

# Bus Industry Costs in Summer 2023

Confederation of Passenger Transport  
February 2024

Final V3.0

Version for Publication





# Contents

---

1.	Introduction.....	5
1.1	The Purpose of this Document.....	5
1.2	Methodology.....	5
1.3	Responses.....	5
2.	Industry Cost Structure .....	7
2.1	Introduction .....	7
2.2	The Analysis Results.....	7
2.3	Comparisons with the Past .....	10
3.	Changes in Cost Levels.....	12
3.1	Changes in Summer 2023 .....	12
4.	Comparisons with Other Figures .....	15
4.1	Methodology.....	15
4.2	Comparing the Two Surveys.....	15
5.	Operating Data.....	17
5.1	Overview.....	17
5.2	Operating Speed .....	17
5.3	Staff Levels and Productivity .....	18



# 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 September and October 2023. It also provides revised data for earlier surveys following resubmission of corrected returns.

## 1.2 Methodology

1.2.1 Members were requested to supply operating statistics and cost data for a representative week during June 2023, either via completing a spreadsheet template or completing an online form. The design of the template and the data requested was the subject of extensive consultation with members during the autumn of 2022.

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 will not be disclosed or published.

## 1.3 Responses

1.3.1 Data was supplied for a total of 46 operators across the country. They are spread across all regions and nations, and between them operated 16,032 peak vehicles. This represents some 46% of the total local bus fleet in Great Britain, as recorded by the Department for Transport at March 2023. Looking at distance operated, the operators accounted for over 61% of the national total for 2022/23.

1.3.2 The resulting sample was less extensive than previous surveys, but nevertheless offers a representative sample of the fleet. As such, we believe that the results offer a representative sample of the fleet, and for each of the main local bus market segments, as illustrated in Table 1.1 below.

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

Market Segment	PSVs run by local operators	PVR in this return	% included	DfT figures for KM Run (million)	Km Recorded in this return (Annualised)	% included
Greater London	8,788	3,364	38.3%	454	222	48.9%
English Mets	7,734	4,256	55.0%	397	313	79.0%
English Shires	13,632	6,385	46.8%	793	506	63.8%
Scotland	3,219	1,572	48.8%	275	149	54.2%
Wales	1,445	455	31.5%	84	39	46.0%
GB O/S London	26,029	12,668	48.7%	1,549	1,007	65.0%
ALL GB	34,818	16,032	46.0%	2,003	1,229	61.3%

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 we cannot 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 the previous breakdowns supplied by the *Bus Industry Monitor* project.

### 2.2 The Analysis Results

2.2.1 The figures for Great Britain outside London for June 2023 are shown below in Figure 1 and can be compared with the same breakdown for the three previous periods, which are shown in the graphs at Figure 2, Figure 3 and Figure 4 below. Note that to aid legibility, “Ownership” 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.

