



Freight Transport Association

Manager's Guide to Distribution Costs

2014



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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 FTA by a survey of our members in April each year. The data supplied by contributors regarding wages trends, 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 2014 for the Guide, contributors were asked to provide information on:

- trends in wage costs during 2013 and the first three months of 2014 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 2014.
- 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. This data was then used to calculate the vehicle operating costs tables, which show the likely costs at three different annual mileages as at 1 April 2014.
- trends in domestic and international haulage rates paid and charged during 2013 and the first three months of 2014 and domestic and international haulage rates as at 1 January 2013 and 1 January 2014.

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.

	VEHICLE OPERATING COSTS					
				Table 1		
	Vans of 3.5 tonnes gvw – diesel					
	Costs as at 1 April 2014					
	Average mileage	Higher mileage	Lower mileage			
General information						
Annual mileage	35,000	45,000	25,000			
Life (years)	6.0	5.0	8.0			
Life (miles)	210,000	225,000	200,000			
Replacement cost (£)	22,920	25,325	22,189			
Fuel consumption – mpg	26.0	29.0	23.5			
Annual fuel used (litres)	6,120	7,054	4,836			
Fuel price – pence per litre	108.52	108.52	108.52			
Tyre life (miles)	30,000	30,000	25,000			
	Costs: £ per annum			Costs: pence per mile		
	Average mileage	Higher mileage	Lower mileage	Average mileage	Higher mileage	Lower mileage
Standing costs						
VED	225	225	225	0.64	0.50	0.90
Insurance	1,011	1,225	744	2.89	2.72	2.98
Depreciation	3,132	3,495	2,496	8.95	7.77	9.99
	4,368	4,945	3,465	12.48	10.99	13.87
Running costs						
Fuel	6,641	7,655	5,248	18.97	17.01	20.99
Tyres	449	582	391	1.28	1.29	1.56
Maintenance	2,675	2,997	2,352	7.64	6.66	9.41
	9,765	11,234	7,991	27.89	24.96	31.96
Total vehicle cost	14,133	16,179	11,456	40.37	35.95	45.83
Overheads						
Transport	1,467	1,467	1,467	4.19	3.26	5.87
TOTAL COST	15,600	17,646	12,923	44.56	39.21	51.70
CO₂ EMISSIONS (TONNES PER YEAR, KG PER MILE)						
	15.92	18.35	12.58	0.45	0.41	0.50

	VEHICLE OPERATING COSTS			Table 2		
	7.5 tonne gvw – box or curtain sided					
	Costs as at 1 April 2014					
	Average mileage	Higher mileage	Lower mileage			
General information						
Annual mileage	40,000	50,000	30,000			
Life (years)	7.0	5.0	8.0			
Life (miles)	280,000	250,000	240,000			
Replacement cost (£)	35,317	37,648	34,390			
Fuel consumption – mpg	16.0	17.0	14.0			
Annual fuel used (litres)	11,365	13,371	9,741			
Fuel price – pence per litre	108.52	108.52	108.52			
Tyre life (miles)	55,000	65,000	45,000			
	Costs: £ per annum		Costs: pence per mile			
	Average mileage	Higher mileage	Lower mileage	Average mileage	Higher mileage	Lower mileage
Standing costs						
VED	165	165	165	0.41	0.33	0.55
Insurance	1,782	2,490	1,610	4.45	4.98	5.37
Depreciation	4,288	5,873	3,912	10.72	11.75	13.04
	6,235	8,528	5,687	15.58	17.06	18.96
Running costs						
Fuel	12,333	14,510	10,571	30.83	29.02	35.24
Tyres	392	381	363	0.98	0.76	1.21
Maintenance	3,807	4,360	3,255	9.52	8.72	10.85
	16,532	19,251	14,189	41.33	38.50	47.30
Total vehicle cost	22,767	27,779	19,876	56.91	55.56	66.26
Employment cost of driver	25,406	27,645	21,818	63.52	55.29	72.73
Cost of vehicle and driver	48,173	55,424	41,694	120.43	110.85	138.99
Overheads						
Transport	4,857	4,857	4,857	12.14	9.71	16.19
Business	4,857	4,857	4,857	12.14	9.71	16.19
TOTAL COST	57,887	65,138	51,408	144.71	130.27	171.37
CO₂ EMISSIONS (TONNES PER YEAR, KG PER MILE)	29.56	34.77	25.34	0.74	0.70	0.84

