

Bus Industry Costs in February 2024

Confederation of Passenger Transport
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1. Introduction

1.1 The Purpose of this Document

- 1.1.1 This document reports on the survey of bus operating members of the Confederation of Passenger Transport (CPT) undertaken in April and May 2024. It also provides revised data for earlier surveys following resubmission of corrected returns.

1.2 Methodology

- 1.2.1 Members were requested to supply operating statistics and cost data for a representative week during February 2024, by completing a spreadsheet template. The design of the template and the data requested was the subject of extensive consultation with CPT members during the autumn of 2022, at the start of this ongoing project.
- 1.2.2 The responses were transferred into a database format to assist with the analysis process and this report provides an analysis of the data supplied. The data itself was supplied on the basis of strict confidentiality and individual responses will not be disclosed or published

1.3 Responses

- 1.3.1 Data was supplied for a total of 58 operators across the country. They are spread across all regions and nations, and between them operated 20,999 peak vehicles. This represents some 60% of the total local bus fleet in Great Britain, as recorded by the Department for Transport at March 2023. Looking at distance operated, the operators accounted for over 80% of the national total for 2022/23. Outside London, the fleet total was 16,400 representing 63% of the total, covering 84% of the total kilometres operated on local bus services
- 1.3.2 As such, we believe that the results offer a representative sample of the fleet, and for each of the main local bus market segments, as illustrated in Table 1.1 below.

Table 1.1: Response Rate by Fleet Size & Km Run, Main Market Segments

Market Segment	PSVs run by local operators	PVR in this return	% included	DfT figures for KM Run (million)	Km Recorded in this return (Annualised)	% included
Greater London	8,788	4,651	52.9%	454	318	70.0%
English Mets	7,734	4,401	56.9%	397	428	107.9%
English Shires	13,632	6,305	46.3%	793	655	82.5%
Scotland	3,219	2,284	71.0%	275	176	64.2%
Wales	1,445	525	36.3%	84	57	68.0%
GB O/S London	26,029	13,515	51.9%	1,549	1,316	85.0%
ALL GB	34,818	18,166	52.2%	2,003	1,634	81.6%

- 1.3.3 Every effort is made to verify the logicality, consistency and structure of the data supplied on arrival. However, this report is of necessity an analysis of data supplied by third parties, and we cannot therefore warrant the accuracy of the inputs that were received.

2. Industry Cost Structure

2.1 Introduction

- 2.1.1 The returns permit us to examine the structure of industry costs, i.e. the relative importance to the total of each individual heading. We can compare these with the previous breakdowns supplied by the *Bus Industry Monitor* project.

2.2 The Analysis Results

- 2.2.1 The figures for Great Britain outside London for February 2024 are shown below in Figure 1 and can be compared with the same breakdown for the four previous periods, which are shown in the graphs at Figure 2 below. Note that to aid legibility, the “Ownership” heading includes depreciation and leasing charges, and “Overheads” includes semi-variable costs.

- 2.2.2 The figures that underly each of the charts are shown in Table 2.1 below.

Table 2.1: Movements in Bus Industry Cost Structure, 2019-2023

Great Britain outside London

	Mar-2019	Feb-2022	Jun-2022	Feb-2023	Jun-2023	Feb-2024
Fixed & Semi-Variable Costs						
Overheads	11.4%	14.8%	16.1%	20.1%	18.8%	18.5%
Claims	2.5%	2.4%	2.5%	2.1%	2.1%	2.4%
Dep’n & Leasing	8.9%	7.6%	7.4%	7.8%	7.4%	7.2%
Labour Costs						
Drivers	41.2%	34.7%	34.8%	34.9%	36.5%	36.8%
Engineers	5.4%	6.4%	6.5%	6.1%	6.2%	6.5%
Mngmnt & Admin	4.6%	4.5%	4.9%	4.5%	4.5%	4.1%
On Costs	4.8%	5.7%	5.6%	4.4%	4.7%	4.8%
Pensions	3.4%	2.5%	2.4%	1.8%	1.9%	2.0%
Variable Costs						
Parts	4.1%	6.4%	6.1%	4.5%	4.2%	3.8%
Fuel etc	13.7%	14.8%	13.6%	13.9%	13.7%	14.0%
Summary						
Fixed Costs	22.8%	24.9%	26.1%	30.0%	28.3%	28.1%
Labour	59.4%	53.9%	54.2%	51.6%	53.8%	54.1%
Variable Costs	17.8%	21.3%	19.7%	18.4%	17.9%	17.8%

- 2.2.3 As can be seen, labour costs have continued to dominate the picture throughout the periods, albeit to a slightly lesser extent than previously. They accounted for 54.1% of the total, slightly up from the June 2023 figure of 53.8%, and in line with previous surveys.