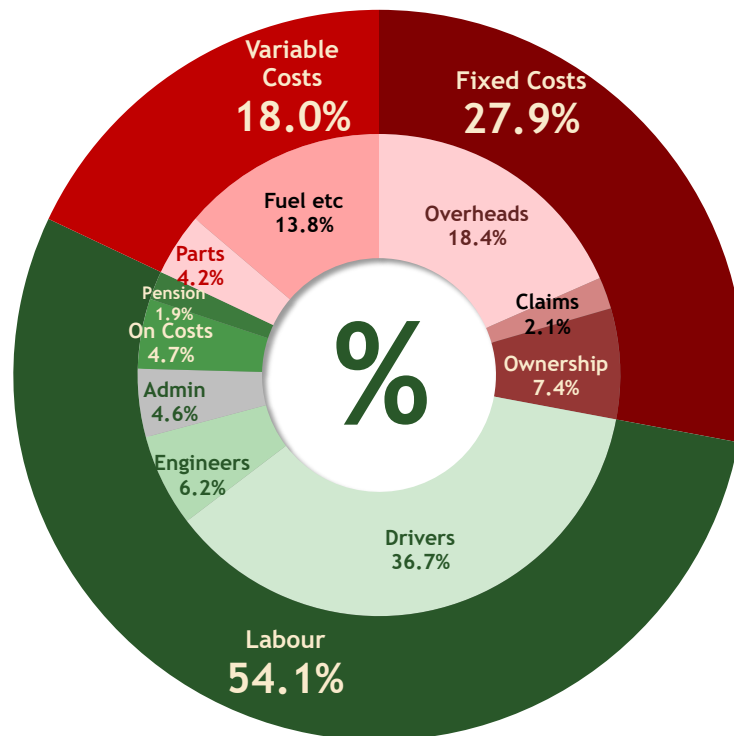
<b>Table 2.1: Movements in Bus Industry Cost Structure, 2019-2023</b>					
<b>Great Britain outside London</b>					
	2019	Feb-2022	Jun-2022	Feb-2023	Jun-2023
<b>Fixed &amp; Semi-Variable Costs</b>					
Overheads	11.4%	14.1%	15.6%	19.9%	18.4%
Claims	2.5%	2.4%	2.5%	2.1%	2.1%
Dep'n & Leasing	8.9%	7.8%	7.5%	7.6%	7.4%
<b>Labour Costs</b>					
Drivers	41.2%	34.9%	35.0%	35.1%	36.7%
Engineers	5.4%	6.6%	6.7%	6.4%	6.2%
Admin	4.6%	4.6%	5.0%	4.2%	4.6%
On Costs	4.8%	5.7%	5.4%	4.5%	4.7%
Pensions	3.4%	2.5%	2.4%	1.7%	1.9%
<b>Variable Costs</b>					
Parts	4.1%	6.4%	6.2%	4.6%	4.2%
Fuel etc	13.7%	15.0%	13.8%	13.9%	13.8%
<b>Summary</b>					
Fixed Costs	22.8%	24.3%	25.6%	29.6%	27.9%
Labour	59.4%	54.3%	54.4%	51.9%	54.1%
Variable Costs	17.8%	21.4%	20.0%	18.5%	18.0%

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 previously. They accounted for 54.1% of the

total, up from the February figure of 51.9%, and more in line with the 54% reported in the two 2022 surveys.

- 2.2.4 Drivers form the largest component at 36.7% in June, again a slightly higher proportion than in the previous surveys. Adding in Employer’s NI, Employer Pension Contributions and other on costs, takes the proportion to just under 42%, a similar level to the February 2022 surveys.
- 2.2.5 Direct vehicle operating costs account for a further 18.0% (down from 18.5% in February lower than both 2022 surveys). The largest component is fuel, oil and tyres on 13.8% similar to the last two surveys, and well below the 15% recorded in February 2022 at the start of the Ukraine crisis.
- 2.2.6 Fixed costs account for the balance of 27.9%, down from February’s 29.6%, but still a significant increase on the 25.6% and 24.3% recorded in the two 2022 surveys.

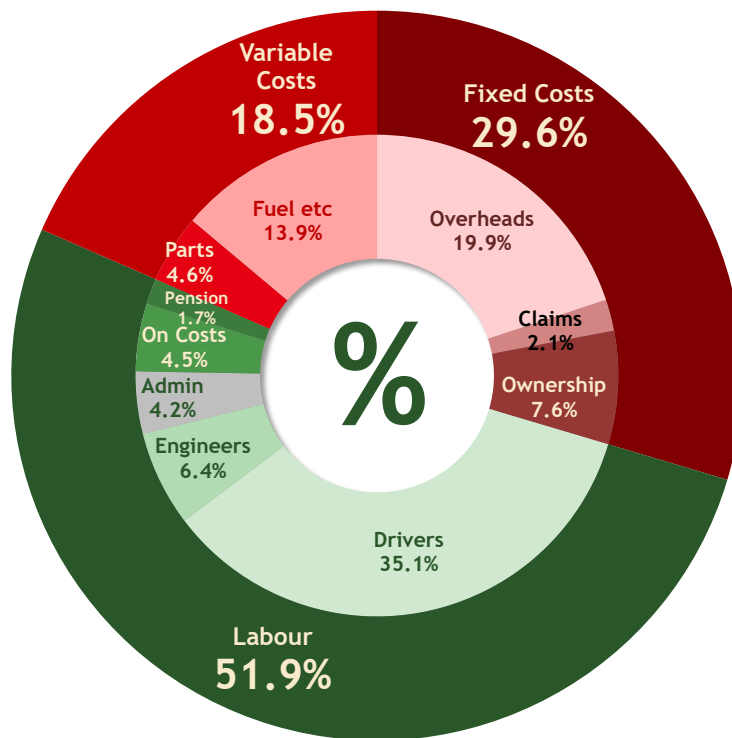
**Figure 1: Breakdown of Bus Industry Costs, June 2023**  
Great Britain outside London





