

## Cargo Bikes - The Economic Argument

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

	<b>Cargo Bike (8Freight)</b> - Payload 60kg - Volume just over 0.5 cubic metre	<b>Van (VW Caddy 1.6 Diesel)</b> - Payload 700kg - Volume 3.2 cubic metres
		
<b>Tangible Costs</b>		
<b>Set Up Costs:</b>		
Purchase Cost	£1,900	£2,880 per annum <i>(3 yr contract hire, 10,000 miles pa)</i>
<b>Running Costs:</b>		
Annual maintenance	£150	Included in contract hire cost
Fuel	Zero	£1,128 pa <i>(10,000 miles per year, 56 mpg/12.32 mpl)</i>
Vehicle Excise Duty	Zero	£165 pa
Vehicle Insurance	£120 pa	£500 pa
<b>Rider/Driver costs:</b>		
Hourly pay rate	£7.50	Usually self employed paid by delivery eg £2.00 per delivery
<b>Service Insurance:</b>		
Goods In Transit Insurance	Difficult to organise	£145 for £10,000 of cover <i>(example from forum COD)</i>
<b>Intangible Costs</b>		
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
<b>Example Delivery Costs (Cambridge)</b>		
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) <i>Cambridge Van Courier 1</i> £7.95+VAT (£9.54) <i>Cambridge Van Courier 2</i>
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) <i>Cambridge Van Courier 1</i> £7.95+VAT (£9.54) <i>Cambridge Van Courier 2</i>
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) <i>Cambridge Van Courier 1</i> £7.95+VAT (£9.54) <i>Cambridge Van Courier 2</i>

### 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](http://www.cyclemaximus.com)) and Bullitt ([www.larryvsharry.com](http://www.larryvsharry.com))