- 2.2.4 Drivers form the largest component at 36.8% in February, in line with the June 2023 survey but a slightly higher proportion than in the previous surveys. Adding in Employer's NI, Employer Pension Contributions and other on costs, takes the proportion to 42.0%, up from 41.5% in the June 2023 survey.
- 2.2.5 Direct vehicle operating costs account for a further 17.8%, down from 17.9% in June 2023. The largest component is fuel, oil and tyres on 14.0% slightly up on previous surveys. The engineering costs fell again, and now constitute just 3.8% of the total, down from over 6% in the 2022 results.
- 2.2.6 Fixed costs account for the balance of 28.1%, in line with the June 2023's 28.3% but still a down from the 30.0% recorded in February 2023.

Figure 1: Breakdown of Bus Industry Costs, February 2024

Great Britain outside London

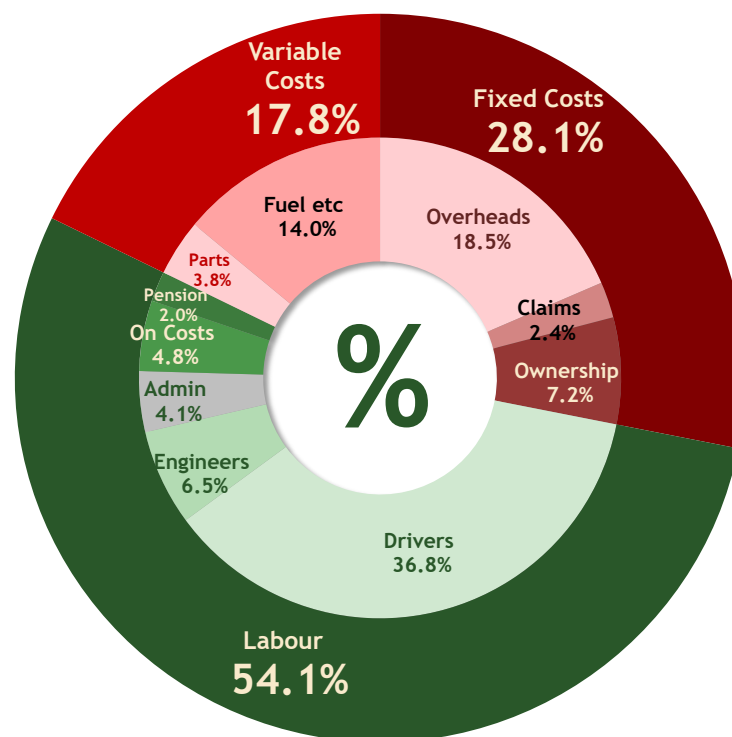
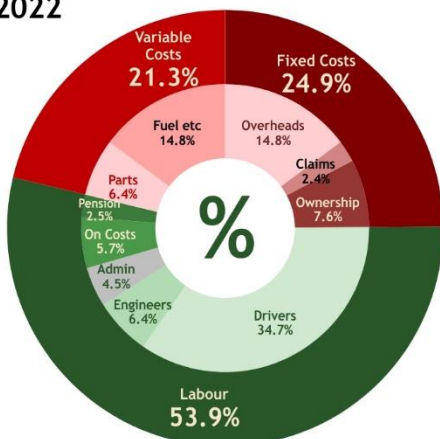


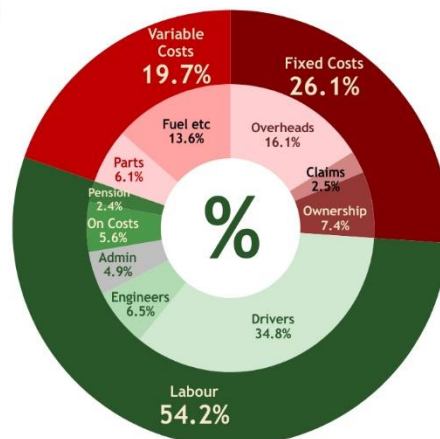
Figure 2: Breakdown of Bus Industry Costs, February 2022-June 2023

