

# CPT Cost Index

Summary of results: change in bus & coach industry costs for the 12 months to 30 June 2015



## Overall change in operating costs

Change in individual cost categories:

1 Drivers wages and on costs	3.3%	3.2%	4.0%	4.6%	2.6%	2.0%	3.1%	4.0%	4.0%	43.6%
2 Other labour and staff costs	1.1%	3.9%	-2.4%	5.3%	0.5%	-1.4%	1.2%	-2.0%	1.0%	13.9%
3 Insurance and claims	-4.9%	-6.1%	1.0%	-2.9%	-7.5%	-3.3%	-5.3%	-4.9%	-1.6%	2.7%
4 Fuel	-2.7%	-3.1%	-1.3%	-9.3%	-1.1%	-4.3%	-3.0%	-4.5%	-1.1%	17.7%
5 Maintenance materials	1.0%	4.2%	-2.0%	0.9%	3.9%	-2.3%	2.1%	-10.3%	-1.1%	4.6%
6 Vehicle depreciation	3.2%	-3.1%	2.2%	13.2%	2.3%	13.2%	3.0%	19.6%	1.4%	6.3%
7 Other operating costs	3.4%	0.5%	-1.7%	2.1%	4.4%	13.6%	3.8%	5.9%	1.0%	11.2%

## Sample size:

Representing operating costs of:

£3,295,600,000	£691,400,000	£335,000,000	£301,600,000	£1,019,300,000	£300,800,000	£2,648,200,000	£126,400,000	£521,100,000
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100%

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:

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 does not attempt to predict forthcoming changes.

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

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.

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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%
June 2014	1.7%
December 2014	1.6%

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 may have been locked into hedges that cost more than the spot price and are hence did not benefit from the lower prices in the earlier part of this year.

**Average diesel "pump" prices, assuming a constant monthly purchase, dropped by around 10% net of VAT over the year.**

**Individual operator experiences for fuel on a pence per mile basis ranged from an increase of 30% to a reduction of 24%, with a weighted average of -2.7%.**

The actual change in the cost of fuel per mile operated not only reflects movements in diesel prices but also changes in average consumption (mpg) which are due to factors such as fleet replacement programmes (new vehicles may have a different mpg to those being replaced), the impact of worsening traffic congestion and the impact of driver training initiatives (anti-idling campaigns, fuel efficient driving techniques, etc).

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 around 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 2015 and will be published in mid-March 2016.