VEHICLE OPERATING COSTS

Table 3

16 to 18 tonnes gvw – box or curtain sided

Costs as at 1 April 2014

General information

Annual mileage
Life (years)
Life (miles)
Replacement cost (£)
Fuel consumption – mpg
Annual fuel used (litres)
Fuel price – pence per litre
Tyre life (miles)

	Average mileage	Higher mileage	Lower mileage
Annual mileage	60,000	70,000	50,000
Life (years)	7.0	6.0	8.0
Life (miles)	420,000	420,000	400,000
Replacement cost (£)	54,528	56,658	52,257
Fuel consumption – mpg	12.0	13.0	11.0
Annual fuel used (litres)	22,730	24,478	20,664
Fuel price – pence per litre	108.52	108.52	108.52
Tyre life (miles)	60,000	75,000	55,000

Standing costs

VED
Insurance
Depreciation

Running costs

Fuel
Tyres
Maintenance

Total vehicle cost

Employment cost of driver
Cost of vehicle and driver

Overheads

Transport
Business

TOTAL COST

CO₂ EMISSIONS
(TONNES PER YEAR,
KG PER MILE)

Costs: £ per annum

Costs: pence per mile

	Average mileage	Higher mileage	Lower mileage	Average mileage	Higher mileage	Lower mileage
VED	650	650	650	1.08	0.93	1.30
Insurance	2,408	3,113	1,612	4.01	4.45	3.22
Depreciation	6,232	7,082	5,552	10.39	10.12	11.10
	9,290	10,845	7,814	15.48	15.50	15.62
Fuel	24,667	26,564	22,424	41.11	37.95	44.85
Tyres	1,427	1,276	1,305	2.38	1.82	2.61
Maintenance	6,298	7,037	5,597	10.50	10.05	11.19
	32,392	34,877	29,326	53.99	49.82	58.65
Total vehicle cost	41,682	45,722	37,140	69.47	65.32	74.27
Employment cost of driver	31,722	35,324	25,158	52.87	50.46	50.32
Cost of vehicle and driver	73,404	81,046	62,298	122.34	115.78	124.59
Transport	5,360	5,360	5,360	8.93	7.66	10.72
Business	5,360	5,360	5,360	8.93	7.66	10.72
TOTAL COST	84,124	91,766	73,018	140.20	131.10	146.03
CO ₂ EMISSIONS (TONNES PER YEAR, KG PER MILE)	59.12	63.66	53.74	0.99	0.91	1.07

VEHICLE OPERATING COSTS

Table 4

**44 tonne gvw articulated vehicle
3 axle tractor 3 axle curtain sided semi trailer**

Costs as at 1 April 2013

General information

	Average mileage	Higher mileage	Lower mileage
Annual mileage	85,000	100,000	70,000
Life (years) – tractor	6.0	5.0	8.0
Life (years) – trailer	11.0	10.0	12.0
Life (miles) – tractor	510,000	500,000	560,000
Replacement cost (£) – tractor	76,937	81,758	72,749
Replacement cost (£) – trailer	22,488	22,488	22,488
Fuel consumption – mpg	8.2	9.0	7.5
Annual fuel used (litres)	47,123	50,511	42,429
Fuel price – pence per litre	108.52	108.52	108.52
Tyre life (miles) – tractor	85,000	100,000	70,000
Tyre life (miles) – trailer	70,000	80,000	60,000

Costs: £ per annum

Costs: pence per mile

Standing costs

	Average mileage	Higher mileage	Lower mileage	Average mileage	Higher mileage	Lower mileage
VED	1,200	1,200	1,200	1.41	1.20	1.71
Insurance	3,130	3,343	2,179	3.68	3.34	3.11
Depreciation – tractor	10,515	12,591	7,911	12.37	12.59	11.30
Depreciation – trailer	2,044	2,249	1,874	2.41	2.25	2.68
	16,889	19,383	13,164	19.87	19.38	18.80

Running costs

Fuel	51,138	54,815	46,044	60.16	54.81	65.78
Tyres – tractor	1,509	1,445	1,587	1.78	1.44	2.27
Tyres – trailer	1,544	1,667	1,395	1.82	1.67	1.99
Maintenance – tractor	8,221	9,399	7,040	9.67	9.40	10.06
Maintenance – trailer	4,612	5,310	3,865	5.43	5.31	5.52
	67,024	72,636	59,931	78.86	72.63	85.62

Total vehicle cost

	83,913	92,019	73,095	98.73	92.01	104.42
Employment cost of driver	36,239	38,982	31,891	42.63	38.98	45.56
Cost of vehicle and driver	120,152	131,001	104,986	141.36	130.99	149.98

