# CPT Cost Index

Summary of results: change in bus & coach industry costs for the 12 months to June 30, 2008

| | Overall national result | Regional indices: London & Home Counties | Midlands | Northern England | South West England | Wales | Scotland |
|---|---|---|---|---|---|---|---|
| Overall change in operating costs | 4.2% | 3.7% | 5.9% | 4.3% | 2.5% | 5.7% | 4.5% |
| *Change in individual cost categories:* | | | | | | | |
| 1 Drivers wages and on costs | 4.7% | 4.4% | 5.9% | 5.0% | 1.9% | 7.7% | 4.6% |
| 2 Other labour and staff costs | 6.4% | 5.3% | 6.6% | 7.0% | 7.4% | 4.2% | 7.3% |
| 3 Insurance and claims | -4.0% | -1.3% | -2.5% | -3.5% | -11.3% | 4.0% | -11.5% |
| 4 Fuel | 9.6% | 9.7% | 13.1% | 9.1% | 7.8% | 9.3% | 9.5% |
| 5 Maintenance materials | 0.7% | 4.1% | 4.2% | -2.8% | -1.1% | -8.4% | 2.5% |
| 6 Vehicle depreciation | 0.3% | -4.8% | -3.7% | 4.6% | -5.6% | 9.1% | 5.0% |
| 7 Other operating costs | -0.7% | -1.6% | 5.1% | -1.5% | 1.9% | 1.7% | -2.8% |
| **Sample size:** | | | | | | | |
| Number of respondents | 74 | 17 | 7 | 23 | 12 | 4 | 11 |
| Representing operating costs of: | £2,932,300,000 | £944,900,000 | £265,000,000 | £916,500,000 | £246,600,000 | £121,000,000 | £438,300,000 |

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:

In each case, 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% |

**Comments on individual categories**

Given the large increases in fuel prices in recent months, especially the latter part of the survey year, the overall result of an average 4.2% cost increase may seem surprisingly low. There are a number of reasons for this, but it would appear likely that the majority of respondents had fuel hedging programmes in place that protected them from the large increases during the survey period. Indeed, those with the largest total operating costs generally experienced the *smallest* percentage increase in fuel costs.
Unfortunately, smaller operators typically have a fuel spend that is below the threshold volumes at which fuel hedging contracts are available.
As a result, some of the smaller operators in the survey individually experienced overall cost increases of up to 3 or 4 times the national average.
It should also be borne in mind that the survey covers the change over a full 12 month period; diesel prices rose progressively over the period so the impact will appear less when averaged over 12 months.
Where operators benefitted from hedges at low prices, the cost of replacing those contracts at expiry could well lead to substantial cost increases in the next survey period.

The next CPT Cost Index will cover the year to December 2008 and will be published in mid-March 2009.

Breakdown of bus & coach industry operating costs for the 12 months to June 30, 2008

The table below shows how much each cost category represents within the overall cost base.

| | **Overall national result** | Regional indices: London & Home Counties | Midlands | Northern England | South West England | Wales | Scotland |
|---|---|---|---|---|---|---|---|
| Total operating costs | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| *Percentage that each cost category represents:* | | | | | | | |
| 1 Drivers wages and on costs | 46.0% | 51.3% | 43.9% | 43.0% | 43.6% | 43.5% | 43.4% |
| 2 Other labour and staff costs | 14.9% | 14.3% | 15.8% | 14.5% | 16.8% | 15.5% | 15.4% |
| 3 Insurance and claims | 3.0% | 2.7% | 2.8% | 3.6% | 3.2% | 3.1% | 2.3% |
| 4 Fuel | 13.0% | 10.2% | 13.1% | 14.3% | 13.2% | 13.7% | 15.9% |
| 5 Maintenance materials | 4.9% | 4.3% | 6.2% | 4.8% | 5.4% | 5.6% | 5.2% |
| 6 Vehicle depreciation | 6.2% | 6.0% | 6.2% | 6.4% | 6.3% | 6.0% | 6.6% |
| 7 Other operating costs | 12.0% | 11.2% | 11.9% | 13.3% | 11.4% | 12.6% | 11.2% |