only incur the cost of diesel. You have to take into account additional driver costs, running costs and any potential work lost by taking on a backload.

Of course, it is not always as simple as a round trip with a container. If, for example we are "tramping" and have to organise the return load as well as the outward load, we must then add all the extra time and distance costs associated with the return load to our overall costs; we must then assess total required revenue on a normal basis. This will then be related to the known or anticipated revenue from the return load to help us decide how much we should or can obtain for the outward load.
This means that we are using actual figures for the whole operation instead of rules of thumb (e.g. two thirds of outward rate for return loads). These rules have never been satisfactory.

A full template for calculating rates is provided on page 21 of the tables.

8. Another use to which these cost figures should be put is in forecasting and monitoring operating results.

i) The actual revenue and costs of a journey can be compared with the quotation to check performance

ii) Revenues of every vehicle can be determined for a week, against which standard daily costs, extra costs and distance costs are set, to forecast profit for that week. That figure, built up week by week to a monthly total, will then be compared with the actual result produced in the Monthly Management Accounts.

Note here that:

a) We must charge ourselves for every available working day, to match the Management Accounts;

b) In using a budgeted standard distance-related cost per mile we are smoothing the impact of fluctuating costs; thus if in one month we have two sets of tyres to replace and a blown engine, actuals in the Accounts will be greater than standard. These variations must be investigated and if actuals begin to run consistently ahead of standard, the latter must be recalculated.

The monitoring process described here should be extended to provide us with data on vehicle and driver utilisation; these factors, it has been stressed, are vital to profitable operations.

Conclusion

Many will say that this is all too academic for the haulage industry. Not so!
Companies need to fully understand their costs. This industry has become one of low margins as witnessed over time by the Motor Transport survey of top 100 companies by turnover, where the current average rate of pre-tax profit to sales is just 2.17%.

Knowing costs and applying them is one of the surest ways to secure decent returns.

Warehousing brief

Warehouse costs (rents + service charges) are still rising, though the pace has slowed. Savills reports a 3.6% increase over 12 months, but this is lower than in previous periods.
There's limited "easy" spare capacity: some reports suggest new development is currently constrained. At the same time, warehouse sizes are increasing, with more very large "mega" warehouses (1 million+ sq ft) being built.
Operating costs are also rising due to energy, labour, and other overheads.
The warehousing and logistics sector is still grappling with labour shortages, especially in warehouse operatives and drivers. This is one of the big reasons driving automation: to reduce reliance on manual labour.
More flexible, technology-enabled 3PLs will likely gain market share over more traditional players. Companies are now turning to automation and AI to provide clients with increased greater accuracy and improved utilisation of space, equipment and labour. We are also seeing a continuation of consolidation within the 3PL market with the takeover of Wincanton by GXO.

RATES AND CHARGES

Examples

i) We are asked to give a quotation for moving 1,000 tonnes of palletised product from a factory to a customer situated 20 miles distant. We are using 44 tonne gross vehicles.

ii) We decide from our experience and knowledge of the job that a vehicle should be able to achieve 6 trips in a normal working day, thus covering 240 miles. Each load = 25 tonnes.

iii) Referring to the Cost Tables, we derive the following standard costs and estimate other items as indicated:

Table 7

1 standard day at £604.47	£604.47
240 miles at 88.13 ppm	£211.51
Drivers' bonus and additional overtime	£29.00
Weighbridge costs	£30.00
Total Cost	£874.98
Target Margin (say 5%)	£43.75
Desired revenue	£918.73

Desired rate and quotation per tonne £6.12 (assuming 25 tonnes per load)

iv) You must substitute your own cost figures for those shown above. Note that for a shunt operation 8.3 mpg may not be a realistic figure.

v) If possible, and before submitting this quotation, try to determine what the "going rate" for this traffic is.

vi) Decide whether, or to what extent, any gap between £6.12 and the market rate can be bridged.

vii) Negotiate as strongly as possible, on the basis of identified costs, to educate the customer towards realistic figures.

NOTE: In this illustration we use the figures in the 2026 Cost Tables.
Remember that you must substitute current costs, particularly for fuel.