Overheads

Transport	9,422	9,422	9,422	11.08	9.42	13.46
Business	9,422	9,422	9,422	11.08	9.42	13.46

TOTAL COST

	138,996	149,845	123,830	163.52	149.83	176.90
CO₂ EMISSIONS (TONNES PER YEAR, KG PER MILE)	122.56	131.37	110.35	1.44	1.31	1.58

MOVEMENT IN VEHICLE OPERATING COSTS – PERCENTAGE CHANGE

Table 5

12 months to 1 April 2014

	3.5 tonnes gvw (diesel)	7.5 tonnes gvw	16-18 tonnes gvw	Artic (3+3) 44 tonnes gvw
Drivers' wages	n/a	2.2	2.2	2.2
VED	2.3	0.0	0.0	0.0
Insurance	3.2	3.2	3.2	3.2
Depreciation	1.9	0.0	0.6	0.0
Standing costs	2.2	0.9	1.2	0.6
Fuel	-4.8	-4.8	-4.8	-4.8
Tyres	1.2	1.2	1.2	1.2
Maintenance	0.2	0.2	6.0	0.2
Running costs	-3.2	-3.6	-2.6	-3.7
Overheads – transport	2.6	2.6	2.6	2.6
business	n/a	2.6	2.6	2.6
Vehicle costs	-1.6	-2.4	-1.8	-2.8
Veh & driver costs	n/a	0.0	-0.1	-1.3
Total costs	-1.2	0.4	0.3	-0.8
Total costs (excl fuel)	1.6	1.9	2.5	1.7

SUMMARY OF QUARTERLY INDICES

Table 6

Total costs

		7.5 tonnes gvw		16-18 tonnes gvw		Artic (3+3) 44 tonnes gvw	
01/04/2004		96.9		96.9		97.1	
01/07/2004		98.3		98.2		98.4	
01/10/2004		99.2		99.2		100.6	
01/01/2005		100.0		100.0		100.0	
01/04/2005		101.7		101.7		102.0	
01/07/2005		103.0		102.9		103.5	
01/10/2005		104.9		104.7		106.0	
01/01/2006		104.1		103.9		106.2	
01/04/2006		105.7		105.6		108.3	
01/07/2006		106.6		106.5		109.1	
01/10/2006		105.6		105.3		107.3	
01/01/2007		107.0		107.1		109.0	
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	
Annual % change to 01/04/2014		0.43%		0.26%		-0.83%	

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 for all types of employee in 2013

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	39.59%	39.59%
Increase up to 2%	31.25%	31.25%
Increase between 2% and 3%	27.08%	27.08%
Increase between 3% and 4%	0.00%	0.00%
Increase between 4% and 6%	0.00%	0.00%
Increase of more than 6%	2.08%	2.08%
	100.00%	100.00%

	Basic pay	Gross pay
Overall average percentage changes	1.59%	1.59%
Average % increase (where reported)	2.69%	2.69%
Average % decrease (where reported)	0.00%	0.00%

Table 8: Summary of wage awards for all types of employee: Jan 2014 – April 2014

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	72.92%	72.92%
Increase up to 2%	10.42%	10.42%
Increase between 2% and 3%	10.42%	10.42%
Increase between 3% and 4%	4.16%	4.16%
Increase between 4% and 6%	0.00%	0.00%
Increase of more than 6%	2.08%	2.08%
	100.00%	100.00%

	Basic pay	Gross pay
Overall average percentage changes	0.76%	0.75%
Average % increase (where reported)	3.08%	3.01%
Average % decrease (where reported)	0.00%	0.00%

3.1 Drivers' Wages

Table 9: Summary of wage awards for day & shift drivers in 2013

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	42.86%	42.86%
Increase up to 2%	28.57%	28.57%
Increase between 2% and 3%	25.00%	25.00%
Increase between 3% and 4%	0.00%	0.00%
Increase between 4% and 6%	0.00%	0.00%
Increase of more than 6%	3.57%	3.57%
	100.00%	100.00%

	Basic pay	Gross pay
Overall average percentage changes	1.68%	1.68%
Average % increase (where reported)	2.94%	2.94%
Average % decrease (where reported)	0.00%	0.00%

Table 10: Summary of wage awards for day & shift drivers: Jan 2014 – April 2014

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	75.00%	75.00%
Increase up to 2%	7.14%	7.14%
Increase between 2% and 3%	7.14%	7.14%
Increase between 3% and 4%	7.14%	7.14%
Increase between 4% and 6%	0.00%	0.00%
Increase of more than 6%	3.58%	3.58%
	100.00%	100.00%

