Bus Industry Costs in February 2025

Confederation of Passenger Transport
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V1.0

Version for Publication

Contents

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 March, April and May 2025.

1.2 Methodology

1.2.1 Members were requested to supply operating statistics and cost data for a representative week during February 2025, by completing a spreadsheet template. The design of the template and the nature of 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on the basis of strict confidentiality and individual responses are not disclosed by the analyst to anybody and will not be published. An example of the template is provided in Appendix A. More detail about what is included under each cost heading can be found in Appendix B.

1.3 Responses

1.3.1 Data was supplied for a total of 52 operators. They are spread across all regions and nations, and between them operated 20,603 peak vehicles. This represents 50.1% of the total local bus fleet in Great Britain, as recorded by the Department for Transport at March 2024[1]. Looking at distance operated, respondents accounted for 67% of the national total for 2023/24[2]. Outside London, the fleet represented was 13,844, 53.4% of the total, covering 72% of the total kilometres operated. The details are shown in Table 1.1 below.

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

Market Segment	Fleet Size per DfT	PVR in this return	% included	KM Run per DfT (million)	Annual Km from survey	% included
Greater London	8,704	3,490	40.1%	453	235	51.9%
English Mets	7,605	4,095	53.8%	399	313	78.3%
English Shires	13,481	6,902	51.2%	771	556	72.1%
England	29,790	14,487	48.6%	1,623	1,104	68.0%
Scotland	3,452	2,301	66.7%	272	178	65.3%
Wales	1,370	546	39.9%	80	44	55.6%
GB O/S London	25,908	13,844	53.4%	1,522	1,091	71.7%
ALL GB	34,612	17,334	50.1%	1,975	1,326	67.1%

[1] *Annual Bus Statistics 2024, Department for Transport, Sheet BUS06*

[2] *Ibid, Sheet BUS02km*

1.3.2 We therefore believe that the results offer a representative sample of the industry as a whole, and for each of the main local bus market segments.

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 neither 2FM Ltd nor CPT can 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 a previous breakdown supplied by the *Bus Industry Monitor* project.

2.2 The Analysis Results

2.2.1 The figures for Great Britain outside London for February 2025 are shown below in Figure 1 and can be compared with the same breakdown for the five previous periods, four of 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 since 2022

Great Britain outside London

	Mar-2019	Jun-22	Feb-23	Jun-23	Feb-24	Jun-24	Feb-25
Fixed & Semi-Variable Costs							
Overheads	11.4%	14.9%	15.6%	14.2%	15.2%	14.7%	14.0%
Claims	2.5%	2.6%	2.2%	2.2%	2.5%	2.1%	2.5%
Dep'n & Leasing	8.9%	7.5%	8.0%	7.6%	7.3%	7.1%	7.3%
Labour Costs							
Drivers	41.2%	35.3%	36.3%	37.5%	37.5%	39.3%	38.8%
Engineers	5.4%	6.6%	6.4%	6.3%	6.6%	6.3%	6.5%
Mgt & Admin	4.6%	5.0%	4.6%	4.7%	4.2%	4.3%	4.5%
On Costs	4.8%	5.7%	4.3%	4.8%	4.8%	5.2%	5.2%
Pensions	3.4%	2.4%	1.8%	2.0%	2.1%	2.1%	2.0%
Variable Costs							
Parts	4.1%	6.2%	6.5%	6.7%	5.7%	5.5%	6.0%
Fuel etc	13.7%	13.8%	14.3%	14.1%	14.2%	13.3%	13.3%
Summary							
Fixed Costs	22.8%	25.0%	25.8%	23.9%	24.9%	24.0%	23.7%
Labour	59.4%	55.0%	53.4%	55.3%	55.1%	57.2%	57.0%
Variable Costs	17.8%	20.0%	20.8%	20.8%	19.9%	18.8%	19.2%

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 in 2019. They accounted for 57.0% of the total, slightly below the June 2024 figure of 57.2%.

2.2.4 Drivers form the largest component, accounting for 38.8% in February, compared with 39.3% recorded in June 2024. Adding in other labour costs, including Employer's NI, Employer Pension Contributions and other on costs, takes the proportion to 44.8%, slightly below the June 2024 survey. These figures predate the increase in Employers' NHI that took effect in April 2025, which will be reflected in the June 2025 survey.

