CPT Cost Index

Summary of results: change in bus & coach industry costs for the 12 months to 30 June 2014

	Overall national result	Regional indices: Greater London bus	Home Counties	Midlands	Northern England	South West England	England (all regions)	Wales	Scotland	Percentage that each category represents of total costs
Overall change in operating costs	1.7%	0.8%	2.6%	3.6%	1.2%	1.7%	**1.6%**	2.4%	1.7%	
Change in individual cost categories:										
1 Drivers wages and on costs	2.0%	1.6%	3.2%	4.3%	1.4%	2.6%	2.1%	1.9%	1.5%	43.3%
2 Other labour and staff costs	1.8%	3.6%	3.9%	1.6%	-0.3%	0.5%	1.5%	0.3%	3.6%	14.0%
3 Insurance and claims	-0.4%	-0.3%	-6.8%	-4.3%	1.0%	-4.0%	-1.2%	23.4%	-4.6%	2.9%
4 Fuel	0.9%	-0.4%	1.4%	1.3%	0.9%	2.9%	1.0%	2.0%	0.2%	17.4%
5 Maintenance materials	3.5%	1.5%	11.1%	14.4%	2.1%	9.5%	5.3%	-0.1%	-1.6%	4.2%
6 Vehicle depreciation	2.6%	-7.2%	7.9%	1.2%	4.2%	5.8%	2.3%	1.9%	3.6%	5.7%
7 Other operating costs	0.9%	-0.9%	-2.3%	7.8%	1.2%	-3.5%	0.2%	2.6%	4.2%	12.5%
Sample size:										100%
Representing operating costs of:	£3,088,100,000	£622,200,000	£314,300,000	£243,800,000	£980,000,000	£283,800,000	£2,444,400,000	£133,400,000	£510,600,000	

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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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%
December 2012	3.5%
June 2013	3.7%
December 2013	2.8%

Comments on results and presentation:

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 do not attempt to predict forthcoming changes.

Following differing changes to the BSOG schemes in England, Scotland and Wales, the presentation of the results now includes an overall English data set, covering the English regions, alongside the Welsh and Scottish results.

Changes in the Fuel line in the index have been impacted by the reductions in support through the BSOG (Bus Service Operators Grant) scheme and the varying way this has been applied. In England, the rate reduced by 20% from April 2012 and there were further significant changes from January 2014 when tendered services ceased to be eligible. In Wales, from April 2013 there has been a complete change to a new scheme, RTSG (Regional Transport Services Grant) where the impact has varied from operator to operator and changed again from April 2014.
In Scotland, from April 2012 the scheme changed to a fixed rate per km in a way that had differing impacts on operators, according to the type of work and vehicles they operate. Therefore we encourage users to interpret the results with care if using the Index to inform negotiations on revising contract prices and the like.

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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. In the latest period, some respondents have reported that they are no longer benefitting from hedges at lower than market rates, as compared to prior periods.

Average diesel "pump" prices, assuming a constant monthly purchase, dropped by around 2.2% net of VAT over the year.

Individual operator experiences for fuel on a pence per mile basis ranged from an increase of 19% to a reduction of 7%, with a weighted average of 0.9%.

Finally, care should be exercised in looking at the changes in certain individual cost categories, where there can be offsetting movements. For example, if an operator replaces owned vehicles by ones on operating lease, there will be a drop in the depreciation charge but an increase in other operating costs. Such changes can show up as large percentage movements in both headings, but in reality one will partially or wholly offset the other change. Movements in the insurance heading can also be quite volatile, reflecting the claims experience of individual respondents, but bear in mind that insurance only averages 3% of total operating costs.

In this latest return in particular, there has been a lot of volatility in the "Other operating costs" category, for reasons that are not immediately obvious, with some large percentage decreases being offset by increases in other respondents and this may have distorted some of the regional results.

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 December 2014 and will be published in mid-March 2015.