	Basic pay	Gross pay
Overall average percentage changes	0.94%	0.91%
Average % increase (where reported)	3.77%	3.63%
Average % decrease (where reported)	0.00%	0.00%

Table 11: Analysis of weekly hours and wages of day drivers by category of vehicle (1 April 2014)

	Average total sample	Average adjusted	Min	Lower quartile	Median	Upper quartile	Max
<u>Light rigid vehicles</u>							
Basic pay (£)	383.63	552.35	280.00	309.50	344.00	402.43	662.00
Overtime pay (£)	81.50	106.99					
Productivity pay (£)	2.50	0.36					
Other pay (£)	5.20	1.52					
Gross pay (£)	472.83	661.22	330.00	374.25	434.55	489.50	793.00
Basic hours	42.50	46.63	35.00	40.00	40.00	47.25	50.00
Guaranteed hours	42.50	46.63	35.00	40.00	40.00	47.25	50.00
Hours worked	49.80	54.20	43.00	45.50	50.00	54.25	57.00
Basic per hour (£)	8.93	11.74	7.00	7.93	8.59	9.10	13.79
Gross per hour worked (£)	9.36	12.02	7.00	8.05	8.97	9.65	13.91
<u>Medium rigid vehicles</u>							
Basic pay (£)	386.27	463.70	253.00	342.00	366.50	482.45	524.76
Overtime pay (£)	69.44	65.03					
Productivity pay (£)	2.08	0.16					
Other pay (£)	14.38	43.58					
Gross pay (£)	472.17	572.47	256.86	390.75	470.00	591.03	659.12
Basic hours	42.50	43.51	35.00	40.00	40.00	48.00	50.00
Guaranteed hours	42.50	43.51	35.00	40.00	40.00	48.00	50.00
Hours worked	48.63	49.19	39.00	46.88	50.00	52.00	55.00
Basic per hour (£)	9.06	10.76	6.33	7.46	9.16	10.40	12.04
Gross per hour worked (£)	9.62	11.70	6.59	7.64	9.55	11.52	13.32

Table 11 (cont)

	Average total sample	Average adjusted	Min	Lower quartile	Median	Upper quartile	Max
<u>Heavy rigid vehicles</u>							
Basic pay (£)	468.44	463.57	276.00	370.00	499.20	520.00	671.04
Overtime pay (£)	71.37	63.07					
Productivity pay (£)	17.85	39.45					
Other pay (£)	20.29	23.05					
Gross pay (£)	577.95	589.14	405.73	512.50	550.00	636.00	793.00
Basic hours	44.68	46.50	37.50	40.00	45.00	48.00	55.00
Guaranteed hours	44.68	46.50	37.50	40.00	45.00	48.00	55.00
Hours worked	49.44	51.28	40.00	47.50	48.00	50.00	60.00
Basic per hour (£)	10.46	9.99	6.90	9.25	10.00	11.66	13.98
Gross per hour worked (£)	11.72	11.55	9.02	10.62	11.98	12.72	14.13
<u>Articulated vehicles</u>							
Basic pay (£)	459.58	501.05	253.00	390.31	469.68	521.50	679.00
Overtime pay (£)	82.41	80.20					
Productivity pay (£)	13.09	5.45					
Other pay (£)	12.39	22.25					
Gross pay (£)	567.47	608.95	300.00	533.37	596.28	632.22	793.00
Basic hours	44.44	45.17	37.50	40.00	45.00	48.00	55.00
Guaranteed hours	44.44	45.17	37.50	40.00	45.00	48.00	55.00
Hours worked	50.86	51.50	40.00	47.50	50.00	55.00	65.00
Basic per hour (£)	10.27	11.08	6.33	9.31	10.22	11.26	14.15
Gross per hour worked (£)	11.16	11.88	7.38	10.30	11.24	12.33	14.15

3.2 Workshop staff

Table 12: Summary of wage awards for day & shift workshop staff in 2013

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	36.36%	36.36%
Increase up to 2%	27.28%	27.28%
Increase between 2% and 3%	36.36%	36.36%
Increase between 3% and 4%	0.00%	0.00%
Increase between 4% and 6%	0.00%	0.00%
Increase of more than 6%	0.00%	0.00%
	100.00%	100.00%