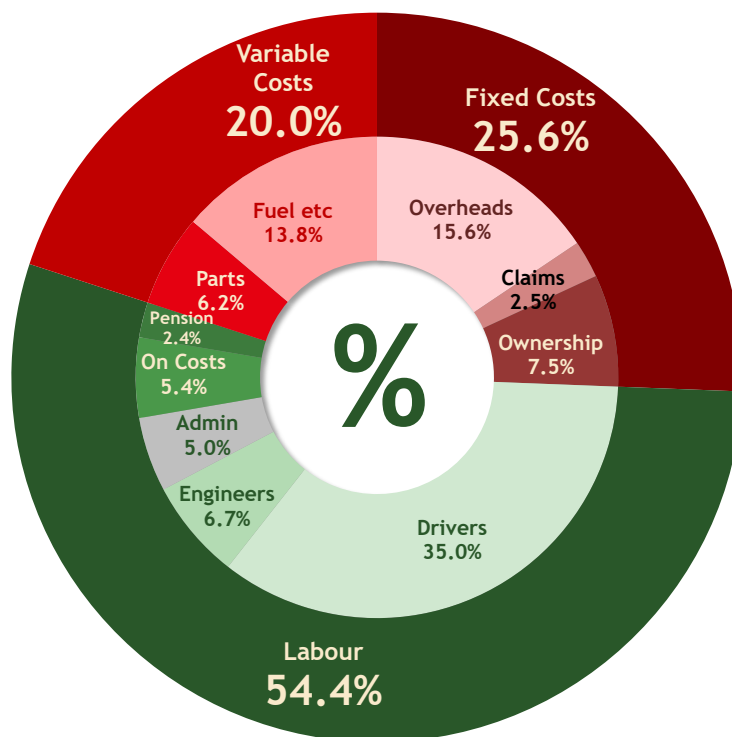
**Figure 2: Breakdown of Bus Industry Costs, February 2023**

Great Britain outside London



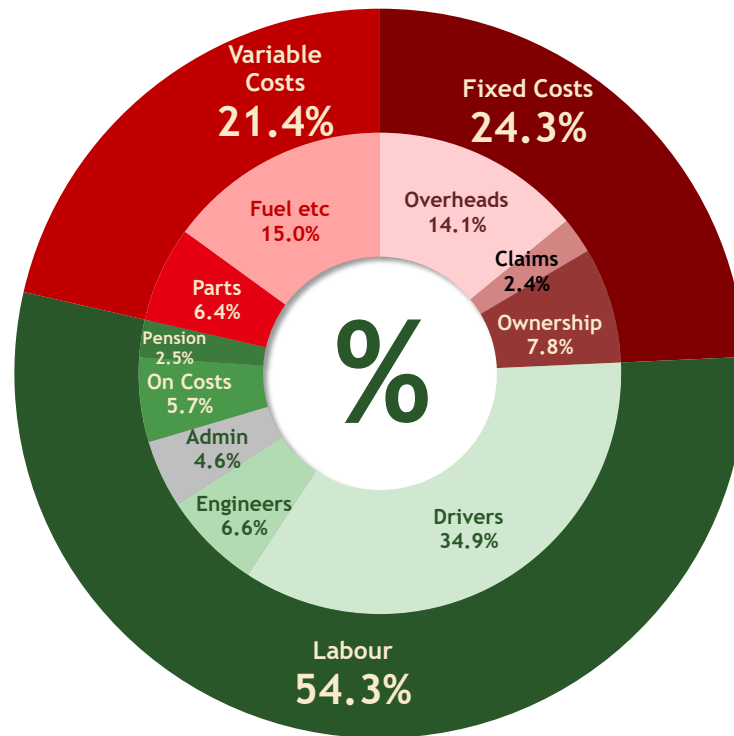
**Figure 3: Breakdown of Bus Industry Costs, June 2022**