2.2.5 Direct vehicle operating costs account for a further 19.2%, slightly down on the 18.7% in June 2024, but still below with the 19.9% seen in February 2024. The largest component is fuel, oil and tyres on 13.3% - the lowest proportion in this survey series. The engineering costs rose slightly to 6.0%, in line with earlier surveys, though above the most recent two.

2.2.6 Fixed costs account for the balance of 23.7%, the lowest proportion since February 2022.

Figure 1: Breakdown of Bus Industry Costs, February 2025

Great Britain outside London

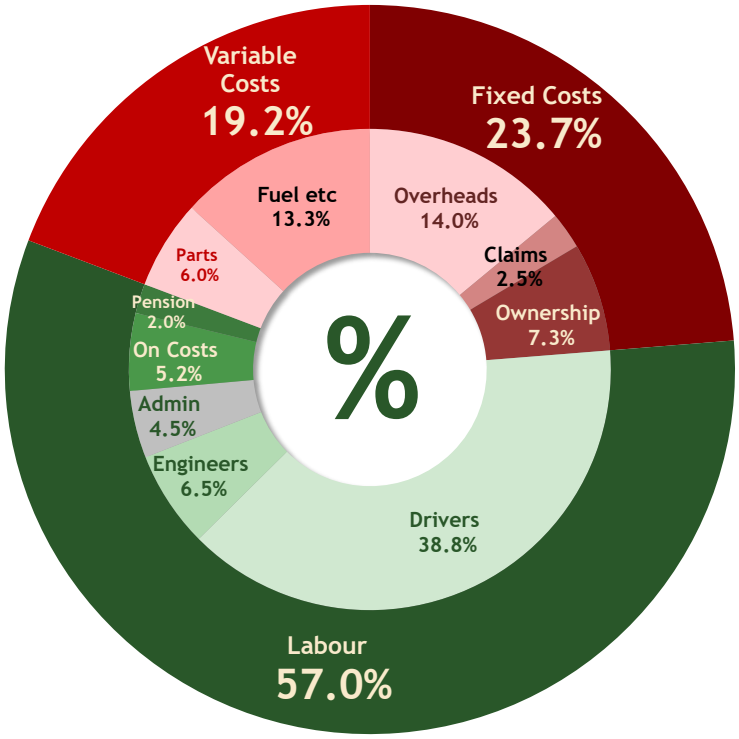
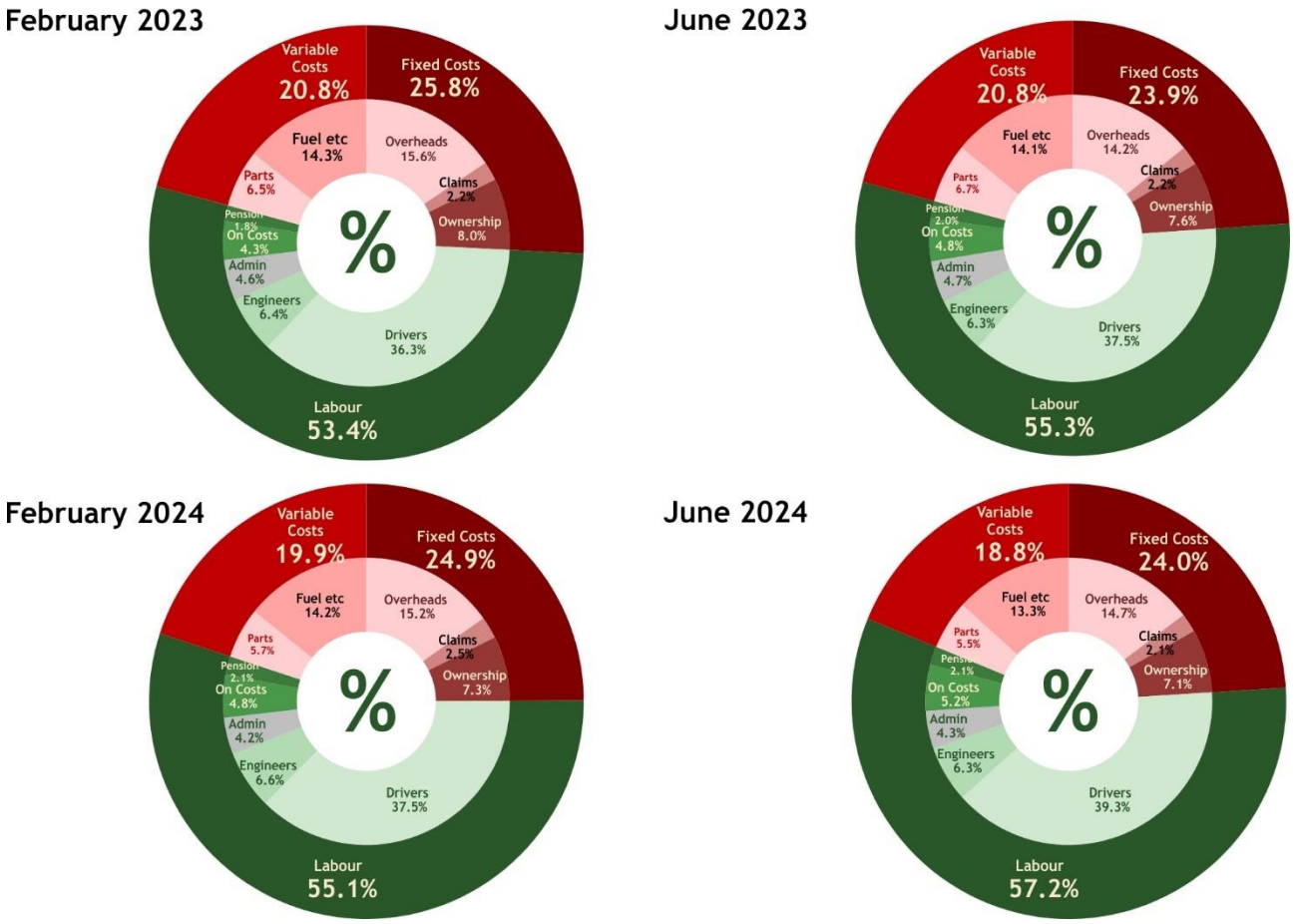