	Basic pay	Gross pay
Overall average percentage changes	1.57%	1.57%
Average % increase (where reported)	2.47%	2.47%
Average % decrease (where reported)	0.00%	0.00%

Table 13: Summary of wage awards for day & shift workshop staff: Jan 2014 – April 2014

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	63.64%	63.64%
Increase up to 2%	18.18%	18.18%
Increase between 2% and 3%	18.18%	18.18%
Increase between 3% and 4%	0.00%	0.00%
Increase between 4% and 6%	0.00%	0.00%
Increase of more than 6%	0.00%	0.00%
	100.00%	100.00%

	Basic pay	Gross pay
Overall average percentage changes	0.84%	0.84%
Average % increase (where reported)	2.30%	2.30%
Average % decrease (where reported)	0.00%	0.00%

Table 14: Analysis of weekly hours and wages of day workshop staff by job role (1 April 2014)

	Average total sample	Average adjusted	Min	Lower quartile	Median	Upper quartile	Max
<u>Workshop supervisors</u>							
Basic pay (£)	556.65	560.12	420.56	481.00	600.00	616.00	682.00
Overtime pay (£)	37.69	30.11					
Productivity pay (£)							
Other pay (£)	5.00	2.50					
Gross pay (£)	599.34	592.73	480.00	549.71	608.00	645.50	717.00
Basic hours	44.93	43.89	39.00	40.00	45.00	46.00	58.50
Guaranteed hours	44.93	43.89	39.00	40.00	45.00	46.00	58.50
Hours worked	47.43	46.21	40.00	45.00	47.00	48.25	58.50
Basic per hour (£)	12.57	12.83	8.21	11.44	13.33	14.19	15.20
Gross per hour worked (£)	12.86	12.98	8.21	11.92	13.61	14.53	15.26
<u>Skilled mechanics</u>							
Basic pay (£)	505.16	491.17	344.00	436.50	489.60	564.49	720.00
Overtime pay (£)	52.79	57.21					
Productivity pay (£)							
Other pay (£)	4.00	4.63					
Gross pay (£)	561.95	553.01	475.00	528.03	562.98	573.00	720.00
Basic hours	42.18	41.26	37.00	40.00	40.00	45.00	50.00
Guaranteed hours	42.18	41.26	37.00	40.00	40.00	45.00	50.00
Hours worked	45.82	45.30	40.00	42.50	45.00	48.50	55.00
Basic per hour (£)	11.91	11.87	8.60	11.49	11.88	12.41	14.40
Gross per hour worked (£)	12.31	12.26	9.76	11.83	12.08	12.62	14.40

3.3 Warehouse staff

Table 15: Summary of wage awards for day & shift warehouse staff in 2013

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	33.33%	33.33%
Increase up to 2%	44.45%	44.45%
Increase between 2% and 3%	22.22%	22.22%
Increase between 3% and 4%	0.00%	0.00%
Increase between 4% and 6%	0.00%	0.00%
Increase of more than 6%	0.00%	0.00%
	100.00%	100.00%

	Basic pay	Gross pay
Overall average percentage changes	1.53%	1.53%
Average % increase (where reported)	2.29%	2.29%
Average % decrease (where reported)	0.00%	0.00%

Table 16: Summary of wage awards for day & shift warehouse staff: Jan 2014 – April 2014

	% of contributors	
	Basic pay	Gross pay
Reduction	0.00%	0.00%
No change	77.78%	77.78%
Increase up to 2%	11.11%	11.11%
Increase between 2% and 3%	11.11%	11.11%
Increase between 3% and 4%	0.00%	0.00%
Increase between 4% and 6%	0.00%	0.00%
Increase of more than 6%	0.00%	0.00%
	100.00%	100.00%

	Basic pay	Gross pay
Overall average percentage changes	0.50%	0.50%
Average % increase (where reported)	2.25%	2.25%
Average % decrease (where reported)	0.00%	0.00%

Table 17: Analysis of weekly hours and wages of day warehouse staff by job role (1 April 2014)