Great Britain outside London



**Figure 4: Breakdown of Bus Industry Costs, February 2022**

Great Britain outside London

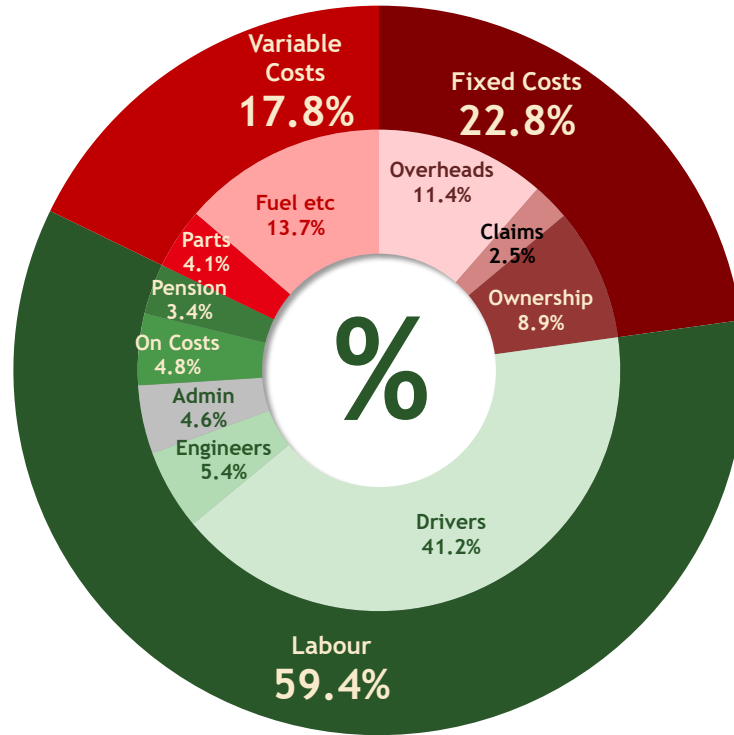


## 2.3 Comparisons with the Past

- 2.3.1 The figures above can be compared with the last set produced in 2020, covering the financial 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 5 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, there have been some significant shifts, as the proportion taken by labour costs has fallen from almost 61% down to the 51-55% range. This does not reflect any reduction in labour costs, however, merely that other elements of the mix have increased at a faster rate.

Figure 5: Breakdown of Bus Industry Costs, 2018/19<sup>1</sup>

Great Britain outside London



<sup>1</sup> Source: 2FM analysis of Bus Industry Monitor database, courtesy of Passenger Transport Monitor

## 3. Changes in Cost Levels

### 3.1 Changes in Summer 2023

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 Table 3.1 below, followed by the same for each English region.

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

June 2022 to June 2023

% changes	English Mets	English Shires	Scotland	Wales	GB o/s London	London	All GB
Running Costs	10.7%	7.1%	12.7%	(2.7%)	8.0%	0.4%	6.5%
Dep'n & Leasing	3.3%	(5.3%)	12.9%	(8.1%)	0.5%	13.2%	3.6%
Labour	2.4%	6.7%	13.4%	(0.3%)	6.3%	17.0%	9.4%
Engineering	(19.4%)	(29.9%)	(38.9%)	(0.7%)	(25.8%)	(30.0%)	(26.8%)
Semi-Var. Costs	13.2%	(2.5%)	79.1%	30.0%	14.9%	(22.9%)	5.6%
Claims & Ins	(12.9%)	(2.7%)	(20.9%)	(27.4%)	(10.7%)	(21.0%)	(13.4%)
Overheads	44.8%	23.0%	46.8%	38.2%	34.7%	35.0%	34.2%
Overall	7.9%	5.8%	15.9%	8.0%	8.9%	14.3%	10.3%

