Procurement –
Value For Money?

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Value For Money?

Nowadays people know the price of everything and the value of nothing.
#WorldConspiracy
OSCAR WILDE

"Price is what you pay. Value is what you get." Warren Buffet

VALUE FOR MONEY?

https://www.youtube.com/watch?v=iQvM12p8ris

VALUE FOR MONEY?

VFM is in the perception of the buyer or receiver of goods and/or services.

Proof of good value for money is in believing or concluding that the goods/services received was worth the price paid.

Examples of the types of factors that may be considered are suitability, quality, skills, price, whole of life costs and other criteria.

The mix of these and other factors and the relevant importance of each will vary on a case by case basis.

Vehicles- Whole Life Costing

- What are the key elements when considering a Whole Life Cost approach?

- How can this approach improve procurement in the Public Sector?

Vehicles- Whole Life Costing

- Purchase cost – incorporating any discounts and rebates
- Residual Value
- Depreciation (derived)
- Funding charge and funding costs
- Overheads and central costs
- SMR inc Tyres and Breakdown Cover
- Road Fund Licence
- Insurance
- Fuel

Vehicles- Whole Life Costing

	Car A	CAR B
Cost	£28,199.17	£26,395.00
Residual Value	£14,407.00	£11,099.00
Depreciation	£13,792.17	£15,296.00
Funding Cost	£1,695.25	£1,587.00
Overheads	£480.00	£480.00
SMR	£2,016.00	£2,489.00
Road Fund Licence	£90.00	£60.00
Insurance	£2,600.00	£2,600.00
Fuel	£3,243.01 (62.8mpg)	£2,955.89 (68.9mpg)
Total Cost (48m x 10k pa)	£23,916.43	£25,467.89

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Thank you