	Average total sample	Average adjusted	Min	Lower quartile	Median	Upper quartile	Max
<u>Fork lift truck drivers</u>							
Basic pay (£)	345.91	336.70	252.40	303.45	340.76	363.82	467.35
Overtime pay (£)	47.35	86.20					
Productivity pay (£)	2.27	0.32					
Other pay (£)	3.57	0.67					
Gross pay (£)	399.10	423.89	302.60	362.94	394.40	411.26	550.81
Basic hours	41.77	40.77	35.00	40.00	42.00	43.75	48.00
Guaranteed hours	41.77	40.77	35.00	40.00	42.00	43.75	48.00
Hours worked	47.53	51.57	40.00	45.00	47.20	49.75	55.00
Basic per hour (£)	8.29	8.24	6.31	7.59	7.93	8.73	11.13
Gross per hour worked (£)	8.41	8.28	7.12	7.59	8.08	8.84	11.13
<u>Order pickers</u>							
Basic pay (£)	412.33	349.34	304.29	336.96	355.25	445.47	661.92
Overtime pay (£)	44.83	45.29					
Productivity pay (£)							
Other pay (£)	1.03	4.16					
Gross pay (£)	458.19	398.79	342.72	378.70	418.51	513.42	661.92
Basic hours	42.86	41.90	40.00	40.00	42.00	45.00	48.00
Guaranteed hours	42.86	41.90	40.00	40.00	42.00	45.00	48.00
Hours worked	47.62	46.11	40.00	46.43	48.00	48.75	55.00
Basic per hour (£)	9.56	8.36	7.14	7.94	8.88	10.61	13.79
Gross per hour worked (£)	9.63	8.66	7.14	8.21	8.88	10.61	13.79

Table 17 (cont)

	Average total sample	Average adjusted	Min	Lower quartile	Median	Upper quartile	Max
<u>Warehouse loaders</u>							
Basic pay (£)	387.78	400.53	342.72	350.00	355.25	423.58	467.35
Overtime pay (£)	31.18	35.76					
Productivity pay (£)							
Other pay (£)							
Gross pay (£)	418.96	436.29	342.72	355.25	370.00	476.02	550.81
Basic hours	41.80	41.86	37.00	40.00	42.00	42.00	48.00
Guaranteed hours	41.80	41.86	37.00	40.00	42.00	42.00	48.00
Hours worked	44.74	45.21	39.00	40.00	47.20	48.00	49.50
Basic per hour (£)	9.34	9.60	7.14	8.88	9.46	10.09	11.13
Gross per hour worked (£)	9.34	9.60	7.14	8.88	9.49	10.09	11.13
<u>Other skilled workers</u>							
Basic pay (£)	470.32	452.51	Small sample – no range values				
Overtime pay (£)							
Productivity pay (£)							
Other pay (£)							
Gross pay (£)	470.32	452.51					
Basic hours	54.00	50.40					
Guaranteed hours	54.00	50.40					
Hours worked	54.00	50.40					
Basic per hour (£)	8.76	9.01					
Gross per hour worked (£)	8.76	9.01					

4 HAULAGE TRENDS

4.1 Domestic haulage trends sample

Table 18 gives an overview of the changes in 2013 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 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 18 Percentage change in domestic haulage rate trends in 2013

Percentage change	Number of rates	% of data sample
Reduced	23	8.27%
Unchanged	181	65.11%
Up to 2% increase	14	5.03%
Over 2% and up to 4% increase	11	3.96%
Over 4% and up to 6% increase	30	10.79%
Over 6% and up to 8% increase	7	2.52%
Over 8% and up to 10% increase	4	1.44%
Over 10% increase	8	2.88%
TOTAL	278	100.00%

	Percentage
Weighted average % change	4.30%
Average % increase (where reported)	7.02%
Average % decrease (where reported)	-4.47%
Overall average % change	1.50%

Table 19 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 19 Domestic haulage trends index

Domestic haulage index	
1 January 1989	72.9
1 January 1990	75.1
1 January 1991	76.9
1 January 1992	78.3
1 January 1993	79.2
1 January 1994	80.5
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

4.2 International haulage trends sample

Table 20 gives an overview of the changes in 2013 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 20 Percentage change in international haulage trends in 2013

Percentage change	Number of rates	% of data sample
Reduced	3	6.97%
Unchanged	34	79.07%
Up to 2% increase	3	6.97%
Over 2% and up to 4% increase	1	2.33%
Over 4% and up to 6% increase	1	2.33%
Over 6% and up to 8% increase	0	0.00%
Over 8% and up to 10% increase	1	2.33%
Over 10% increase	0	0.00%
TOTAL	43	100.00%

	Percentage
Weighted average % change	1.28%
Average % increase (where reported)	3.18%
Average % decrease (where reported)	-2.50%
Overall average % change	0.27%

Table 21 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 21 International haulage trends index

International haulage 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

5. FORECASTS

5.1 Vehicle operating costs forecast

5.1.1 Standing costs

Vehicle Excise Duty (VED)

VED has been based on the March 2014 Budget commitment to raise rates for cars and vans in line with the Retail Prices Index (RPI) annual rate of inflation in 2014/15 and 2015/16. 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 2014/15 and 2015/16.