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

June 2022 to June 2023

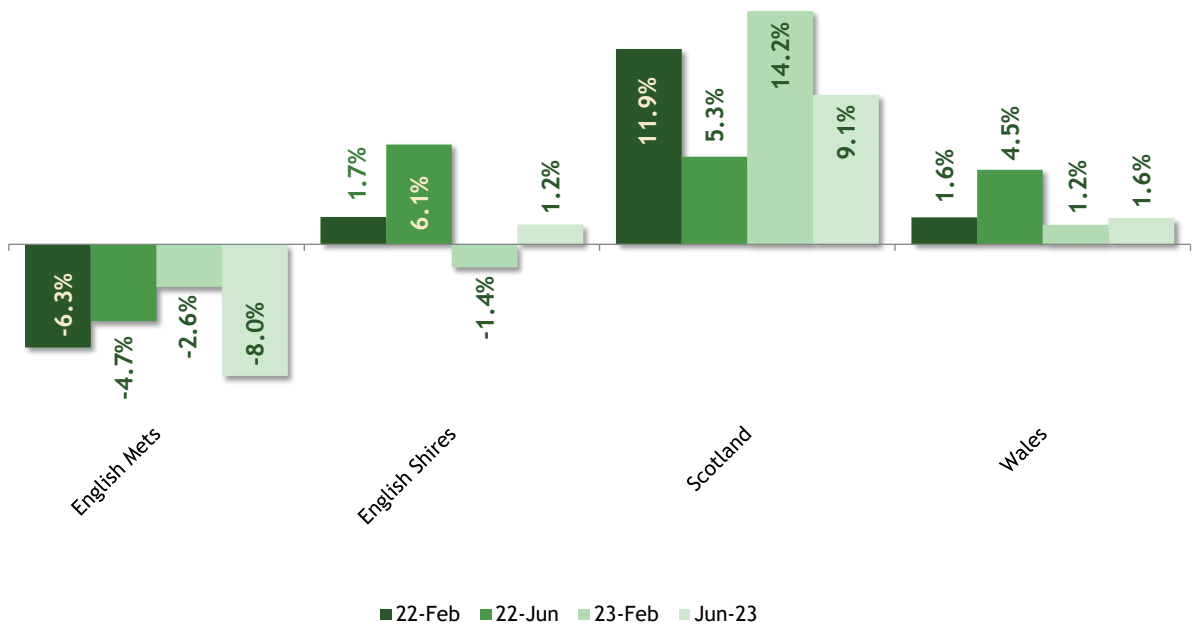
% changes	Eastern	East Midlands	North East	North West	South East	South West	West Midlands	Yorks & Humber
Running Costs	10.0%	(12.8%)	3.1%	22.8%	10.3%	11.4%	(9.9%)	18.2%
Dep'n & Leasing	27.8%	11.2%	39.5%	(1.1%)	(5.4%)	1.0%	(21.2%)	(21.2%)
Labour	3.7%	16.6%	(12.6%)	7.3%	10.4%	1.4%	1.5%	1.2%
Engineering	(26.0%)	(19.4%)	(31.2%)	(59.8%)	(34.2%)	(37.0%)	(52.2%)	6.8%
Semi-Var. Costs	19.6%	9.1%	(47.8%)	40.0%	8.5%	(33.0%)	(6.0%)	(27.9%)
Claims & Ins	(11.5%)	2.7%	57.2%	(8.5%)	12.9%	(0.4%)	(42.9%)	(28.5%)
Overheads	22.4%	69.5%	76.9%	112.1%	44.8%	31.2%	101.3%	8.9%
Overall	4.2%	12.2%	(7.1%)	15.3%	7.5%	1.3%	4.7%	6.4%

3.1.2 The chart at Figure 6 below shows the variation between the gross unit costs per bus hour for each sector. As can be seen, there is comparatively little variation here, with Scotland, Wales and the English Shires all being above the average and the English Metropolitan areas below.