Example 2

RATES AND CHARGES

i) We are asked to give a quotation for loading a container at a shipper's factory, delivering to a nominated port and returning to base with a replacement empty container. We are using a 44-tonne articulated unit. We use the same trailer cost as for a tri-axle curtain sider for this example.

ii) We decide from our experience that this task will occupy two full working days, and we ascertain that the total distance to be covered will be 480 miles.

iii) Referring to the Cost Tables, we derive the following standard costs and estimate other items as indicated:

Table 8

2 standard days at £604.47	£1,208.95
480 miles at 88.13 ppm	£423.01
Driver's bonus and additional overtime	£29.00
Subsistence and Toll costs	£45.20
Total Cost	£1,706.16
Target Margin (say 5%)	£85.31
Desired revenue	£1,791.47

iv) The haulier will of course have substituted his/her own figures for those shown above.

v) If possible, and before submitting this quotation try to determine what the "going rate" for this movement is.

vi) Decide whether or to what extent the gap between £1,792 and the market rate can be bridged.

vii) Negotiate as strongly as possible to "educate" the customer towards realistic figures.

NOTE: In this illustration we use the figures in the 2026 Cost Tables.
Remember you must substitute current costs, particularly for fuel.
Numbers have been rounded to the nearest full number.

Useful Information

A Key Performance Indicators

There is an old adage – "if you don't measure you can't manage". The following are examples of key performance and productivity indicators which can assist companies achieve their goals and vision and let them know quickly if things are not going to plan.

Key performance indicators

Table 9 shows examples of Freight Transport Key Performance and Productivity Indicators.

It is not suggested that all of these measures are introduced. Choose the ones which are important to you as a company and to your customers.

Table 9 Examples of performance indicators for freight transport

Key performance indicator	Description
Cost indicators	
Average cost per unit delivered (£)	Average cost of delivering a specified unit (e.g. a pallet or tonne of goods).
Total whole vehicle cost (pence per mile/kilometre)	Total cost of your fleet per mile/kilometre. Made up of running, standing and driver costs.
Average running cost (pence per mile/kilometre)	Average cost of running your fleet per mile/kilometre. These are the costs incurred for running the vehicles (fuel, tyres, lubricants and maintenance).
Average standing cost (pence per mile/kilometre)	Average standing costs for your fleet. Standing costs are those incurred whether or not the vehicle is running – depreciation of the vehicle, vehicle excise duty, operator licence fees and insurance.
Operational indicators	
Asset efficiency	Average utilisation of fleet in cubic capacity or tonnes carried (outbound and inbound)
Vehicle fill efficiency	This calculates the percentage of actual load carried against the potential capacity of the vehicle fleet. (tonnes or cube)
Average miles per gallon/kms per litre	Average fuel consumption rate for your fleet or by individual truck and driver
Total empty miles/kms run ('000s)	Total number of miles/kms run by your fleet without a payload.
Total miles/kms run ('000s)	Total number of miles/kms run by your fleet.
Percentage empty running total	Total distance run by your fleet without a payload as a % of total miles/kms run.
Average time utilisation	This calculates the percentage of time that the vehicle fleet was actually in use against the potential time available.

Demurrage time	Excess time spent at premises waiting to load or be unloaded
Service indicators	
Percentage of late deliveries ÷ total deliveries	Late deliveries ÷ of total deliveries %
Percentage of damaged items	Damaged items as a % of total items delivered
No. of claims	No. of claims received as a % of total deliveries
Correct paperwork	Number of delivery notes/invoices etc completed correctly / total number of deliveries
Compliance	
Overloading	Total number of overloads in the fleet as a % of loads moved
Traffic infringements	Total number of traffic infringements in the fleet as a % of vehicle movements
Drivers' hours infringements	Total number of drivers' hours infringements in the fleet as a % of trips
Maintenance	
Failed safety inspections	Percentage of failed or overdue safety inspections for your fleet as a % of total safety inspections
Vehicle maintenance downtime (VOR)	% time vehicles off road (VOR) due to maintenance/accidents ÷ total time available to work
Total maintenance cost (pence per mile/kilometre)	Total cost of maintaining the fleet per mile/kilometre.
Vehicle downtime	Percentage of defects rectified in 24 hours total
Environment	
CO_2 produced per km	Average CO_2 produced (kg) per mile/km travelled by your fleet
Total CO_2	Total CO_2 emissions produced by the fleet over a period
Safety indicators	
Accident record	Time lost through incidents as a % of total working days
Accident reports	Number of near misses recorded

B Table 10 Vehicle Utilisation and cost sheets

Individual vehicle records can also be kept as follows:

Vehicle Reg. No. .....