Figure 2: Breakdown of Bus Industry Costs, February 2023-June 2024

Great Britain outside London



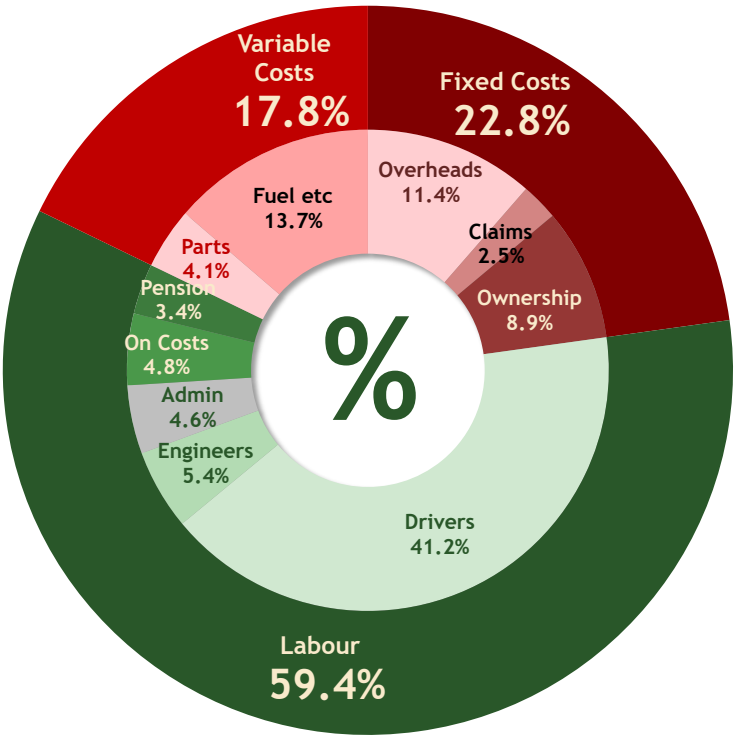
2.3 Comparisons with the Past

2.3.1 The figures above can be compared with the last set produced in 2020, covering the budget 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, the proportions have shifted across the period, as labour costs have moved back towards the levels seen in 2019.

Figure 3: Breakdown of Bus Industry Costs, 2018/19[3]

Great Britain outside London



[3] *Source: 2FM analysis of Bus Industry Monitor database, courtesy of Passenger Transport Monitor*

3. Changes in Cost Levels

3.1 The 2025 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

3.1.2 Table 3.1 below, followed by the same for each English region in Table 3.2. Lowest rise was in the English Met areas at 2.1%; the highest was Wales at 5.8%.