Great Britain outside London

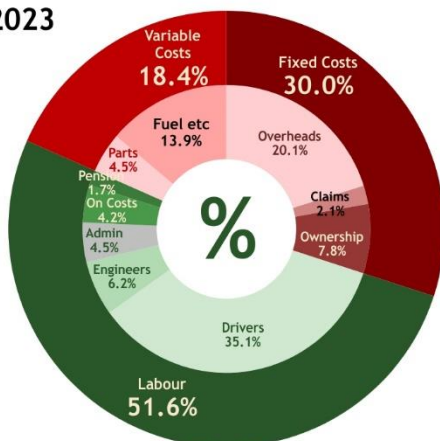
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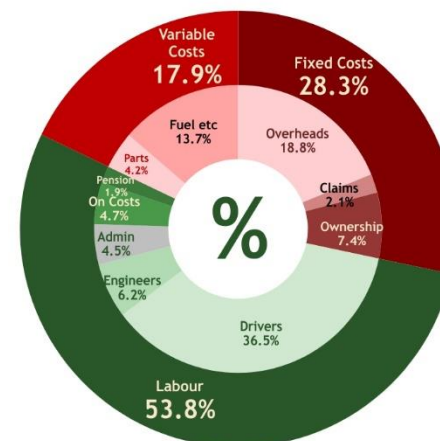
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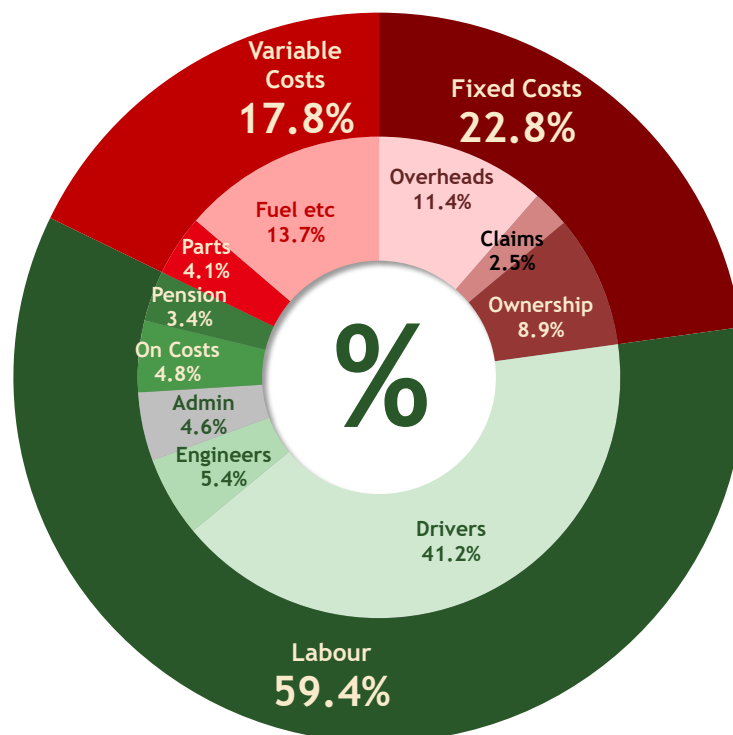


2.3 Comparisons with the Past

- 2.3.1 The figures above can be compared with the last set produced in 2020, covering the financial year 2018/19, based on an analysis of statutory accounts alongside the CPT cost index. The published breakdown for that year can be seen in Figure 3 below. There may be minor differences in the treatment of individual cost headings, such as employee on costs (including NHI), but the comparison is still of interest.
- 2.3.2 As can be seen, there have been some significant shifts, as the proportion taken by labour costs has fallen from over 59% down to the 51-55% range. This does not reflect any reduction in labour costs, however, merely that other elements of the mix have increased at a faster rate.

Figure 3: Breakdown of Bus Industry Costs, 2018/19¹

Great Britain outside London



¹ Source: 2FM analysis of Bus Industry Monitor database, courtesy of Passenger Transport Monitor

3. Changes in Cost Levels

3.1 The 2024 Survey Results

3.1.1 The returns enable us to provide a picture of operating costs in the different regional and sector markets. The percentage increases in each sector for each main cost category are shown in Table 3.1 below, followed by the same for each English region.

Table 3.1: Changes in Principal Unit Costs by Sector (%)

February 2023 to February 2024

% changes	English Mets	English Shires	Scotland	Wales	GB o/s London	London	All GB
Running Costs	4.1%	3.0%	7.1%	(3.7%)	3.4%	(5.7%)	1.5%
Dep'n & Leasing	(5.1%)	1.1%	(23.3%)	(10.1%)	(5.9%)	0.6%	(4.5%)
Labour	9.6%	8.1%	3.7%	0.8%	7.6%	3.6%	6.4%
Engineering	(7.0%)	(11.9%)	(28.6%)	(14.4%)	(13.0%)	(1.6%)	(9.9%)
Semi-Var. Costs	(11.4%)	(19.0%)	(39.6%)	(7.5%)	(21.3%)	35.7%	(13.3%)
Claims/Insurance	12.4%	29.1%	(8.8%)	27.7%	18.1%	20.4%	18.4%
Overheads	(11.8%)	5.2%	2.8%	15.7%	(1.1%)	24.0%	2.7%
Overall	3.3%	5.0%	(1.9%)	(0.7%)	3.1%	4.3%	3.4%

