

The Cost of Motoring - 2004

How much does it cost to run a car?

Facts on the cost of running a car are key to many decisions. They are important to millions of drivers' individual decisions on what car to run each year. They are important to public discussion when the Chancellor comes to set motoring tax rates. They are key to planning and forecasting transport needs and impacts.

The motoring cost tables have been produced by The AA Motoring Trust. The information has been published annually since 1950 and has become a standard reference. In 1950 Road Fund Tax was £10 and a motorist could buy almost 30 litres of petrol for £1 (the pump price then was 3s 1d a gallon). The calculations are based on a private owner buying a new car and keeping it for five years.

The figures give a guide as to how much it's likely to cost the average private user to run a car, petrol or diesel powered, or motorcycle/ scooter. In fact the figures given can only be a guide, as individual vehicles will vary: for instance the fuel consumption will depend on the traffic conditions and the type of journey, and repairs can be very unpredictable. However, the aim is to show a representative cost that reflects all the important items, so that the motorist can see how it all adds up. This should help make the most suitable choice of economical and environmentally less-damaging transport.

Standing Charges

The standing charges are those that will be incurred just keeping the vehicle ready for use on the road. So they include the Road Tax (annual VED), insurance, the cost of the capital used for the vehicle, the loss of value of the vehicle or depreciation, and annual motoring subscription. The depreciation is usually the biggest single factor, though it's easy to lose sight of it in terms of an every-day expense. For a car of a given age, depreciation is higher if the mileage is greater.

Running Costs

The running costs are those that depend directly on the use of the vehicle – primarily fuel, but also including parking and tolls, tyres, servicing and repair costs. On average, every mile run adds this amount to the annual bill, and every mile saved cuts the cost by this amount.

Vehicle Groups

Cars are put into groups depending on the new car price, as this is a better guide to what it costs to run than for instance the engine size. Take the new car list price when it was first sold, including the main options supplied with the car. If in doubt, used car price-guides will give the original list prices.

Claiming Mileage

How much an employer pays for mileage is a matter for negotiation between them and the employees, as circumstances will vary. The Inland Revenue operates the Approved Mileage Allowance Payment (AMAP) system – details from your local tax office or:

www.inlandrevenue.gov.uk/cars/using_own.htm and
www.inlandrevenue.gov.uk/cars/fuel_company_cars.htm

The figures given in our tables are VAT inclusive.

Motoring Costs 2004

Petrol Cars

		NEW CAR PURCHASE PRICE				
		Up to 10,000	£10,000 to £13,000	£13,000 to £20,000	£20,000 to £30,000	Over 30,000
Note:	Standing charges per year, £					
A	Road Tax	110	138	165	165	165
B	Insurance	343	356	459	646	880
C	Cost of capital	251	358	486	719	1153
D	Motoring.org. subscription	103	103	103	103	103
TOTAL £		807	955	1213	1633	2301

Standing charges, pence per mile, excluding depreciation

at 5,000 miles per year	16.14	19.10	24.26	32.66	46.02
at 10,000	8.07	9.55	12.13	16.33	23.01
at 15,000	5.38	6.37	8.09	10.89	15.34
at 20,000	4.04	4.78	6.07	8.17	11.51
at 25,000	3.23	3.82	4.85	6.53	9.20
at 30,000	2.69	3.18	4.04	5.44	7.67

Depreciation, pence per mile

E	at 5,000 miles per year	20.66	30.98	42.02	60.84	102.76
	at 10,000	10.50	15.70	21.33	30.95	52.18
	at 15,000	7.27	10.89	14.82	21.59	36.23
	at 20,000	5.72	8.54	11.64	17.06	28.49
	at 25,000	4.69	7.00	9.56	14.04	23.39
	at 30,000	3.93	5.88	8.02	11.81	19.65

Total standing charges, pence per mile

at 5,000 miles per year	36.80	50.08	66.28	93.50	148.78
at 10,000	18.57	25.25	33.46	47.28	75.19
at 15,000	12.65	17.26	22.91	32.48	51.57
at 20,000	9.75	13.31	17.70	25.22	40.00
at 25,000	7.92	10.82	14.41	20.57	32.59
at 30,000	6.62	9.06	12.06	17.25	27.32

Running costs, pence per mile

F	Petrol *	7.69	8.48	10.77	12.55	14.31
G	Tyres	0.76	0.95	1.09	1.31	1.79
H	Servicing labour costs	2.83	2.74	2.79	3.24	3.64
I	Replacement parts	1.60	2.03	2.45	2.94	4.31
J	Parking and Tolls	1.80	1.80	1.80	1.80	1.80
TOTAL PENCE:		14.68	16.00	18.90	21.84	25.85

* Unleaded petrol at 76.5 pence per litre

For each penny more or less,

add or subtract:	0.10	0.11	0.14	0.16	0.19
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Total of standing and running costs in pence per mile based on:

5,000 miles per year	51.48	66.08	85.18	115.34	174.63
10,000	33.25	41.25	52.36	69.12	101.04
15,000	27.34	33.26	41.80	54.32	77.42
20,000	24.43	29.31	36.60	47.06	65.85
25,000	22.60	26.83	33.30	42.42	58.44
30,000	21.31	25.06	30.96	39.09	53.17

Please see the associated notes for more detail. These figures are typical but do not represent all types of vehicle and conditions of use. Once compiled, some of the variables may change at any time.

Additional Notes for Car Motoring Costs Tables:-

- A Road Tax. Cars registered after 1st March 2001 have a rate of Vehicle Excise Duty set according to their fuel type and their emissions of carbon dioxide in the legislated Type Approval tests. Older cars will have one of two rates; the lower rate for cars with an engine capacity of less than 1549cc, the higher rate for larger engines. In these tables, based on cars purchased new in 1999, the VED rates for older cars are used, averaged for the cars in each of the price groups.
- B Insurance. This is the UK average cost for a Comprehensive policy with a 60% no claims discount.
- C Cost of capital. This sum represents the loss of income due to the owner having money tied up in a vehicle, which otherwise could be earning interest in a deposit account. It's currently calculated at 4.25% of the average value for the cars chosen for the cost group. Any charges for a loan or hire-purchase finance will be extra to this.
- D The motoring organisation subscription allows for AA 'Option 200' joint membership at current rates.
- E Depreciation. Cars will lose value at different rates, depending on their make, age, mileage and condition etc. The tables assume that depreciation costs are averaged over five years from purchase, and include adjustments for annual mileages in that period. The effect of mileage on depreciation is assessed using Glass's Evaluator computer database, using the full new price and the retail selling price of cars that were new in 1999 and with total mileages in January 2004 of 25,000 to 150,00 miles. Older cars will in general depreciate at a slower rate.
- F The fuel cost is based on the average UK price at the time of publication, but can be adjusted as required using the factors given. The fuel consumption figures taken are typical for each of the car groups listed.
- G Tyre prices vary throughout the country, but these are average costs based on a tyre life of 20,000 miles. The tyres priced are made by well-known manufacturers and include fitting, valve and balancing.
- H The labour costs cover normal servicing and parts replacement at a dealer, taking average UK labour rates for each of the car cost groups concerned.
- I The replacement parts included cover those likely to be needed under normal driving conditions, such as brake materials, timing belts, battery, filters, oils, bulbs and hoses.
- J The running costs now include an allowance for parking and road tolls based on a national average. However, the sums paid could vary substantially according to patterns of use.

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