Vehicle insurance

Premiums are expected to rise by 3.4 per cent in 2014 (see **Explanatory Note 1** in **Appendix 1**).

Vehicle replacement

New vehicle prices are expected to rise by 1.1 per cent in 2014 and 2.4 per cent in 2015 (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 1.8 per cent in 2014 and that they will remain broadly unchanged in 2015 per FTA's latest short-term bulk diesel forecast on page 25. Fuel duty for diesel and petrol is currently 57.95 pence per litre and is not due to increase again until after the General Election in May 2015. Since it is uncertain whether this increase will take place, it has been assumed that fuel duty rates will not change during 2015 (see **Explanatory Note 3** in **Appendix 1**).

Maintenance/tyre costs

Maintenance costs are expected to increase by 1.6 per cent in 2014 and 2.1 per cent in 2015. Tyre costs are expected to rise by 3.4 per cent in 2014 and by 5.7 per cent in 2015 (see **Explanatory Note 4** in **Appendix 1**).

5.1.3 Employment cost of a driver

Pay settlements for drivers averaged 1.7 per cent overall in 2013. The employment cost of a driver is expected to increase by 1.8 per cent in 2014 and 1.7 per cent in 2015.

5.1.4 Overheads costs

Underlying inflation is expected to rise by 3.0 per cent in 2014 and rise by 2.6 per cent in 2015 (see **Explanatory Note 5** in **Appendix 1**).

Tables 22 and **23** on the next page summarise the forecast changes in vehicle operating costs for the 12 months to 1 January 2015 and the 12 months to 1 January 2016 by the vehicle weight categories.

Table 22: Forecast percentage changes in vehicle operating costs for the 12 months to 1 January 2015

Vehicle type	Annual mileage	Total standing costs	Total running costs	Total vehicle costs	Vehicle and driver costs	Total costs
Car derivative van (petrol)	15,000	1.7	-0.7	0.2		0.8
Car derivative van (diesel)	21,000	1.9	-0.7	0.1		0.7
3.5 tonnes van (petrol)	30,000	1.6	-0.9	-0.3		0.0
3.5 tonnes van (diesel)	35,000	1.6	-0.6	0.1		0.3
7.5 tonnes rigid	40,000	1.6	-0.9	-0.2	0.8	1.2
10–12 tonnes rigid	50,000	1.4	-0.8	-0.2	0.6	1.0
12–14 tonnes rigid	40,000	1.4	-0.9	-0.2	0.7	1.1
16–18 tonnes rigid	60,000	1.5	-0.9	-0.4	0.6	0.9
26 tonnes rigid	60,000	1.3	-0.9	-0.4	0.5	0.8
32 tonnes rigid	55,000	1.3	-0.8	-0.3	0.5	0.8
33 tonnes (2+2) artic	75,000	1.4	-0.8	-0.4	0.3	0.7
38 tonnes (2+3) artic	75,000	1.4	-0.9	-0.4	0.3	0.7
38 tonnes (3+2) artic	70,000	1.4	-0.9	-0.4	0.3	0.7
32.5 tonnes drawbar	60,000	1.4	-0.8	-0.3	0.5	0.9
40 tonnes (2+3) artic	70,000	1.3	-0.9	-0.4	0.3	0.7
44 tonnes (3+3) artic	85,000	1.3	-0.9	-0.4	0.2	0.6

Table 23: Forecast percentage changes in vehicle operating costs for the 12 months to 1 January 2016

Vehicle type	Annual mileage	Total standing costs	Total running costs	Total vehicle costs	Vehicle and driver costs	Total costs
Car derivative van (petrol)	15,000	2.7	0.7	1.5		1.7
Car derivative van (diesel)	21,000	2.9	0.7	1.4		1.6
3.5 tonnes van (petrol)	30,000	2.7	0.6	1.1		1.3
3.5 tonnes van (diesel)	35,000	2.7	0.8	1.4		1.5
7.5 tonnes rigid	40,000	2.6	0.6	1.1	1.4	1.6
10–12 tonnes rigid	50,000	2.5	0.7	1.2	1.4	1.6
12–14 tonnes rigid	40,000	2.5	0.6	1.3	1.5	1.6
16–18 tonnes rigid	60,000	2.5	0.6	1.0	1.3	1.5
26 tonnes rigid	60,000	2.4	0.6	1.0	1.3	1.5
32 tonnes rigid	55,000	2.4	0.7	1.1	1.3	1.5
33 tonnes (2+2) artic	75,000	2.4	0.7	1.0	1.3	1.5
38 tonnes (2+3) artic	75,000	2.4	0.7	1.0	1.3	1.5
38 tonnes (3+2) artic	70,000	2.4	0.6	1.0	1.3	1.5
32.5 tonnes drawbar	60,000	2.4	0.8	1.1	1.3	1.5
40 tonnes (2+3) artic	70,000	2.3	0.6	1.0	1.2	1.4
44 tonnes (3+3) artic	85,000	2.4	0.6	1.0	1.2	1.4

