

# Changes in Bus Industry Costs 2019-2022

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# 1. Introduction

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## 1.1 The Purpose of this Document

- 1.1.1 The Confederation of Passenger Transport (CPT) has commissioned a new survey of members, the CPT Cost Monitor, designed to provide ongoing analysis of trends in bus operating costs. More results of this will be available for publication over the next few months.
- 1.1.2 Meanwhile, a need has been identified to understand in more detail the changes in unit costs and the cost structure that have occurred since 2019. For a variety of reasons, the new figures are not compatible with the old CPT Cost Index, so an alternative method has been adopted, reported on in this document.

## 1.2 Methodology

- 1.2.1 However, it is possible to provide some disaggregated analysis of the movement in costs for the country as a whole (i.e. Great Britain outside London). It is also possible to provide some analysis of the movement in total costs for each industry sector/nation.

## 2. Disaggregated Cost Analysis, GB outside London

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### 2.1 Methodology

2.1.1 It is possible to provide some measure of comparison with earlier years for Great Britain outside London, using the following approach:

- Calculate the split of costs for each year, using the original CPT Cost Index alongside data from the *Bus Industry Monitor* database.
- Apply the resulting percentage breakdown to the industry operating costs published by DfT in their Annual Bus Statistics<sup>1</sup>.
- Apply the figure for kilometres run, again published by DfT, to give a unit cost per kilometre operated for each year.

### 2.2 Results

2.2.1 The figures have been calculated for the five years pre-Covid (2014/15 to 2018/19) and for 2021/22. The percentage changes are shown in Table 1 for current prices and Table 2 for constant (June 2022) prices.

2.2.2 As can be seen, the unit costs of operation in cash terms increased by 12.7% in the five years before Covid, and by a further 16.0% between 2018/19 and 2021/22. After adjustment for inflation, the increases were 5.6% and 7.6% respectively.

2.2.3 The picture varied between different components of cost, with the largest increases between 2019 and 2022 being seen in the cost of maintenance materials (parts), up 80.3% in nominal terms (67.3% real) and overheads up 45.1% (34.6% real). Other items which recorded double digit increases were:

- fuel, up 25.4% (16.3% real)
- maintenance staff, up 22.3% (13.4% real)
- claims and insurance, up 14.6% (6.3% real)

2.2.4 Labour costs for drivers rose by 4.3%, which meant a real term fall of 3.3%. At first sight this seems counter-intuitive, but it is likely to reflect the falls in both employment and earnings during the lockdown periods in 2020 and 2021. This is evidenced in the Department for Transport's figures for mean average earnings by bus and coach drivers, which fell sharply in 2019 and 2020, and only partially recovered in 2020/21 and 2021/22<sup>2</sup>. As we have seen, the recovery continued into 2022, as the driver costs increased by 3.6% between February and June 2022.

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<sup>1</sup> Annual Bus Statistics, Sheet BUS04ei, Department for Transport

<sup>2</sup> Annual Bus Statistics 2022, DfT, Sheet BUS07di.

**Table 1: % Changes in Unit Costs per Kilometre (Current Prices), 2016-2022**

% changes	2016	2017	2018	2019	2015-2019	Since 2019
Drivers	2.68%	4.11%	7.15%	4.12%	19.3%	4.3%
Maintenance	0.93%	2.76%	2.03%	1.38%	7.3%	22.3%
Admin	1.12%	2.26%	5.26%	-0.57%	8.2%	4.6%
<b>Sub-total Labour</b>	<b>2.28%</b>	<b>3.73%</b>	<b>6.29%</b>	<b>3.29%</b>	<b>16.5%</b>	<b>6.5%</b>
Parts	-0.47%	-0.47%	1.12%	0.14%	0.3%	80.3%
Fuel	1.17%	-5.72%	-4.14%	-4.71%	-12.9%	25.4%
Overheads	4.84%	-1.48%	8.92%	34.63%	51.5%	45.1%
Insurance	1.75%	-5.74%	7.61%	0.99%	4.2%	14.6%
Dep'n & Leasing	-1.14%	8.50%	-3.62%	7.44%	11.1%	-1.5%
<b>TOTAL COSTS</b>	<b>1.85%</b>	<b>1.59%</b>	<b>3.68%</b>	<b>5.02%</b>	<b>12.7%</b>	<b>16.0%</b>

**Table 2: % Changes in Unit Costs per Kilometre (Constant Prices), 2016-2022**

2021/22 Prices, Adjusted using the GDP Deflator

% changes	2016	2017	2018	2019	2015-2019	Since 2019
Drivers	2.05%	1.83%	5.34%	2.13%	11.8%	-3.3%
Maintenance	0.31%	0.51%	0.30%	-0.56%	0.6%	13.4%
Admin	0.49%	0.02%	3.48%	-2.47%	1.4%	-3.0%
<b>Sub-total Labour</b>	<b>1.65%</b>	<b>1.46%</b>	<b>4.49%</b>	<b>1.31%</b>	<b>9.2%</b>	<b>-1.2%</b>
Parts	-1.08%	-2.64%	-0.59%	-1.78%	-6.0%	67.3%
Fuel	0.55%	-7.78%	-5.77%	-6.54%	-18.3%	16.3%
Overheads	4.19%	-3.63%	7.07%	32.05%	42.0%	34.6%
Insurance	1.12%	-7.81%	5.79%	-0.95%	-2.3%	6.3%
Dep'n & Leasing	-1.75%	6.13%	-5.25%	5.39%	4.1%	-8.6%
<b>TOTAL COSTS</b>	<b>1.22%</b>	<b>-0.63%</b>	<b>1.93%</b>	<b>3.01%</b>	<b>5.6%</b>	<b>7.6%</b>

## 3. Movements in Total Cost by Market Segment

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### 3.1 Methodology

3.1.1 As with the figures for the whole of Great Britain, the data is drawn from the industry operating costs published by DfT in their Annual Bus Statistics<sup>3</sup>.