3.1.3 The analysis is repeated for the English regions in Figure 7. As can be seen, the largest variant seems to be North East England, which was significantly below the national figure in all four surveys. In the light of the size of the differential, additional checks were conducted, including discussion with respondents from the region. It is clear that the differential in cost levels is primarily the result of much lower unit labour costs. In June 2023, labour costs per bus hour were 30% below the average for the whole of Great Britain outside London.

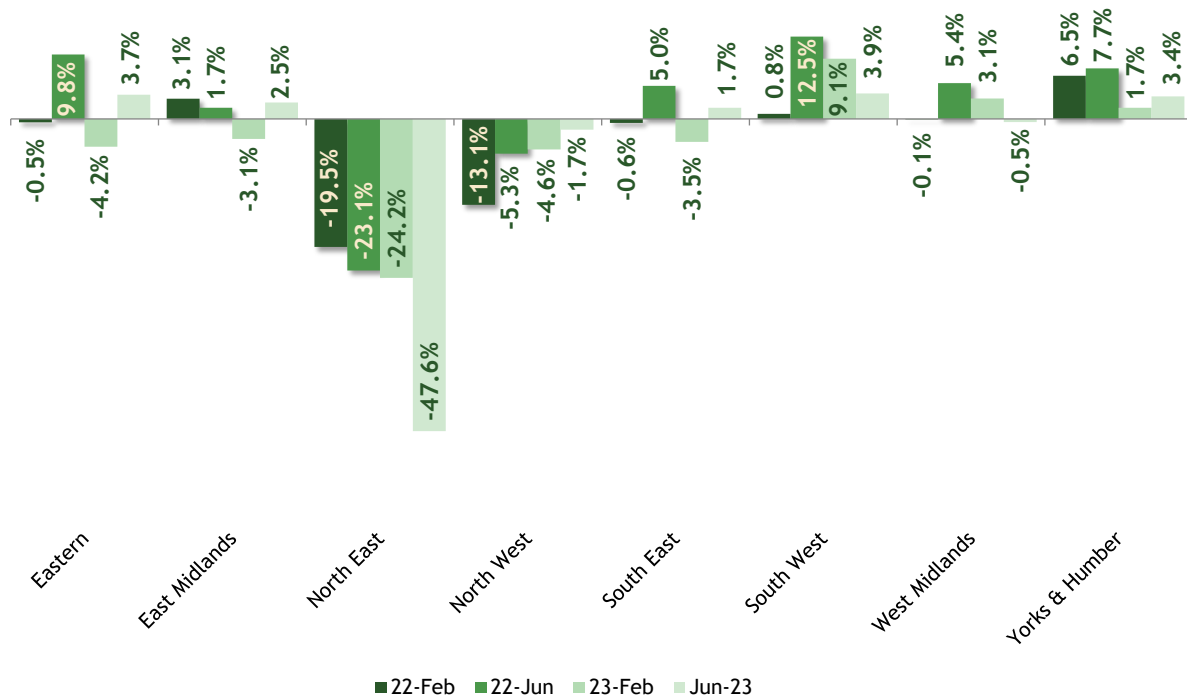
3.1.4 Following this, in Figure 8 we see the change in cost levels between the June 2022 and June 2023 returns. Costs were substantially ahead in all areas save the North East which saw a 7.1% fall. The two largest increases of over 15% occurred in the North West and Scotland, followed by East Midlands on 12.2%.

