

Annex 12 - Motoring costs

Motoring costs

1. **This annex is effective from 1 July 2013.** Each year the Automobile Association Trust (AA) produces illustrative guides of motoring costs. These set out the elements of costs involved in running a car for a typical car owner using his or her vehicle for normal “domestic” purposes e.g. travel to and from work, shopping trips and holidays. The NHS Staff Council has used this as the source of its estimates of the costs of business mileage.
2. Table 17 shows the costs at the time the rates in Table 7 in Section 17 were last set.
3. The AA guides provide different illustrative costs for private car use based on a range of different annual mileages and cars in different price ranges. In order to obtain the figures in Table 17 the NHS Staff Council has taken the figures in the guides for cars in the middle price range and an assumed annual combined private and business mileage of 10,000 miles, on which all the cost items in Table 17 are based.
4. The rates of reimbursement implemented on 1 January 2023 will be those resulting from the review of the 12-month average price of fuel that took place in October 2022, in line with Section 17:14 and paragraph 14 of this Annex. These rates apply to all journeys undertaken from 1 January 2023.
5. In line with the AA guides the annual values for “standing charges” in Table 17 are shown as whole numbers. This means that the value in row six for “total annual cost of standing charges,” which is calculated on unrounded numbers, is not the sum of the values in rows one to five in Table 17.
6. In line with the AA guides the values in the costs per mile of “running costs” in rows seven to ten in Table 17 and the “total of running costs” in row 11 are calculated to two decimal places. (See the notes on rounding in row 12).
7. The average price of fuel in row 7 in Table 17 is a calculation of the combined average price of petrol and diesel which is in line with the method used by the AA to take account of fluctuations in fuel prices.

Table 17
Amended motoring costs as at 1 January 2023

Rows	Items of cost	Annual cost (£)	Cost per mile (pence)
	Standing charges		
Row 1	Road tax	180	
Row 2	Insurance	496	
Row 3	Cost of capital at 50%	196	
Row 4	Depreciation (based on 10,000 miles per year)	2,615	
Row 5	Breakdown cover	50	
Row 6	Total annual cost of standing charges	3,537	35.37
	Running costs		
Row 7	Fuel		17.12
Row 8	Tyres		2.00
Row 9	Service labour costs		2.19
Row 10	Replacement parts		2.39
Row 11	Total of running costs		23.70
Row 12	Total of standing charges and running costs up to 3,500 miles per year		59.07 (59 pence rounded; i.e. to obtain the whole pence values in Table 8 in Section 17, 0.5 pence and above is rounded up. Lower

			figures are rounded down)
Row 13	After 3,500 miles per year		23.70 (24 pence rounded; see note above).

8. There are two types of motoring costs:

- standing charges: the costs of keeping a vehicle on the road including depreciation, tax, insurance, breakdown cover and the loss of interest on capital (money) which may otherwise be invested if it had not been spent on the vehicle; and
- running costs: fuel, tyres, servicing and repair costs, parking and tolls.

9. The figures in the AA guides are:

- based on how much it is likely to cost the average private car user to run a petrol or diesel powered car;
- based on the purchase price of a new car, which is replaced after 5 years;
- based on an analysis of the running costs of the 60 top selling models in the UK car market.

Motor cycles

10. The NHS Staff Council has agreed that the standard rate of reimbursement for motor cycle users in Table 7 will be 50 per cent of the unrounded rate for car users in row 12 in Table 17. This rate will apply to all eligible miles travelled (see paragraph 17.15 and Table 8). Paragraphs 12 to 15 explain how rates will be reviewed.

Reserve rate

11. The NHS Staff Council has agreed that the reserve rate in column 4 of Table 7 will be 50 per cent of the unrounded value of the standard rate for car users in row 12 in Table 17. This rate will apply to all eligible miles travelled (see paragraph 17.15 and Table 8). Paragraphs 12 to 15 explain how rates will be reviewed.

Review

12. The NHS Staff Council will review the standard rate in Column 2 in Table 7 twice each year. The first review will take place soon after the new AA guides to motoring costs are published, normally in April or May.

Each item of cost in Table 17 will be updated using the appropriate new values in the latest AA guides. The new unrounded value in row 12 in Table 17 will be compared with the unrounded value in the same row at the time of the last change in the standard rate of reimbursement (Column 2 in Table 7 in Section 17). If the difference between these two values is 5 per cent or greater, up or down, the standard rate of reimbursement will change in line with the new value in row 12 in Table 17. Rounding, as described in row 12 in Table 17, to obtain the new whole number values for Table 7, will be the last procedure to be performed. If a change in the standard rate of reimbursement is produced by this procedure the rate for motor-cyclists in Column 4 in Table 7 in Section 17 and the reserve rate will also be reviewed, in line with the provisions in Section 17.

13. If there is a change in the standard rate of reimbursement (Column 2 in Table 7) the rate in column 3, for mileage over 3,500 miles per year, will be adjusted in line with the new value in row 13 in Table 17 and the provisions in Section 17. Rounding, as described in row 12 in Table 17, to obtain the new whole number values for Table 7, will be the last procedure to be performed.

14. A second review of the rate in Column 2 in Table 7 will take place in November each year. This check will look at the average fuel price in the twelve month period ending in October. The value of the entry in row 7 in Table 17 will be updated using information published by the AA on the average price of fuel in the twelve month period ending in October. The

new unrounded value in row 12 in Table 17 will be compared with the unrounded value in row 12 at the time of the last change in the standard rate of reimbursement (Column 2, in Table 7, in Section 17). If the difference between these two values is 5 per cent or greater, up or down, the standard rate of reimbursement will change in line with the new value in row 12 in Table 17. If a change in the standard rate of reimbursement is produced by this procedure the rate for motor-cyclists in Column 4 in Table 7 and the reserve rate in Column 4 will also be reviewed, in line with the provisions in Section 17. Rounding, as described in row 12 in Table 17, to obtain the new whole number values for Table 7, will be the last procedure to be performed.

15. If there is a change in the standard rate of reimbursement (Column 2 in Table 7) as a result of this second review, the rate in column 3 for mileage over 3,500 miles per year will be reviewed in line with the provisions in Section 17. Rounding, in line with the note in row 12 in Table 17, will be the last procedure to be performed.

Pay Circular (AfC) 3/2014: amendment number 32