Table 3.2: Changes in Principal Unit Costs by English Region (%)

February 2023 to February 2024

% changes	Eastern	East Midlands	North East	North West	South East	South West	West Midlands	Yorks & Humber
Running Costs	9.7%	(8.3%)	(8.8%)	2.2%	(3.2%)	15.8%	3.2%	20.6%
Dep'n & Leasing	12.5%	9.0%	(4.4%)	(14.5%)	8.7%	(6.5%)	13.8%	(3.6%)
Labour	21.1%	5.4%	7.7%	20.1%	12.9%	4.3%	14.3%	8.4%
Engineering	(38.7%)	(12.5%)	25.1%	(2.2%)	(6.0%)	(36.3%)	(7.9%)	(23.6%)
Semi-Var. Costs	(32.4%)	(6.1%)	(7.2%)	6.3%	(4.2%)	(42.3%)	(31.8%)	(21.6%)
Claims/Insurance	(10.0%)	(32.3%)	179.3%	(40.2%)	184.8%	(25.0%)	(3.3%)	(36.8%)
Overheads	16.4%	15.8%	(23.9%)	(24.3%)	(0.9%)	(3.9%)	(19.4%)	16.1%
Overall	13.0%	1.7%	2.0%	4.7%	9.6%	(2.5%)	5.0%	7.4%

3.1.2 The chart at Figure 4 below shows the variation between the gross unit costs per bus hour for each sector. As can be seen, there is comparatively little variation here, with Scotland, Wales and the English Shires all being above the average and the English Metropolitan areas below. It is noticeable how differentials appear to have narrowed over the last two years.

- 3.1.3 The analysis is repeated for the English regions in Figure 5. As can be seen, the largest variant is North East England, which was significantly below the national figure in all four surveys. A combination of factors influences this, including significantly lower unit labour costs, but also different operating patterns, as can be seen from the KPIs discussed in Chapter 5 below. More intensive vehicle utilisation results in the spreading of costs over more bus hours. In February 2024, labour costs per bus hour were 22% below the average for the whole of Great Britain outside London, whilst average vehicle utilisation was 17% higher, at 13.92 hours per vehicle.
- 3.1.4 The figures in Eastern England were affected by an acquisition.
- 3.1.5 Following this, in Figure 6 we see the change in cost levels between the February 2023 and February 2024 returns. Costs were ahead in all areas with the largest increases recorded in the Eastern (13.2%), South East (9.8%) and Yorks & the Humber (9.1%) regions. There was a 1.9% fall in South West England, driven by sharp falls in engineering and semi-variable costs. Operators in Scotland also recorded a small 0.8% fall, thanks to the same factors as the South West. In Wales, overall levels were at a virtual standstill, thanks to falls in engineering and vehicle ownership costs coupled with a below-average movement in unit labour costs.