**Figure 6: Gross Operating Costs per Bus Hour: Sector Differentials**  
 Variance from figures for Great Britain Outside London



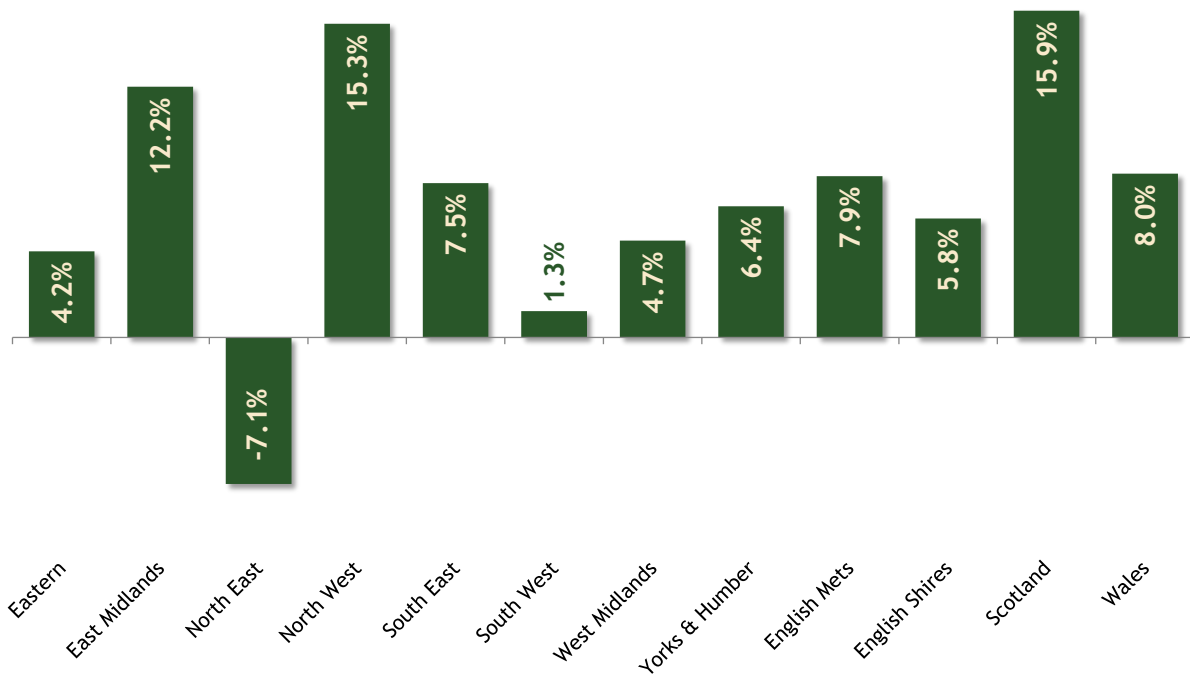
## Figure 7: Gross Operating Costs per Bus Hour: Regional Differentials

Variance from figures for Great Britain Outside London



## Figure 8: Change in Gross Operating Costs per Bus Hour by Region/Sector

June 2022 to June 2023



## 4. Comparisons with Other Figures

### 4.1 Methodology

- 4.1.1 In addition to their voluntary completion of the CPT survey, bus operators are required to provide, in an annual statistical return, information on all aspects of their business, including costs. This annual survey receives information from over 500 operators of all sizes.
- 4.1.2 It is therefore interesting to compare the results of the June 2023 CPT survey reported here with the most recent DfT figures, which covered the year to 31 March 2023.

### 4.2 Comparing the Two Surveys

- 4.2.1 As can be seen, the two results were within 1% of each other at an England level, though there was divergence between the figures in the English Metropolitan and Shire areas. In Scotland, the difference was 2.4%.
- 4.2.2 In Wales, the gap was a hefty 31.5%. 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 roughly in line with those in other parts of the country. The CPT figure may also reflect the ongoing reduction of over 20% in kilometres run since the onset of Covid (virtually double everywhere else) without operators having the opportunity to reduce their fixed costs in proportion.
- 4.2.3 At the higher level of Great Britain outside London, the divergence between the two surveys is just 2.7%.

**Table 4.1: CPT and DfT Surveys Compared**

DfT results for 2022/23 and CPT Results June 2023

Cost (£) per Km	English Mets	English Shires	England Outside London	Scotland	Wales	GB outside London
CPT Survey	2.902	2.804	2.834	2.512	2.396	2.764
Per DfT	3.102	2.661	2.808	2.454	1.823	2.692
% difference	(6.5%)	5.4%	0.9%	2.4%	31.5%	2.7%

- 4.2.4 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 CPT Cost Monitor surveys for February 2022 and February 2023. The 2018/19 and February 2023 results have been adjusted for inflation to June 2022 prices by use of the GDP Deflator.
- 4.2.5 It will be seen that, after adjusting for inflation, unit operating costs rose by 7.4% in the year to June 2023, taking the total rise since the last pre-Covid year of 2018/19 to 12.8%.

