CPT Cost Index

CORRECTED VERSION

Summary of results: change in bus & coach industry costs for the 12 months to 30 June 2011

	Overall national result	Regional indices: Greater London bus	Home Counties	Midlands	Northern England	South West England	Wales	Scotland	Breakdown: Percentage that each category represents of total costs
Overall change in operating costs	**3.8%**	**3.2%**	**2.0%**	**6.7%**	**3.2%**	**4.7%**	**3.0%**	**4.7%**	
Change in individual cost categories:									
1 Drivers wages and on costs	4.5%	1.9%	2.4%	6.5%	5.1%	6.7%	6.1%	4.8%	43.8%
2 Other labour and staff costs	4.1%	3.1%	3.0%	4.4%	3.9%	1.5%	3.0%	8.3%	14.2%
3 Insurance and claims	13.4%	38.1%	9.6%	12.4%	7.5%	17.0%	42.0%	-10.9%	3.0%
4 Fuel	-4.0%	-7.3%	-4.0%	7.1%	-6.6%	-4.1%	-6.4%	-3.4%	16.4%
5 Maintenance materials	4.1%	-7.0%	3.9%	5.6%	5.9%	2.2%	-5.2%	15.5%	4.4%
6 Vehicle depreciation	3.1%	4.2%	4.8%	10.5%	-0.2%	2.6%	-1.3%	4.8%	6.5%
7 Other operating costs	9.7%	17.7%	5.0%	7.3%	8.3%	10.8%	1.2%	12.6%	11.7%
Sample size:									100%
Representing operating costs of:	£2,980,600,000	£503,100,000	£314,800,000	£281,100,000	£973,000,000	£318,800,000	£131,000,000	£458,800,000	

All data are weighted by the size of each respondent's cost base and by their relative spend in each cost category.
The regional indices are shown for information but care should be taken in interpreting the results, especially where there are relatively few respondents.
The CPT Cost Index is compiled by an independent consultant using data supplied directly to that consultant by a representative selection of bus and coach operators who are members of CPT, to satisfy OFT guidance.

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Summary of previous results	
Covering the 12 months to:	
June 2004	7.7%
December 2004	7.8%
June 2005	8.7%
December 2005	8.2%
June 2006	7.8%
December 2006	7.1%
June 2007	5.2%
December 2007	5.3%
June 2008	4.2%
December 2008	5.7%
June 2009	6.2%
December 2009	5.0%
June 2010	3.4%
December 2010	1.7%

Comments on results and presentation:

The Index has been republished to correct errors in the compilation of some data, altering the overall result from 1.4% to 3.8%.

Two important points need to be understood in interpreting the results:

a) Firstly, it is evident that a significant number of respondents have achieved improved efficiencies in various areas of their businesses, including staff utilisation, so that when measured by outputs (costs per mile), some costs have reduced despite general inflation.

b) Secondly, as we have commented in previous returns, many larger operators use hedging programmes to fix the cost of their diesel. This means that there are effectively two quite different and distinct outcomes, depending on whether an operator was hedged or not. During 2010/1, it would appear that some respondents had the benefit of hedged prices that were similar to or *lower* than they had paid in 2009/10, in contrast to those who pay the spot price. **Average diesel prices, assuming a constant monthly purchase, increased by around 13.3% over the year.** Individual operator experiences on fuel range from an increase of 35% to a reduction of 22%, with a weighted average of minus 4%.

The Cost Index continues to be compiled by measuring the industry's outputs, typically costs per mile/km operated, and hence not only reflects general inflation but also changes in the efficiency of businesses and cost changes caused by external factors such as employment legislation, congestion, changing fuel efficiency of new vehicles, etc.

The next CPT Cost Index will cover the year to December 2011 and will be published in mid-March 2012.

Corrected version issued March 2012