

Motoring Costs 2005

Petrol Cars

See note:	Standing charges per year, £	Purchase price of the car when new:				
		Up to £10,000	£10,000 to £13,000	£13,000 to £20,000	£20,000 to £30,000	Over £30,000
A	Road Tax	125	150	165	165	165
B	Insurance	406	426	554	769	1027
C	Cost of capital	269	392	547	803	1295
D	Depreciation	1073	1674	2255	3207	5507
E	Breakdown cover	40	40	40	40	40
	Standing charges only: £	1913	2682	3561	4984	8034

Standing charges as pence per mile

at 5,000 miles per year	37.83	52.97	70.32	98.40	158.48
at 10,000	19.13	26.82	35.61	49.84	80.34
at 15,000	13.04	18.33	24.34	34.08	55.03
at 20,000	10.10	14.25	18.93	26.52	42.92
at 25,000	8.17	11.53	15.33	21.48	34.78
at 30,000	6.84	9.67	12.85	18.00	29.17

Running costs, pence per mile

F	Petrol *	8.69	9.54	12.22	13.96	16.29
G	Tyres	0.78	0.98	1.12	1.35	1.85
H	Service labour costs	2.92	2.83	2.88	3.34	3.76
I	Replacement parts	1.65	2.09	2.52	3.03	4.45
J	Parking and tolls	1.80	1.80	1.80	1.80	1.80
	Running costs only: pence	15.84	17.24	20.54	23.48	28.15

* NB: Petrol at 86.0pence per litre

For each penny more or less,

add or take away:

0.10	0.11	0.14	0.16	0.19
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Total of standing and running costs as pence per mile

at 5,000 miles per year	53.67	70.21	90.86	121.88	186.63
at 10,000	34.97	44.06	56.15	73.32	108.49
at 15,000	28.88	35.56	44.88	57.56	83.18
at 20,000	25.94	31.48	39.47	50.01	71.07
at 25,000	24.00	28.77	35.86	44.96	62.93
at 30,000	22.68	26.90	33.38	41.49	57.32

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.

Figures are VAT inclusive

Notes to Motoring Costs - 2005 Tables:

- A **Road Tax.** Cars registered since 1 March 2001 have a rate of vehicle excise duty (VED) set according to their fuel type and their emissions of carbon dioxide (CO₂) in the legislated Type Approval tests. Older cars will have one of two rates: cars with an engine capacity of less than 1549cc, and a higher rate for engines above this size. In the tables, the average for each price group is used to produce the VED rate shown.
- B **Insurance.** This is the UK average cost for a good, comprehensive policy, with a 60 per cent no claims discount.
- C **Cost of capital.** This sum represents the loss of income due to the motorist using money to own and run a vehicle, which could be earning interest in a deposit account. This is currently calculated at 4.75 per cent of the average value for the cars chosen for each cost group. Any charges for loan or hire purchase finance will be extra to this.
- D **Depreciation.** Cars 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 typical adjustments for different annual mileages in that period. In general, older cars depreciate more slowly than they did when they were new.
- E **Breakdown cover** allows for AA 'Option 100' single membership.
- F **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** may vary throughout the country, but these are average costs based on a tyre life of 20,000 miles.
- H **Labour costs** cover normal servicing and parts replacement at a dealer, taking average UK labour rates for each of the car cost groups.
- I **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 **Running costs** include an allowance for parking and road tolls, based on a national average for an urban driver. However, the sums actually paid will vary substantially according to individual patterns of use.

For more information on running costs, including tailored calculations for specific new car models visit: www.theaa.com

Table 1

HOW TO CUT MOTORING COSTS

<u>Standing charges</u>	<u>AA Trust advice</u>
Road tax	<p>Buy the most CO₂-efficient (uses least petrol/diesel) car for your requirements in your price range to reduce road tax</p> <p>For cars registered since March 2001, road tax is less if the car produces lower volumes of CO₂ www.vcacarfueldata.org.uk</p> <p>Environmental labelling of new cars from summer 2005 http://www.vcacarfueldata.org.uk/green-label/index.asp will make it easier to choose 'greener' (lower CO₂ band) models</p>
Depreciation	<p>The largest motoring cost. Different makes and models lose value at varying rates. Look in good car-price guides for the lowest depreciation rates for cars in your price range. How much money you lose depends on:</p> <p>How much you spend - eg, if two cars cost £40,000 and £20,000 respectively and they depreciate by, say, 50 per cent after three years, the owner of the £40,000 car loses £10,000 more than the owner of the £20,000 car</p> <p>The rate of depreciation - this can differ greatly among models in the same price band (<i>Car Buyer's Guide</i> on www.theaa.com projects depreciation rates for most new models and, depending on mileage, estimates what they will be worth over one to five years)</p> <p>How long you keep a car - some cars depreciate by up to 40 per cent in the first year; the longer you keep a car the less you lose in value</p> <p>How many miles you drive – more miles usually equal more depreciation</p>
Cost of capital	You can tie up less capital by buying a smaller, 'greener' car
Insurance	<p>Smaller, more economical cars usually attract lower insurance premiums</p> <p>Shop around for quality cover. Consider putting money aside throughout the year aside to meet annual bills</p>
Breakdown cover	Shop around for quality cover that will give reliable service at the roadside. There may be a price difference between quality and basic cover, but it represents a very small element of overall motoring costs

<u>Running costs</u>	<u>AA Trust advice</u>
Fuel	<p>The second biggest motoring cost. Buy the most CO₂-efficient (uses least petrol/diesel) car for your requirements in your price range</p> <p>Drive smoothly – driving hard can increase fuel consumption by a third</p> <p>Don't exceed speed limits – regularly exceeding the speed limit (eg 80mph on a motorway) can add 30 per cent to fuel bills</p> <p>Consider reducing costs by car-sharing with friends, neighbours or work colleagues, or by giving/accepting lifts</p> <p>Low tyre pressures, open windows, air-conditioning, harsh acceleration, inappropriate gear changes and heavy loads all increase fuel consumption, and driving with an empty roof rack can add 10 per cent to fuel bills</p> <p>Plan journeys carefully – much fuel is wasted by motorists who either get lost or do not take the best route to their destination</p> <p>Check traffic reports before and during journeys</p> <p>Track the cheapest fuel prices in your area and remember that fuel on motorway service areas can be more expensive</p>
Service and labour costs	<p>Do not put off servicing, as economy and your safety could suffer</p> <p>Under EU rules you do not have to get your new car serviced by a franchised dealer. However, there are benefits in doing so. Dealers' stamps on service schedules may add to the car's value and may increase the likelihood of goodwill for payment for work needed outside the warranty period. If you choose to have your car serviced elsewhere, ensure that the garage is competent; that it does work exactly to vehicle's service schedule; and that it uses only manufacturer-approved parts. Keep receipts for parts used, in case proof of their use is needed later</p> <p>Consider saving monthly for annual service bills</p>
Tyres	<p>Bigger tyres and exotic looking low-profiles can be expensive – a smaller, 'greener' car will use cheaper tyres</p> <p>Low rolling resistance tyres may be more expensive at the outset but significantly improve overall fuel economy</p> <p>Shop around for safe, quality tyres but avoid part-worn tyres</p>
Parking/tolls	<p>Check if public transport is better value or more convenient for each journey</p>