4.2.6 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 2023) Prices, adjusted using GDP Deflator

Period	English Metropolitan areas	English Shires	England outside London	Scotland	Wales	Great Britain outside London
2018/19 DfT	3.041	2.389	2.518	2.373	1.783	2.450
2021/22 DfT	3.112	2.582	2.763	2.460	2.009	2.671
2022/23 DfT	3.102	2.661	2.808	2.454	1.823	2.692
Feb 22 CPT	2.631	2.472	2.539	2.266	2.318	2.493
Jun 22 CPT	2.709	2.578	2.637	2.179	2.671	2.574
Feb 23 CPT	2.940	2.641	2.762	2.651	2.501	2.737
Jun 23 CPT	2.902	2.804	2.834	2.512	2.396	2.764
<b>% changes</b>						
Since 2018/19	(4.6%)	17.4%	12.6%	5.9%	34.4%	12.8%
Since Jun 22	7.1%	8.8%	7.5%	15.3%	(10.3%)	7.4%



## 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 With the completion of the fourth survey, a section has now been added looking at time series data across the period since February 2022. In order to provide a consistent time series, the analysis of previous periods is limited to the same 49 'core' companies for which data has been received covering all four periods. This provides a consistent dataset with which to measure the trends.

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 Nationally, average speeds improved very slightly in the February comparison, but fell back again in the summer returns. Overall, speed across Great Britain outside London averaged 12.07 mph (19.32 kph) in June 2023, up from 11.95 mph (19.12 kph). Inclusion of the generally slower London data meant that the average speed was unchanged over the four periods at 10.98 mph (19.57 kph).

- 5.2.2 There were very small improvements in average speeds across the English Metropolitan and Shire Areas as well as in Wales. However, there was a small fall in London across the period, and a larger one in Scotland.
- 5.2.3 Comparisons with a five-year survey of English operators undertaken on behalf of CPT in 2021 show a small deterioration in operating speeds – from 11.70 to 11.59 mph in England outside London. The details are contained in Table 5.1 below.

**Table 5.1: Average Speed Comparisons for England**

Region/Segment	2014/15	2018/19	Jun-22	Jun-23	% change since 2014/15	% change since 2018/19	% Change Last Year
England o/s London	11.70	11.40	11.63	11.59	(0.9%)	1.7%	(0.3%)
Metropolitan Areas	11.00	10.80	10.72	10.69	(2.8%)	(1.0%)	(0.2%)
Shire Areas	12.20	11.70	12.30	12.23	0.2%	4.5%	(0.6%)

### 5.3 Staff Levels and Productivity

- 5.3.1 Amongst the core operators, staff numbers have increased across the period. All grades show a slight increase of 1.7% since February 2022, representing 910 people. The English Metropolitan Areas were the only market segment to see a reduction in employment, shedding 1.5% of the workforce.
- 5.3.2 The figures bear out the general improvement in driver recruitment, with an increase of 3.4% across the whole country. All market segments saw an increase.
- 5.3.3 One measure of staff productivity which *Bus Industry Monitor* regularly was the number of kilometres run per driver employed, as a useful easily tracked measure 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.
- 5.3.4 The weekly average for kilometres run per driver in February 2022 was 571.7, falling to 563.6 in June and to 552.6 in February 2023 and most recently to 546.3 in June.
- 5.3.5 Lest there be any doubt about the correlation between speed and driver productivity, the chart at Figure 9 plots the two variables against one another in June 2023. This shows a clear correlation, as demonstrated by the trend line.

# Figure 9: Speed v Driver Productivity by Region and Market Segment

Average Vehicle Speed (mph) v Weekly Kms Run per Driver, June 2023