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

February 2024 to February 2025

% changes	English Mets	English Shires	Scotland	Wales	GB o/s London	London	All GB
Running Costs	(2.3%)	1.5%	(5.3%)	(9.5%)	(1.1%)	2.4%	(0.4%)
Dep'n & Leasing	4.4%	3.7%	5.3%	(5.8%)	3.9%	10.1%	5.0%
Labour	6.6%	9.3%	3.8%	2.9%	7.2%	6.4%	6.6%
Engineering	0.0%	16.5%	2.3%	(15.3%)	8.2%	10.7%	8.6%
Semi-Var. Costs	0.0%	5.3%	0.9%	159.9%	8.3%	(37.2%)	(4.0%)
Claims/Insurance	26.1%	(14.9%)	25.5%	27.3%	4.2%	(21.8%)	(3.1%)
Overheads	(12.4%)	(11.9%)	17.0%	30.2%	(6.6%)	(13.9%)	(7.1%)
Overall	**2.1%**	**4.4%**	**3.2%**	**5.8%**	**3.7%**	**4.4%**	**4.0%**

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

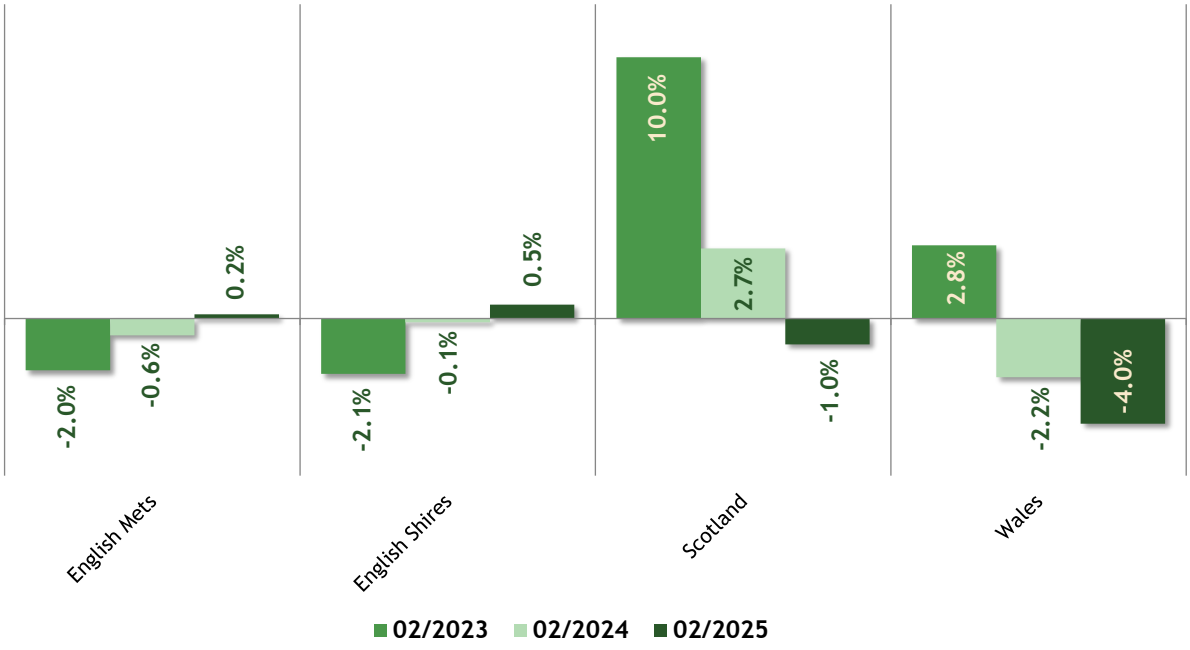
February 2024 to February 2025

% changes	Eastern	East Midlands	North East	North West	South East	South West	West Midlands	Yorks & Humber
Running Costs	(6.9%)	0.3%	7.1%	0.4%	8.6%	1.8%	(4.4%)	(17.2%)
Dep'n & Leasing	(1.6%)	64.5%	(4.5%)	(4.7%)	5.9%	5.4%	23.7%	(14.5%)
Labour	2.2%	11.6%	4.9%	5.3%	7.1%	6.3%	2.8%	2.9%
Engineering	18.1%	(16.9%)	17.8%	7.7%	23.6%	33.6%	(2.7%)	(8.7%)
Semi-Var. Costs	4.6%	1.3%	(9.0%)	(54.3%)	48.4%	(12.7%)	46.9%	(2.8%)
Claims/Insurance	22.4%	80.1%	125.9%	17.4%	(52.3%)	22.0%	0.3%	67.4%
Overheads	15.1%	10.9%	(8.9%)	(13.3%)	(28.7%)	6.1%	(0.2%)	21.4%
Overall	**2.5%**	**5.3%**	**7.0%**	**(0.4%)**	**0.7%**	**6.5%**	**3.7%**	**(3.0%)**

3.1.3 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 was further convergence in February 2025. Only Wales, where costs are 4% below the national level, shows any significant divergence.