5.2 Economic Forecast

5.2.1 Gross Domestic Product

Gross Domestic Product (GDP) rose by 0.8 per cent in the first quarter of 2014. The increase in output was due mainly to increases in activity levels in the freight light industry sectors.

5.2.2 Inflation

Underlying inflation (RPIX) has increased by 2.6 per cent in the year to April 2014 and the RPI rose by 2.5 per cent over the same period. The RPI is often used as a wage benchmark, however, in recent years annual pay increases have been below RPI.

5.2.3 Drivers' wages

The overall change in drivers' wages in the year to 1 January 2014, reported by contributors was a 1.7 per cent increase. Drivers' wages are expected to increase by an average of 1.8 per cent in 2014.

5.2 Fuel Prices Forecast

The impact on the supply of crude oil from OPEC members caused by the political unrest across the Middle East and North Africa and weak supply growth from non-OPEC members meant that the price of oil remained volatile in the 12 months to 1 April 2014. The average price for April 2014 was \$107.68 per barrel, up five per cent compared to \$102.53 per barrel for April 2013.

FTA's short-term bulk diesel price forecast assumes that diesel duty rates will be frozen as per the 2014 Budget announced by the Chancellor of the Exchequer on 21 March 2014 (see **Explanatory Note 3** in **Appendix 1**).

Table 24: Short-term bulk diesel price forecast

	Rotterdam diesel product price \$/tonne	Sterling/USD exchange rate (\$)	Diesel commodity price excl. duty (ppl)	Bulk diesel price incl. duty & delivery (ppl)
Q4 2013	952.65	1.62	48.94	109.55
Q1 2014	938.34	1.65	47.19	107.66
Q2 2014	940.60	1.68	46.58	106.88
Q3 2014	963.82	1.70	47.17	107.47
Q4 2014	966.45	1.70	47.30	107.62
Q1 2015	972.21	1.70	47.58	107.90
Q2 2015	924.71	1.70	45.25	105.55
Q3 2015	963.03	1.70	47.13	107.43
Q4 2015	965.66	1.70	47.26	107.58

APPENDIX 1

EXPLANATORY NOTES

1 Insurance

The forecast is based on anticipated insurance premium rises reported by members in FTA's October 2013 Quarterly Transport Activity Survey (QTAS).

2 Vehicle replacement costs

The forecast is based on replacement costs depreciation using forecasts for 2014 and 2015 of consumer prices and increases in average earnings in France, Germany, Italy, Spain and the UK. Cost changes for each country are weighted to reflect the proportion of rigid truck and artic registrations in the UK, which individual manufacturers account for. Aggregated cost changes are then adjusted to reflect forecast changes in Sterling's effective exchange rate against the Euro.

3 Diesel prices

The forecast assumes that Rotterdam diesel prices in Q4 2013 (\$952.65 per tonne) will fluctuate in the coming quarters reaching \$966.45 per tonne by Q4 2014 and \$965.66 per tonne by Q4 2015. Sterling's exchange rate against the US Dollar is expected to be \$1.70 during the second half of 2013 and throughout 2014. Fuel duty is set to remain unchanged until after the General Election in May 2015. As it is uncertain whether this increase will take place, it has been assumed that fuel duty rates will not change during 2015.

The forecast assumes a 2.35 pence per litre bulk margin (delivery) over Rotterdam diesel in the summer and a 2.37 pence per litre margin over Rotterdam diesel in winter.

4 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 average wage settlements of 1.6 per cent in 2014 and by 2.1 per cent in 2015. Maintenance is assumed to be made up of 50 per cent labour costs, 40 per cent parts costs and 10 per cent overhead costs.

5 Overheads costs

Overheads costs are based on forecast changes to underlying inflation (RPI excluding mortgage interest payments).

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