

CPT Cost Index

Summary of results: change in bus & coach industry costs for the 12 months to 31 December 2012



Overall change in operating costs	Overall national result	Regional indices:								Percentage that each category represents of total costs
		Greater London bus	Home Counties	Midlands	Northern England	South West England	England (all regions)	Wales	Scotland	
		3.7%	4.2%	1.5%	3.3%	3.5%	3.3%	2.5%	4.7%	
Change in individual cost categories:										
1 Drivers wages and on costs	3.1%	4.8%	3.3%	1.5%	2.6%	2.4%	3.1%	4.1%	3.1%	43.7%
2 Other labour and staff costs	1.7%	0.2%	4.6%	-5.6%	1.5%	3.8%	1.2%	1.4%	4.6%	14.7%
3 Insurance and claims	-3.0%	-12.4%	1.4%	-5.2%	-2.3%	0.2%	-3.9%	-0.5%	2.6%	3.1%
4 Fuel	10.0%	16.9%	7.7%	6.0%	10.3%	7.9%	9.8%	9.2%	11.0%	15.5%
5 Maintenance materials	0.0%	-17.1%	-0.6%	2.3%	3.7%	5.0%	-1.0%	6.2%	2.7%	4.4%
6 Vehicle depreciation	2.9%	5.4%	8.5%	7.2%	0.0%	0.8%	3.5%	-17.9%	5.7%	6.3%
7 Other operating costs	1.7%	1.8%	2.7%	1.9%	1.7%	2.7%	2.0%	-2.0%	1.1%	12.3%
Sample size:										100%
Representing operating costs of:	£3,125,300,000	£572,000,000	£406,000,000	£286,700,000	£975,100,000	£260,400,000	£2,500,500,000	£134,500,000	£490,600,000	

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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Comments on results and presentation:

In view of the recent reductions in BSOG rates, which have differing impacts in England, Scotland and Wales, the presentation of the results has been altered to include an overall English data set, covering the English regions, alongside the Welsh and Scottish results.

It is important to understand that the Index is designed to report historically on the actual changes in costs (measured on a "pence per mile" basis in order to reflect the changes in the costs of operating bus and coach services) and cannot predict forthcoming changes. From April 1st, 2012 there were significant changes to BSOG (which affects the Fuel line in the Index) but the impact differs between the three countries.

In England, there was a 20% reduction in the rate from 1/4/12; in Wales a 25% reduction took place but was deferred to 1/10/12; in Scotland the whole basis has been changed in a way that the reduction impacts disproportionately on shorter urban routes and on services with long dead mileage.

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%
June 2011	3.8%
December 2011	5.3%
June 2012	3.4%

Continued . . .

Those changes are only partially reflected in the current Index results, as 9 months were at the new lower rates (and hence higher operating costs) and 3 months at the old rates. It will only be in the next iteration of the Index, showing changes in the year to June 2013, that the full impact of the reductions will be visible, and even then not fully in Wales. Therefore we encourage users to interpret the results with care if using the Index to inform negotiations on revising contract prices and the like. Then there is the prospect of further substantial changes to the BSOG scheme in England from October 2013, currently awaiting a decision when this Index was published.

It must also be borne in mind that the results reflect the experience of the operators who submit data; whilst every attempt is made to adjust for or to eliminate any returns where there are exceptional or one-off changes, there may still be cases where the position of one operator is atypical. Therefore individual regional results should be interpreted with care.

In addition, as we have commented in previous returns, many larger operators use hedging programmes to fix the cost of their diesel. This means that there can be two quite different and distinct outcomes, depending on whether an operator was hedged or not, although there appeared to be less diversity in the typical results in this period.

Average diesel prices, assuming a constant monthly purchase, increased by around 2.4% net of VAT over the year but by 12.4% net of VAT and BSOG.

Individual operator experiences ranged from an increase of 32% to a reduction of 4.1%, with a weighted average of 10%.

Care should also be used in interpreting changes in individual cost lines such as insurance, maintenance materials and depreciation. Insurance will tend to be affected by individual operators' claim experiences, whilst changes in the age profile of fleets may mean, for example, that depreciation rises but maintenance materials cost reduces, if new vehicles are bought to update the fleet profile.

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 12 months to June 2013 and will be published in mid-September 2013.