Figure 4: Gross Operating Costs per Bus Hour: Sector Differentials

Variance from figures for Great Britain Outside London

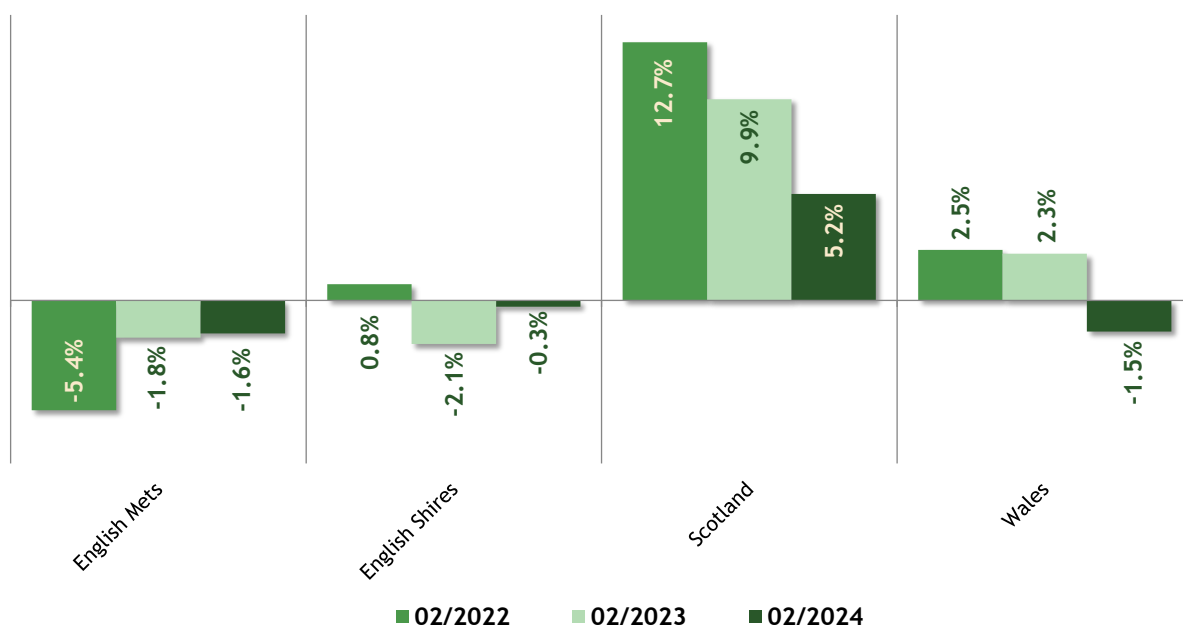


Figure 5: Gross Operating Costs per Bus Hour: Regional Differentials

Variance from figures for Great Britain Outside London

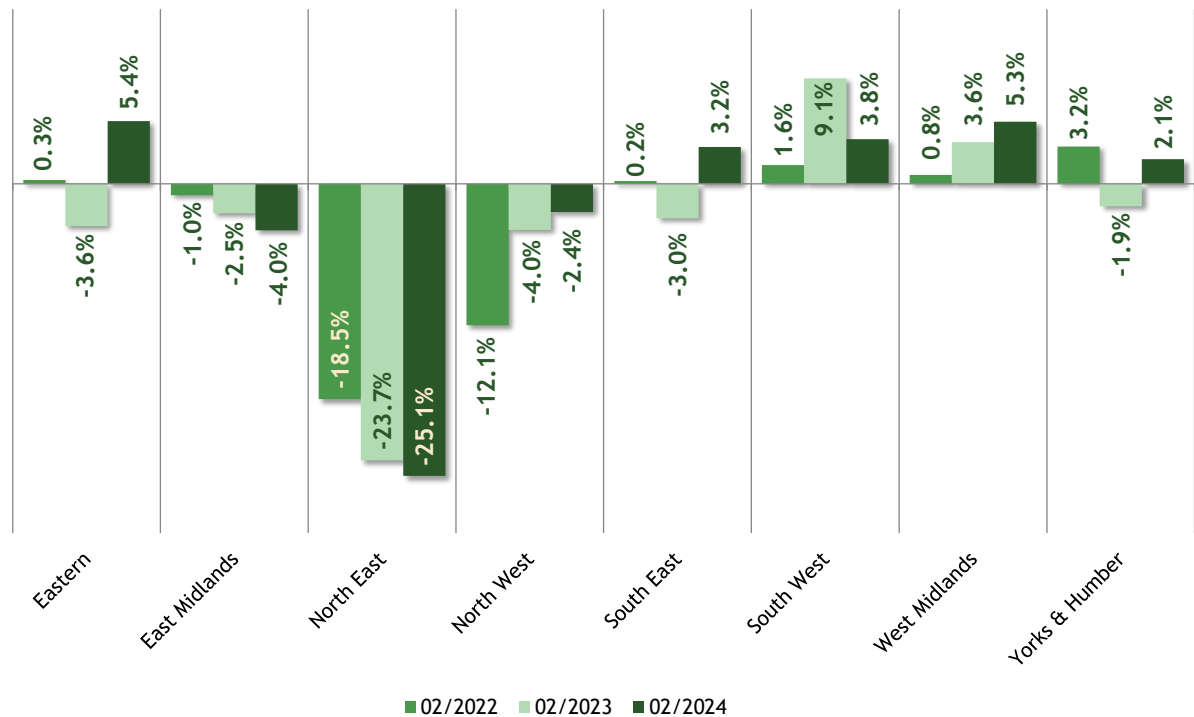
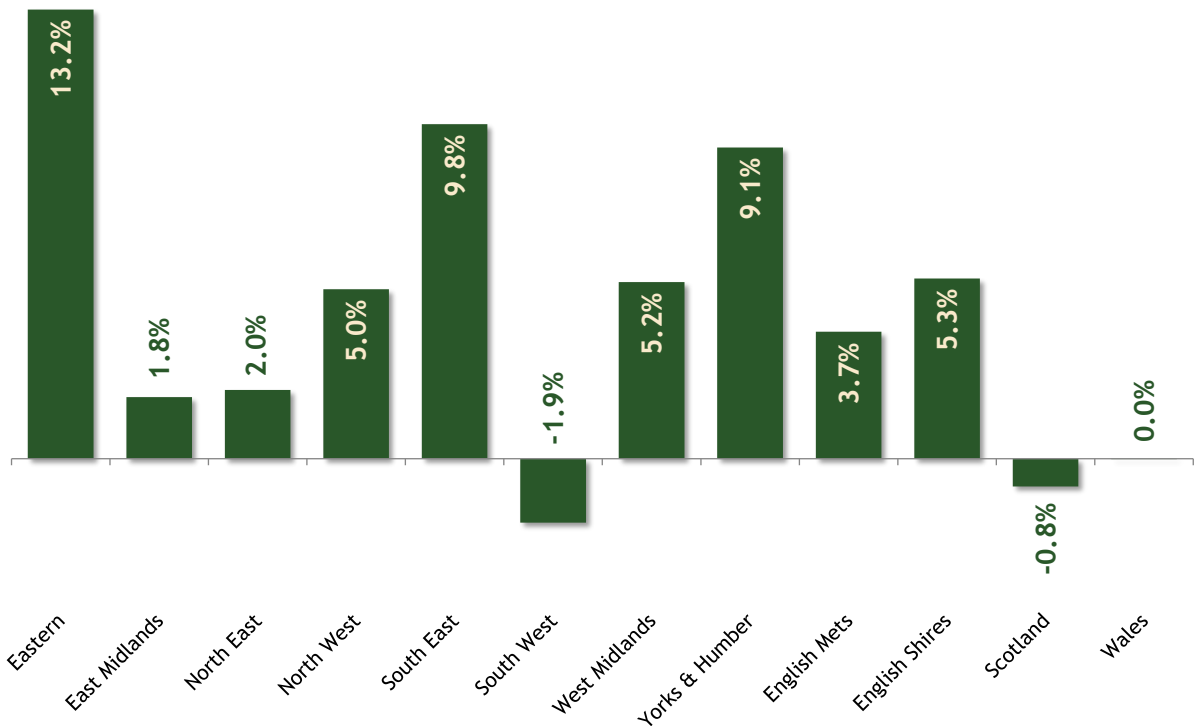