	Week Ended	**Month Ended**	**Year Ended**
Days Idle			
Days VOR			
Revenue			
Days at Standard			
Miles at Standard Ppm			
Drivers' Subsistence			
Drivers' Bonus, Overtime			
Relief Driver Costs			
Sundries			
Total Costs			
Contribution			

NOTES:

1. Idle and VOR days should be coded according to reason.
2. Drivers' employment costs must allow for the fact that most drivers now have at least four weeks of paid holiday; therefore it is probable that relief drivers will be used to keep vehicles at work at peak potential. Similarly, sickness relief and training costs must be taken into account.
3. There will be changes in the standard time costs where vehicles are multi-shifted and always as costs change.

Apprise Consulting Ltd

Apprise Consulting Ltd is a supply chain and logistics consultancy and training company assisting clients to improve all aspects of their supply chain and logistics operations.

The company was established in 2003 and has grown organically year on year.

Alongside our core team we have over 20 Associates who have worked in various market sectors at Director level, mostly in operations. Our client base includes major Utility companies, retailers, FMCG manufacturers, 3PLs and the Public sector.

Our approach is one of getting to know our clients' business and working closely with them to provide solutions. We do not operate with ready-made toolkits as we believe each client is different and may require a different approach.

We have close ties with specialist consultancies in warehouse technology, transport routeing, health and safety, change management, procurement and transport planning.

If we are unable to provide a solution internally, we invariably know of a company who can assist us.

As a company we are always looking to introduce new products and services to the market. An addition to our portfolio is a web site providing supply chain and logistics tools including a transport audit (www.howtologistics.com)

We are also involved in providing training courses in transport, warehousing and outsourcing.

These are produced in conjunction with Warwick University, UKWA and the Chartered Institute of Logistics and Transport. These courses can be accessed at https://cademy.io/apprise-consulting-ltd/courses

Gwynne Richards has recently worked with Ruth Waring and the UKWA to produce a Warehouse Manager's CPC qualification. This is to further enhance the professionalism of the warehouse and logistics sector and provide managers and supervisors with an industry recognised qualification which is accredited by the Chartered Institute of Logistics and Transport.

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Appendix I Operating cost index 2015 – 2026

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Vehicle Depreciation	100.0	103.60	106.19	109.38	111.56	114.63	117.50	126.90	152.28	172.71	182.94	194.83
Road Tax	100.00	100.00	100.00	100.00	100.00	100.00	100.00	46.67	46.67	94.67	94.67	98.09
Vehicle Insurance	100.00	102.30	104.86	110.52	117.15	121.84	127.93	129.85	136.34	145.88	157.41	165.28
Drivers' Employment Costs	100.00	103.00	106.61	109.58	114.51	120.24	123.36	145.57	160.27	170.69	179.22	189.97
Repairs and Maintenance	100.00	102.00	104.04	107.16	109.30	111.76	115.23	122.14	134.36	147.12	159.04	169.37
Replacement tyres	100.00	100.00	101.00	103.88	104.71	107.01	109.15	114.61	126.65	135.89	145.40	152.67
Overheads	100.00	102.00	104.75	107.90	111.13	115.58	119.05	133.33	146.66	159.57	169.94	178.95
Fuel (Diesel)	100.00	83.65	85.78	91.84	102.70	99.84	88.08	97.72	136.03	114.37	110.28	104.84
Ad Blue (additive)	100.00	100.00	100.00	100.00	100.00	100.00	103.17	139.90	260.21	159.80	134.34	118.50
Total	100.00	96.63	99.26	103.32	109.84	111.90	110.24	123.14	146.49	148.51	153.73	158.95
Total excl fuel	100.00	103.04	105.91	109.07	112.66	117.00	120.25	134.38	149.94	163.75	173.5	183.78

In the main cost calculations, we have adjusted the truck and trailer purchase prices in line with our current survey. However, costs for this equipment have continued to rise and therefore we have used the original costs to produce this table which is a more accurate depiction of cost increases over time.