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

Variance from figures for Great Britain Outside London



3.1.4 The overall changes in each region based on the February returns are shown in Figure 5 below, whilst the chart at Figure 6 below the variation between the gross unit costs per bus hour for each region. The wide variations previously seen, especially for North East England, have tended to narrow, and there is a clear divide between regions in the southern part of the country (above the average) having higher costs than those in the north (below the average). West Midlands is linked with the south, but East Midlands with the north.

3.1.5 As can be seen, the largest variant remains the North East of England, with a narrower but still substantial differential of 19.7%. This follows recent hefty increases in costs, notably in labour costs after the settlement following industrial action in the autumn of 2023. Nest comes North West England, on 7.9%, followed by Yorkshire and the Humber on 4.5%.

Figure 5: Change (%) in Gross Operating Costs per Bus Hour by Region/Sector

February 2024 to February 2025

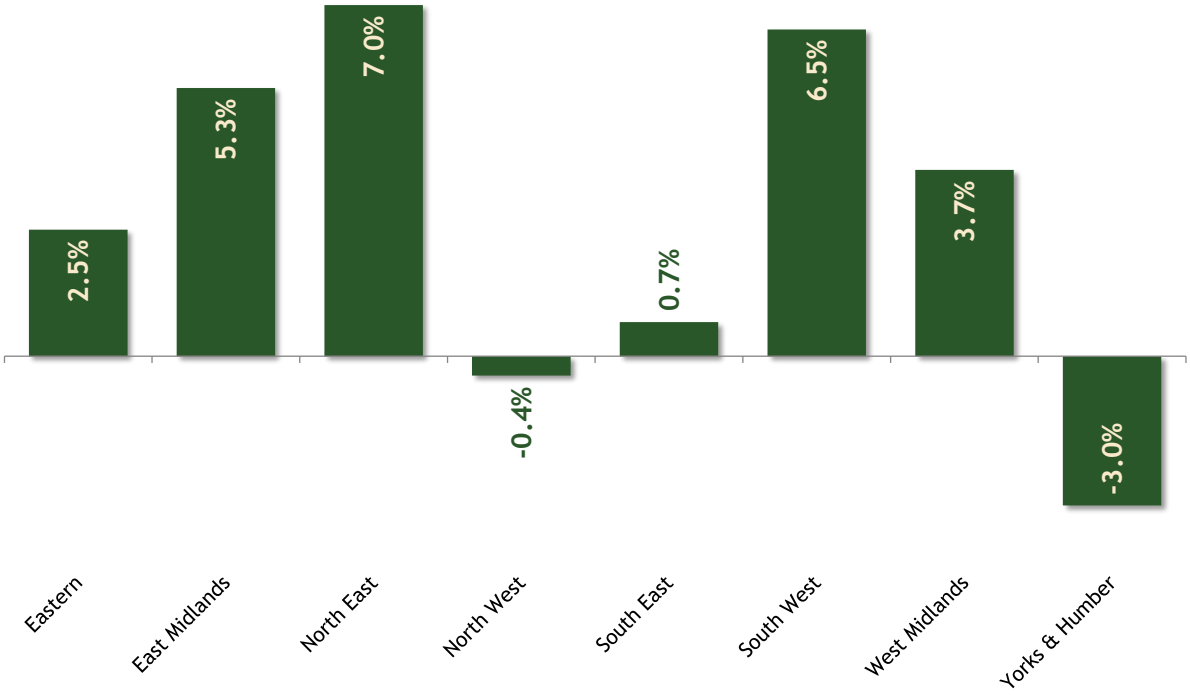
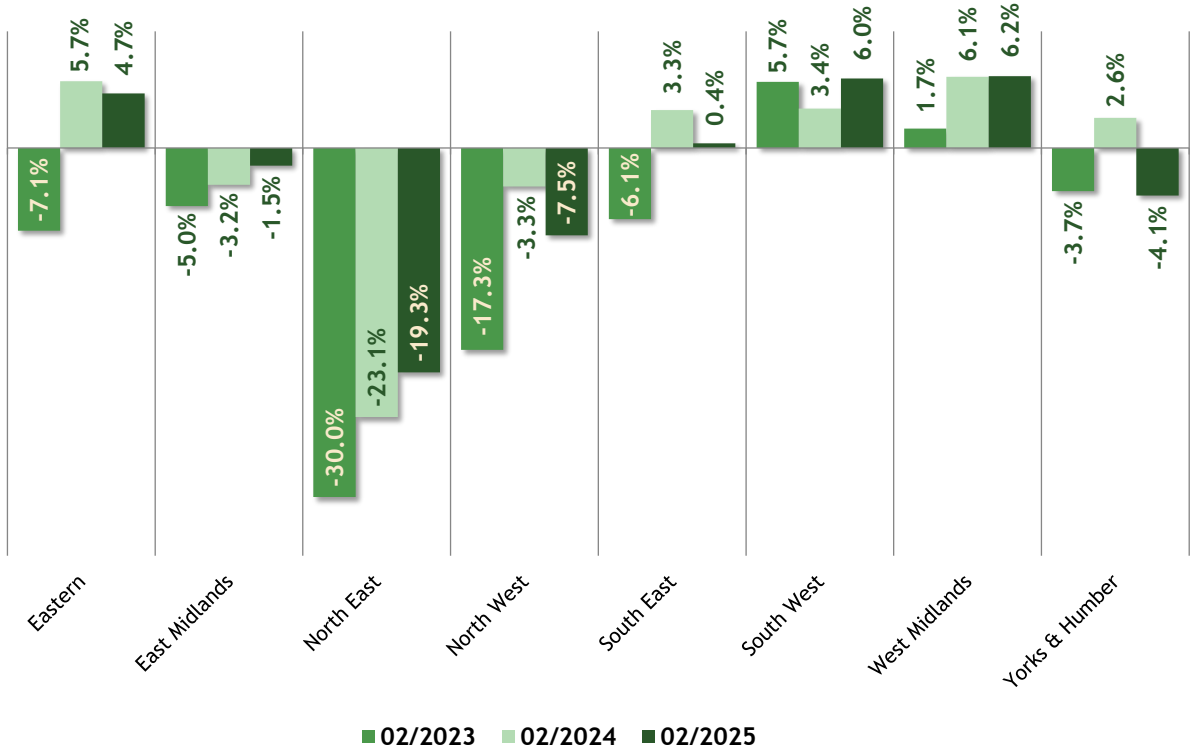