Figure 6: Change in Gross Operating Costs per Bus Hour by Region/Sector

February 2023 to February 2024



4. Comparisons with Previous Years

4.1 Methodology

- 4.1.1 In addition to their voluntary completion of the CPT survey, bus operators are required by law to provide, in an annual statistical return (known as STATS100), information on all aspects of their business. This annual survey receives information from over 500 operators of all sizes.
- 4.1.2 It is therefore interesting to compare the results of the June 2023 CPT survey reported here with the most recent DfT figures, which covered the year to 31 March 2023.

4.2 Comparing the Two Surveys

- 4.2.1 The comparison is shown in Table 4.1 below. As can be seen, the two results were within 1% of each other at an England level, though there was divergence between the figures in the English Metropolitan and Shire areas. In Scotland, the difference was 2.4%.
- 4.2.2 In Wales, the gap was a hefty 31.5%. This divergence is likely to reflect differences in the fleet size of the operators analysed – since all the respondents to the CPT survey were large operators from the more urban areas of the country. As can be seen, though, the costs per km in the CPT survey are roughly in line with those in other parts of the country. The CPT figure may also reflect the ongoing reduction of over 20% in kilometres run since the onset of Covid (virtually double everywhere else) without operators having the opportunity to reduce their fixed costs in proportion.
- 4.2.3 At the higher level of Great Britain outside London, the divergence between the two surveys is just 2.7%.

Table 4.1: CPT and DfT Surveys Compared

DfT results for 2022/23 and CPT Results June 2023

Cost (£) per Km	English Mets	English Shires	England Outside London	Scotland	Wales	GB outside London
CPT Survey	2.902	2.804	2.834	2.512	2.396	2.764
DfT to 03/23	3.102	2.661	2.808	2.454	1.823	2.692
% difference	(6.5%)	5.4%	0.9%	2.4%	31.5%	2.7%

- 4.2.4 In Table 4.2 below, we have taken the last results of the DfT figures from the analysis above and added on the results of the CPT Cost Monitor surveys. The results have been adjusted for inflation to December 2023 prices by use of the GDP Deflator.
- 4.2.5 It will be seen that, after adjusting for inflation, operating costs per kilometre have risen by 7.6% since the first survey in February 2022, but fell back between February 2022 and 2023 by 4.3%, thanks to reduced pre-inflation increases and falling inflation. Even so, per km costs are 16.5% higher than the last pre-Covid year of 2018/19.

4.2.6 Given the differences in timing and sample sizes between the DfT figures and the Cost Monitor survey, direct comparisons between the two data sets need to be treated with some caution – but are useful in pointing to the overall trends.