- The available figures are used for the English Metropolitan and Shire Areas together with Scotland and Wales. These figures are not available for London.
- Apply the figure for kilometres run, again published by DfT in their Annual Bus Statistics<sup>4</sup>, to give a unit cost per kilometre operated for each year.

3.1.2 The figures are once again calculated in current prices, i.e. without adjustment for inflation and at constant (June 2022) prices. From this data, it is possible to provide an index of operating costs in each market segment, with the 2004/05 figure as a base point. The results are shown in Table 3 (current prices) and Table 4 (constant prices, adjusted for inflation) below.

### 3.2 Results – Current Prices

3.2.1 It will be seen that, in current prices, unit operating costs across the country virtually doubled between 2004/05 and 2021/22. There was some variation between market segments, with the English Metropolitan areas seeing the smallest increase, at 83.5%, whilst the largest increase came in the English Shire areas, on 103.5%. This differential is consistent with the significantly larger reduction in operating speeds in the Shire areas recorded in the 2021 survey of bus speeds.

3.2.2 Between 2018/19 and 2021/22, there was a nominal increase in operating costs of 16.1%, with higher increases in the English Shires (18.6%), but lower increases in Wales (9.8%) and Scotland (9.3%).

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<sup>3</sup> Annual Bus Statistics, Sheet BUS04ei and BUS04eii, Department for Transport

<sup>4</sup> Annual Bus Statistics, Sheet BUS02km, Department for Transport



**Table 3: Index of Bus Operating Costs, Current Prices, 2005-2022**

Year to 31 March	English Metropolitan areas	English Shire areas	England outside London	Scotland	Wales	Great Britain outside London
2005	100.0	100.0	100.0	100.0	100.0	100.0
2006	103.4	103.7	103.4	97.8	112.6	102.9
2007	114.5	117.0	115.9	109.6	127.9	115.3
2008	114.9	123.3	119.8	112.8	131.7	119.0
2009	121.8	128.9	125.7	128.5	144.6	126.8
2010	129.8	133.8	131.7	132.9	138.8	132.1
2011	132.4	133.8	132.7	140.0	139.8	134.2
2012	132.1	142.8	138.0	157.4	161.8	142.0
2013	136.5	144.2	140.5	159.9	173.7	144.9
2014	138.9	148.5	144.0	160.0	180.5	148.0
2015	144.9	149.5	146.8	162.4	184.8	150.9
2016	144.5	156.4	150.7	158.5	188.3	153.5
2017	149.9	156.7	152.7	165.2	188.1	156.3
2018	153.2	166.9	160.7	164.0	175.0	161.7
2019	158.0	173.5	166.6	183.6	184.3	169.8
2020	174.8	170.5	171.3	202.2	176.1	176.3
2021	190.4	213.8	203.7	200.8	217.2	204.4
2022	183.5	205.7	195.8	200.6	202.3	197.2

### 3.3 Results – Constant Prices

- 3.3.1 After adjusting cost levels for inflation, we see that, in real terms, unit operating costs across the country increased by 38.1% between 2004/05 and 2021/22. Once again, there was variation between the market segments, with the English Metropolitan areas showing the smallest increase, 28.5%. Costs in the English Shire areas rose by 44.1%, with increases of 40.5% and 41.7% being recording in Scotland and Wales respectively.
- 3.3.2 Between 2018/19 and 2021/22, there was a real increase in operating costs of 7.7%, with higher increases in the English Shires (10.0%) and the Metropolitan Areas (7.7%), but lower increases in Wales (1.8%) and Scotland (1.4%).

**Table 4: Index of Bus Operating Costs, Constant (June 2022) Prices, 2005-2022**

Year to 31 March	English Metropolitan areas	English Shire areas	England outside London	Scotland	Wales	Great Britain outside London
2005	100.0	100.0	100.0	100.0	100.0	100.0
2006	100.4	100.7	100.5	95.0	109.4	99.9
2007	108.0	110.3	109.3	103.4	120.6	108.8
2008	105.5	113.2	109.9	103.5	120.9	109.2
2009	108.5	114.9	112.1	114.5	128.9	113.0
2010	113.8	117.4	115.5	116.6	121.8	115.9
2011	114.2	115.5	114.5	120.8	120.6	115.8
2012	112.3	121.4	117.3	133.8	137.6	120.7
2013	113.7	120.2	117.1	133.3	144.8	120.8
2014	113.1	121.0	117.3	130.4	147.0	120.6
2015	116.7	120.4	118.2	130.8	148.8	121.5
2016	115.6	125.2	120.6	126.9	150.7	122.9
2017	117.4	122.7	119.6	129.3	147.2	122.4
2018	117.9	128.5	123.7	126.2	134.7	124.5
2019	119.3	131.0	125.8	138.6	139.1	128.2
2020	129.0	125.9	126.4	149.3	130.0	130.2
2021	133.0	149.4	142.3	140.3	151.8	142.8
2022	128.5	144.1	137.1	140.5	141.7	138.1