Figure 6: Gross Operating Costs per Bus Hour: Regional Differentials

Variance from figures for Great Britain Outside London



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 The DfT's published figures cover a whole financial year and are taken from the STATS100 returns.

4.1.3 It is therefore interesting to compare the results of the June 2024 CPT survey reported here with the most recent DfT figures, which covered the year to 31 March 2024. The comparison is shown in Table 4.1 below.

4.1.4 As can be seen, the two results were once again within 1% of each other at an England level. At the higher level of Great Britain outside London, the divergence between the two surveys is 3.7%. However, there was divergence between the figures in the English Metropolitan and Shire areas. In Wales, the difference was 4.9%.

4.1.5 In Scotland, the gap was much larger at 16.6%. 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 in line with those in England outside London.

Table 4.1: CPT and DfT Surveys Compared

DfT results for 2023/24 and CPT Results June 2024

Cost (£) per Km	English Mets	English Shires	England Outside London	Scotland	Wales	GB outside London
CPT Survey	3.182	2.966	3.056	3.057	2.669	3.038
Per DfT	3.319	2.877	3.027	2.623	2.546	2.930
% difference	(4.1%)	3.1%	1.0%	16.6%	4.9%	3.7%

4.1.6 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 three February CPT Cost Monitor surveys. The results have been adjusted for inflation to March 2025 prices by use of the GDP Deflator.

4.1.7 It will be seen that, after adjusting for inflation, operating costs per kilometre have risen by 6.0% since the February 2024 survey, but have fallen by 2.5% since February 2023. The slowdown results from both a slower rate of pre-inflation increases and the fall in inflation. Even so, per km costs are 16.7% higher than the last pre-Covid year of 2018/19.