Table 4.2: Recent Trends in Overall Costs per Km

£ per kilometre, Constant (December 2023) Prices, adjusted using GDP Deflator

Period	English Metropolitan areas	English Shires	England outside London	Scotland	Wales	Great Britain outside London
2018/19 DfT	3.055	2.491	2.686	2.531	1.902	2.613
2021/22 DfT	3.289	2.729	2.920	2.601	2.124	2.823
2022/23 DfT	3.323	2.850	3.008	2.629	1.952	2.883
Feb 22 CPT	2.965	2.824	2.884	2.555	2.614	2.829
Feb 23 CPT	3.356	3.039	3.173	3.340	2.855	3.181
Feb 24 CPT	3.162	2.922	3.017	3.287	2.832	3.045
% changes						
Since 2018/19	3.5%	17.3%	12.3%	29.9%	48.9%	16.5%
Since Feb 22 CPT	6.6%	3.5%	4.6%	28.7%	8.4%	7.6%
Since Feb 23 CPT	(5.8%)	(3.8%)	(4.9%)	(1.6%)	(0.8%)	(4.3%)

5. Operating Data

5.1 Overview

5.1.1 Certain operating data was requested from operators, both to assist in the accurate calculation of unit costs, but also to fill gaps in key data such as speeds and productivity with a view to benchmarking and tracking changes over time.

5.1.2 The data requested was:

- Kilometres run
- Diesel (and other fuels) used
- Peak Vehicle Requirement
- Bus Hours operated
- Driver Hours paid
- Staff numbers employed by category
 - drivers
 - engineering staff
 - management and administrative staff

5.1.3 Using these numbers together can provide a useful ongoing picture of the state of the industry looking in particular at:

- Fuel Consumption
- Fleet Utilisation and Speed
- Staff and Productivity.

5.1.4 A section of the main report looks at time series data across the period since February 2022. In order to provide a consistent dataset with which to measure the trends, the analysis of previous periods is limited to the same 49 ‘core’ companies for which data has been received covering all five periods.

5.1.5 Data on all these matters is available to respondents to the survey and provides a useful understanding of trends. Probably the most important of these are speed and staff productivity, which are discussed further below.

5.2 Operating Speed

5.2.1 Overall, speed across Great Britain outside London averaged 12.12 mph (19.36 kph) in February 2024, up from 12.07 mph (19.31 kph) a year earlier. These figures compared with 11.95 mph in the first survey from February 2022. Inclusion of the generally slower London data meant that the average speed was virtually unchanged over the five periods at 11.01 mph (17.62 kph).

- 5.2.2 In the most recent twelve months, bus speeds got slower in London (4.3%) and Wales (3.1%), whilst the other segments saw improvements, all greater than one per cent. Across the regions, slower speeds were reported in the South West and the West Midlands, but there were improvements everywhere else.
- 5.2.3 Comparisons with a five-year survey of English operators undertaken on behalf of CPT in 2021 show a small improvement in operating speeds – from 11.70 to 11.71 mph in England outside London. In most places speeds are below the levels achieved in 2014/15, the only exception being in the East Midlands.
- 5.2.4 In the most recent twelve months, four regions saw some deterioration in average speeds, but four others showed some signs of improvement. The details are contained in Table 5.1 below.

Table 5.1: Average Speed Comparisons for England

Region/Segment	2014/15	2018/19	02/2023	02/2024	% change since 2014/15	% change since 2018/19	% Change Last Year
England o/s London	11.70	11.40	11.54	11.71	0.1%	2.7%	1.5%
Metropolitan Areas	11.00	10.80	10.69	10.79	(1.9%)	(0.1%)	1.0%
Shire Areas	12.20	11.70	12.14	12.36	1.3%	5.6%	1.8%
English Regions							
North East	12.00	11.60	11.82	11.83	(1.5%)	1.9%	0.1%
North West	10.90	10.60	10.33	10.50	(3.7%)	(0.9%)	1.6%
Yorks & the Humber	11.10	11.00	10.44	10.65	(4.1%)	(3.2%)	2.0%
East Midlands	10.80	10.70	11.70	11.92	10.4%	11.4%	1.9%
West Midlands	11.30	11.30	11.14	11.04	(2.3%)	(2.3%)	(1.0%)
East of England	13.50	13.30	12.46	13.30	(1.5%)	(0.0%)	6.7%
South East	12.50	11.40	12.12	12.45	(0.4%)	9.2%	2.7%
South West	12.60	12.10	12.49	12.25	(2.8%)	1.2%	(2.0%)

5.3 Staff Levels and Productivity

- 5.3.1 Amongst the core operators, staff numbers have increased across the period. All grades show an increase of 2,258, or 4.2%, since February 2022. Outside London, the figure is 1,315, or 3.1%. In the regions, only West Midlands shows a reduction in employment between February 2022 and February 2024, whilst all regions and sectors showed an increase in the twelve months to February 2024.
- 5.3.2 Driver numbers increased, too. The figures bear out the general improvement in driver recruitment, with an increase of 6.6% across the whole country over the two years, and 6.5% in GB outside London. Over the twelve months to February 2024, only North West England (1.0%) and Wales (0.5%) showed a reduction in driver numbers.

