

Cargo Bikes - The Economic Argument (September 2011)

The following table provides a summary of the set up and running costs of operating a delivery/courier service using cargo bike versus traditional white van. The indicated amounts are all based on real costs.

Cargo Bike (8Freight)



Van (VW Caddy 1.6 Diesel)



Tangible Costs

Set Up Costs:

Purchase Cost	£1,900	£2,880 per annum (3 yr contract hire, 10,000 miles pa)
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Running Costs:

Annual maintenance	£150	Included in contract hire cost
Fuel	Zero	£1,128 pa (10,000 miles per year, 56 mpg/12.32 mpl)
Vehicle Excise Duty	Zero	£165 pa
Vehicle Insurance	£120 pa	£500 pa

Rider/Driver costs:

Hourly pay rate	£7.50	Usually self employed paid by delivery eg £2.00 per delivery
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Service Insurance:

Goods In Transit Insurance	Difficult to organise	£145 for £10,000 of cover (example from forum COD)
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Intangible Costs

Emissions Contribution	Zero	152g/km CO2
Congestion Contribution	Minimal impact	Another vehicle on the road contributing to congestion
Noise	None	Diesel Clatter
Average speed in City	12 mph	12 mph
Parking	Not a problem	Restricted (risk of parking ticket)
Flexibility	Access to pedestrianised areas and cycle paths	Restricted to the road network
Range	50 miles per day	Unlimited
Contribution to rider/driver health	Rigorous daily workout	Sedentary

Example Delivery Costs (Cambridge)

Example Delivery 1:

- A4 Box - Collect by 10am, deliver by 5pm - From CB30AY to CB40AY (2 miles)	£2.95 +VAT (£3.54)	£8.50 +VAT (£10.20) Cambridge Van Courier 1 £7.95 +VAT (£9.54) Cambridge Van Courier 2
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Example Delivery 2:

- 3 x A4 Boxes - Collect by 10am, deliver by 5pm - From CB30AY to CB40AY (2 miles)	£4.95 +VAT (£5.94)	£8.50 +VAT (£10.20) Cambridge Van Courier 1 £7.95 +VAT (£9.54) Cambridge Van Courier 2
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Example Delivery 3:

- 6 x A4 Boxes - Collect by 10am, deliver by 5pm - From CB30AY to CB40AY (2 miles)	£6.95 +VAT (£8.34)	£8.50 +VAT (£10.20) Cambridge Van Courier 1 £7.95 +VAT (£9.54) Cambridge Van Courier 2
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Issues:

- as the business grows the storage/garaging of cargo bikes can become an issue (you can park a van in a street - but a cargo bike needs to be kept in a secure location)
- alternate cargo bikes to consider include Cycle Maximus (www.cyclemaximus.com) and Bullitt (www.larryvsharry.com)

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Tangible Costs

Set Up Costs:

Purchase Cost	€ 2.205	€ 3.343 per annum (3 yr contract hire, 10,000 miles pa)
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Running Costs:

Annual maintenance	€ 174,11	Included in contract hire cost
Fuel	Zero	€ 1.309 pa (10,000 miles per year, 56 mpg/12.32 mpl)
Vehicle Excise Duty	Zero	€ 191,52 pa
Vehicle Insurance	€ 139,28 pa	€ 580,35 pa

Rider/Driver costs:

Hourly pay rate	€ 8,71	Usually self employed paid by delivery eg € 2,32 per delivery
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Service Insurance:

Goods In Transit Insurance	Difficult to organise	€ 168,30 for € 11.607 of cover (example from forum COD)
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Example Delivery Costs (Cambridge)

Example Delivery 1:

- A4 Box - Collect by 10am, deliver by 5pm - From CB30AY to CB40AY (2 miles)	€ 3,42 +VAT (€ 4,11)	€ 9,87 +VAT (€ 11,84) Cambridge Van Courier 1 € 9,23 +VAT (€ 11,07) Cambridge Van Courier 2
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Example Delivery 2:

- 3 x A4 Boxes - Collect by 10am, deliver by 5pm - From CB30AY to CB40AY (2 miles)	€ 5,75 +VAT (€ 6,89)	€ 9,87 +VAT (€ 11,84) Cambridge Van Courier 1 € 9,23 +VAT (€ 11,07) Cambridge Van Courier 2
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Example Delivery 3:

- 6 x A4 Boxes - Collect by 10am, deliver by 5pm - From CB30AY to CB40AY (2 miles)	€ 8,07+VAT (€ 9,68)	€ 9,87 +VAT (€ 11,84) Cambridge Van Courier 1 € 9,23 +VAT (€ 11,07) Cambridge Van Courier 2
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