

May 2010

## Member Brief No 73

# The Cost of Transporting Workers

### Introduction

This Brief updates and replaces ALP Brief 58 and provides indicative examples of the cost of providing transport to work and guidance on calculating costs.

The cost of transporting workers has risen significantly in recent years due to fuel prices and regulations such as licensing, tachographs and drivers' hours rules.

Transport to work is most often an optional service offered by labour providers, providing a cost effective and convenient solution for workers. Workers are of course free to make their own arrangements for travel to work.

### Transport Cost Breakdown Example

#### LABOUR PROVIDER - OVERHEAD AND TRANSPORT COST ANALYSIS - MARCH 2010

N.B. To obtain an accurate cost analysis each labour provider will need to calculate their own actual cost of providing transport in each individual case.

**Example 1: 9 seater mini bus (8 passengers); driver works with team; 1 trip per day:**

Description	Cost	Per	Per Annum
1. Annual Lease (9 seater)	£	300 month	£ 3,600
2. Insurance & Tax		year	£ 2,250
3. Maintenance		year	£ 3,500
4. Fuel (average 80 mile round trip; 25 miles/gallon; £1.23 litre)			£ 5,012
6. Driver's wage (2 hours driving day)	£	16 day	£ 4,080
<b>7. Total</b>			<b>£ 18,442</b>
8. Average 7 passengers + driver; 5.5 days per week; 51 weeks; single shift 8 hours		17,952 hours	
		9. Cost to labour provider per day per worker for transport	£ 8.22
		10. Cost per hour per worker for transport where provided free of charge	£ 1.03
		11. Cost per hour per worker for transport where each worker is charged £6 per day	£ 0.28

**Example 2: 17 seater mini bus; dedicated PCV drivers; 2 trips per day:**

Description	Cost	Per	Per Annum
1. Annual Lease (17 seater)	£	440 month	£ 5,280
2. Insurance & Tax		year	£ 2,750
3. Maintenance		year	£ 5,000
4. Fuel (average 2 x 80 mile trips; 20 miles/gallon; £1.23 litre)			£ 12,531
5. PSV/O/PCV Licences and Transport management			£ 2,500
6. Driver's wage (8 hours day - driver does not work with team)	£	80 day	£ 25,080
<b>7. Total</b>			<b>£ 53,141</b>
8. Average 13 passengers; 5.5 days per week; 51 weeks; two shifts 8 hours		58,344 hours	
		9. Cost per day (exc driver) per worker for transport	£ 7.29
		10. Cost per hour per worker for transport where provided free of charge	£ 0.91
		11. Cost per hour per worker for transport where each worker is charged £6 per day	£ 0.16

## Definitions and Explanations

**N.B. The numbering below refers to the numbers in the rates tables on the previous page:**

1. The Annual Lease cost will vary in each individual case dependent on the price and terms agreed for the vehicle in question. Where vehicles are owned this cost will need to be replaced with depreciation cost.
2. Insurance and Tax will vary with the terms agreed in each individual case.

The ALP's Insurance Scheme partner Lockton Affinity may be able to reduce your Motor Insurance cost. Call 0845 604 1264 or email [ALP@uk.lockton.com](mailto:ALP@uk.lockton.com) to find out.

3. Maintenance cost will vary dependent on cost of garage services, damage sustained, frequency of servicing, age and type of vehicle and other variables.
4. Fuel cost will vary dependent on fuel efficiency of vehicles, number of trips per day, cost of diesel and length of journeys.
5. This is an estimated figure for the cost per vehicle of obtaining the various licences required including: Operator's Licence; Vehicle PSV Licences; Driver PSV Licences and CPC training. Also included is a cost for the management time in obtaining these licences and route planning and managing driver's hours and tachographs. Each labour provider will need to calculate their own costs for these services.
6. Driver's wages will depend on whether the driver works as part of the team or is a dedicated driver, whether a PCV licence is required and the actual rate paid.
7. This is the total annual cost to supply and maintain that vehicle and driver fully licensed.
8. This is the number of chargeable hours across which you can spread the cost of the vehicle. The more utilised the vehicle is, the lower the cost. It goes without saying that a half full bus will cost twice as much per worker than a full bus.

Vehicles not operating at full passenger capacity impacts hugely on the cost.

9. This is the cost per day per worker transported.
10. This is the cost per hour per worker for transport where the transport is provided free of charge.
11. This is the cost per hour per worker for transport where each worker is charged £6 per day for transport.