- 5.3.3 One measure of staff productivity on which *Bus Industry Monitor* regularly reported was the number of kilometres run per driver employed, as a useful easily tracked measure. This has trended downwards since 2005. There have been several reasons, including:
- increasing journey times as a result of slower bus speeds (the principal cause)
 - allied to this, increases in recovery time to allow for congestion and improve reliability
 - less intensive schedules as services are cut
 - increased training requirements for safety, disability awareness and CPC.
- 5.3.4 The deterioration has continued during the two years of the CPT Cost Monitor survey, with numbers being 5% lower across the whole country and 6.2% down outside London. The weekly average for kilometres run per driver in February 2022 was 571.7, falling to 543.0 in February 2024. Outside the capital, the figure went from 607.3 to 569.4.
- 5.3.5 The figures are illustrated graphically in the chart at Figure 7 below.
- 5.3.6 In the most recent twelve month period, productivity by this measure fell in all regions and sectors. Finally, lest there be any doubt about the correlation between speed and driver productivity, the chart at Figure 8 plots the two variables against one another in June 2023. This shows a clear correlation, as demonstrated by the trend line.

Figure 7: Driver Productivity in Great Britain

Kilometres run per week per driver employed

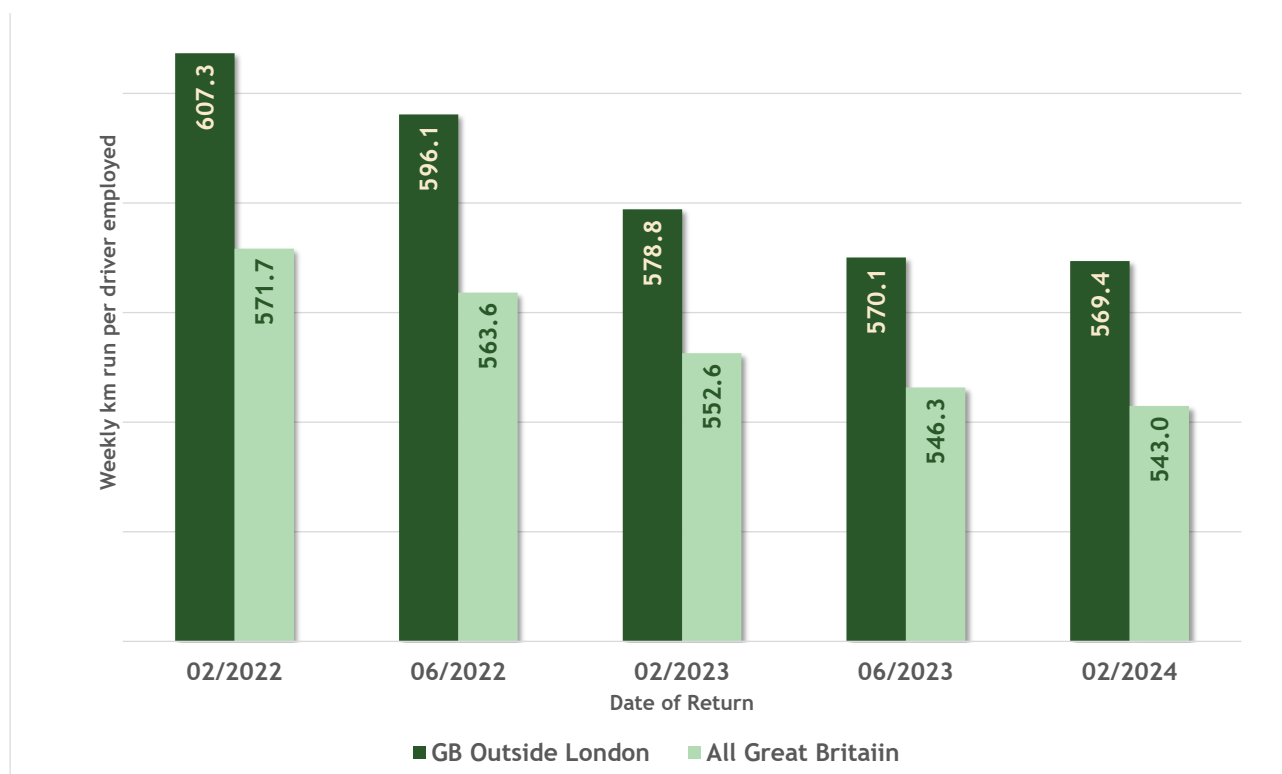


Figure 8: Speed v Driver Productivity by Region and Market Segment

Average Vehicle Speed (mph) v Weekly Kms Run per Driver, February 2024