4.1.8 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 (March 2025) Prices, adjusted using GDP Deflator

Period	English Metropolitan areas	English Shires	England outside London	Scotland	Wales	Great Britain outside London
2018/19 DfT	3.175	2.589	2.791	2.630	1.976	2.716
2021/22 DfT	3.438	2.852	3.052	2.718	2.220	2.950
2022/23 DfT	3.449	2.922	3.027	2.759	2.408	2.946
2023/24 DfT	3.508	3.041	3.201	2.773	2.691	3.097
Feb 23 CPT	3.422	3.100	3.236	3.440	2.940	3.251
Feb 24 CPT	3.135	2.875	2.978	3.143	2.762	2.990
Feb 25 CPT	3.319	3.050	3.146	3.336	2.934	3.169
% changes						
Since 2018/19	4.5%	17.8%	12.7%	26.8%	48.5%	16.7%
Since Feb 23	(3.0%)	(1.6%)	(2.8%)	(3.0%)	(0.2%)	(2.5%)
Since Feb 24	5.9%	6.1%	5.7%	6.1%	6.2%	6.0%

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 48 'core' companies for which data has been received covering all seven 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 12.0 mph in February 2025, compared with 12.12 mph a year earlier – a fall of 1.1%. 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 has fluctuated over the seven periods from 10.98 mph to 10.92 mph, an almost imperceptible fall of 0.6%.

5.2.2 In the most recent twelve months, bus speeds were virtually unchanged in London (7.8 mph), but fell elsewhere: by 3.7% in Wales (13.1 mph), 2.4% in Scotland (14.3 mph) and 1.2% in the English Shires (12.2 mph) and 0.2% (10.8 mph) in the English Metropolitan Areas.

5.2.3 Across the regions, slower speeds were reported in the South East (down 2.5% to 12.1 mph), East Midlands (2.2%, 11.7 mph), the Easts of England (1.1%, 13.2 mph), the South West (1.0%, 12.1 mph), the West Midlands (1.8%, 11.0 mph) and Yorkshire and the Humber (0.9%, 10.6 mph). There were small improvements in the North East and the North West.

5.2.4 Comparisons with a five-year survey of English operators undertaken on behalf of CPT in 2021 show a standstill in operating speeds – at 11.70 mph in England outside London. In most places speeds are below the levels achieved in 2014/15, the only exceptions being in the North East and the East Midlands.

5.2.5 Over the period between the first and most recent Cost Monitor surveys, three regions have experienced a decline, one recorded no change, and four showed an increase. The details are contained in Table 5.1 below.

Table 5.1: Average Speed Comparisons for England

Region/Segment	CPT Member Survey 2014/15	CPT Member Survey 2018/19	Cost Monitor Feb-22	Cost Monitor Feb-25	% change since 2014/15	% change since 2018/19	% change since 2022
England o/s London	11.7	11.4	11.3	11.9	1.6%	4.2%	4.8%
Metropolitan Areas	11.0	10.8	10.7	11.1	0.6%	2.4%	3.7%
Shire Areas	12.2	11.7	11.9	12.3	1.1%	5.4%	3.6%
English Regions							
North East	12.0	11.6	11.3	12.0	0.2%	3.6%	6.4%
North West	10.9	10.6	10.1	10.6	(3.1%)	(0.4%)	4.5%
Yorks & the Humber	11.1	11.0	10.6	10.6	(4.9%)	(4.0%)	0.0%
East Midlands	10.8	10.7	12.0	11.7	7.9%	8.9%	(3.1%)
West Midlands	11.3	11.3	11.4	11.0	(2.7%)	(2.7%)	(3.5%)
East of England	13.5	13.3	13.4	13.2	(2.6%)	(1.1%)	(1.8%)
South East	12.5	11.4	12.1	12.5	0.1%	9.8%	3.3%
South West	12.6	12.1	11.4	12.1	(3.7%)	0.3%	6.1%

5.3 Staff Levels and Productivity

Overall Staff Numbers

5.3.1 Amongst the core operators, staff numbers have increased across the survey series. All grades show an increase of 4,216 (7.9%) since February 2022. Outside London, the figure

is 2,578 (6.1%). The English Mets show a reduction in employment of 1,142 (9.6%), likely to be the result of the transition in Greater Manchester.

5.3.2 In the regions, a similar effect is driving a 4.1% reduction in the North West. Of the other regions, only the West Midlands shows a reduction in employment between February 2022 and February 2025 – now amounting to 305 or 5.3%. In the most recent twelve months, the franchise-affected North West saw a reduction of 9.9% and the West Midlands of 2.8%. Scotland also saw a reduction in jobs, of 2.3%. London's workforce expanded by 5.6%. Amongst the regions, growth was highest in the East Midlands (6.9%) and the South East (6.3%).

Drivers Employed

5.3.3 Driver numbers increased, too. The figures continued to bear out the general improvement in driver recruitment, with an increase of 12.5% across the whole country over the three years, and 10.6% in GB outside London. Particularly notable was the South East on 22.3%, the East of England on 19.6% and the East Midlands on 19.5%.

5.3.4 During the most recent twelve month period, ending February 2025, there was growth in all but two regions and two segments. Aside from the franchise-affected figures in the English Mets and the North West of England, there was a small fall in the North East (0.3%) and Scotland (4.3%). Highest growth came in London (11.5%), Wales (6.9%) and the East Midlands (8.2%).

Productivity

5.3.5 The number of kilometres run per driver employed is a useful, easily tracked measure and is an indicator of staff productivity. As measured using DfT's Annual Bus Statistics and now these surveys, 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.

5.3.6 The deterioration has continued during all seven CPT Cost Monitor surveys, with numbers being 8.7% lower across the whole country and 8.5% down outside London. The weekly average for kilometres run per driver in February 2022 was 571.7, falling to 522.2 in February 2025. Outside the capital, the figure went from 607.3 to 556.0. Productivity fell in all sectors and most regions over the last 12 months, the exceptions being Scotland (up 2.0%) and the East of England (1.2%). The franchise-affected English Mets and North West also saw small gains.

5.3.7 The figures are illustrated graphically in the chart at Figure 7 below. 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

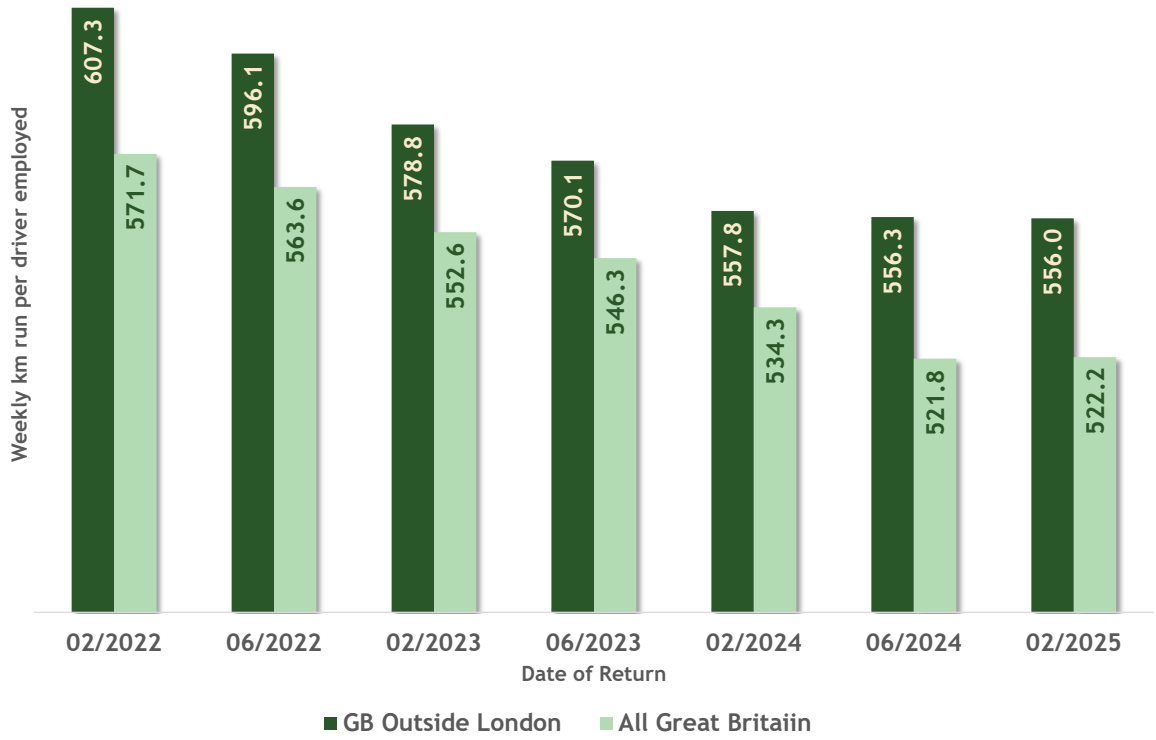


Figure 8: Speed v Driver Productivity by Region and Market Segment

Average Vehicle Speed (mph) v Weekly Kms Run per Driver, February 2025