



Vehicle Whole Life Costs

Peter Hollinshead

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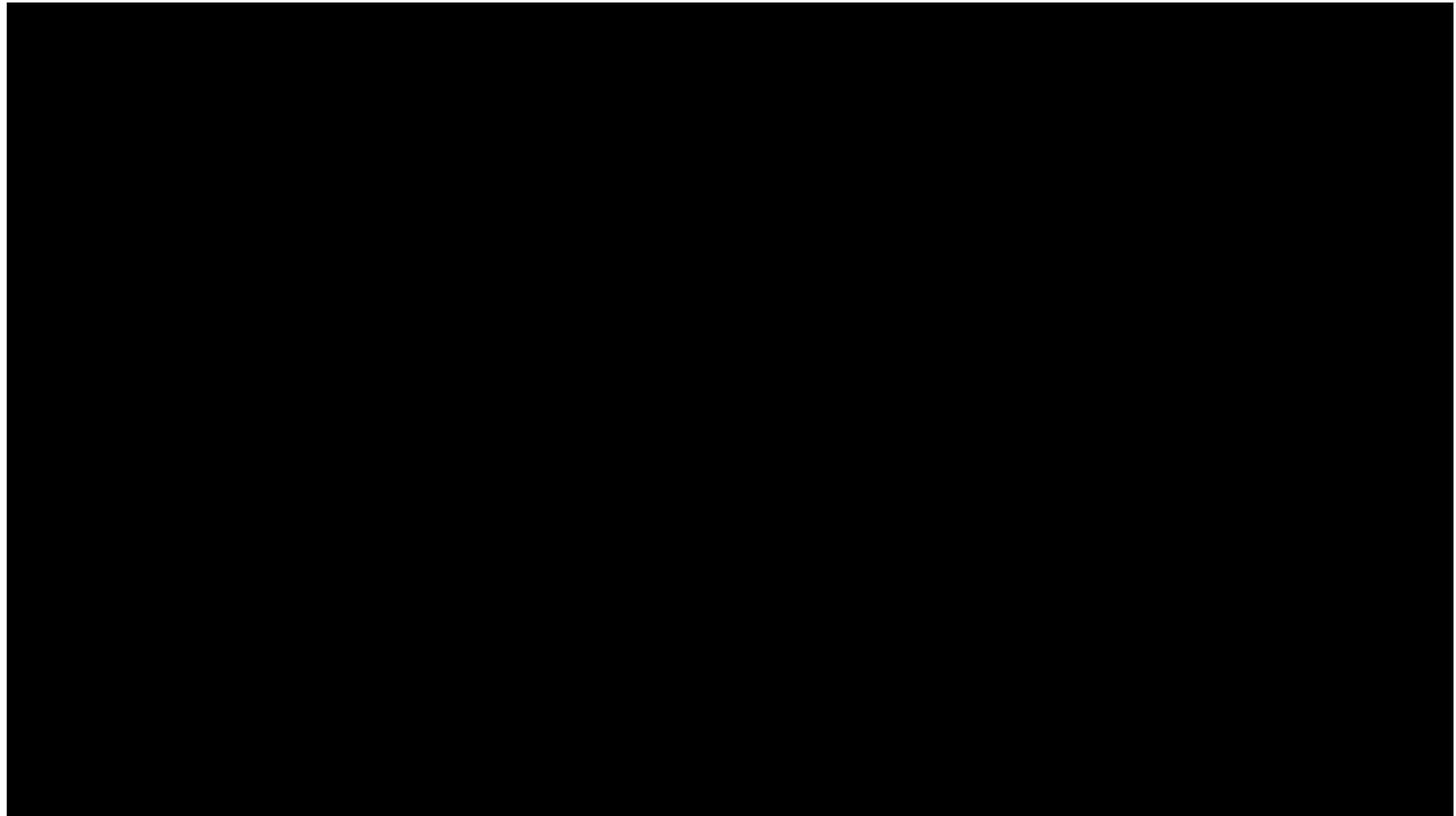
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Vehicle-Whole Life Costs

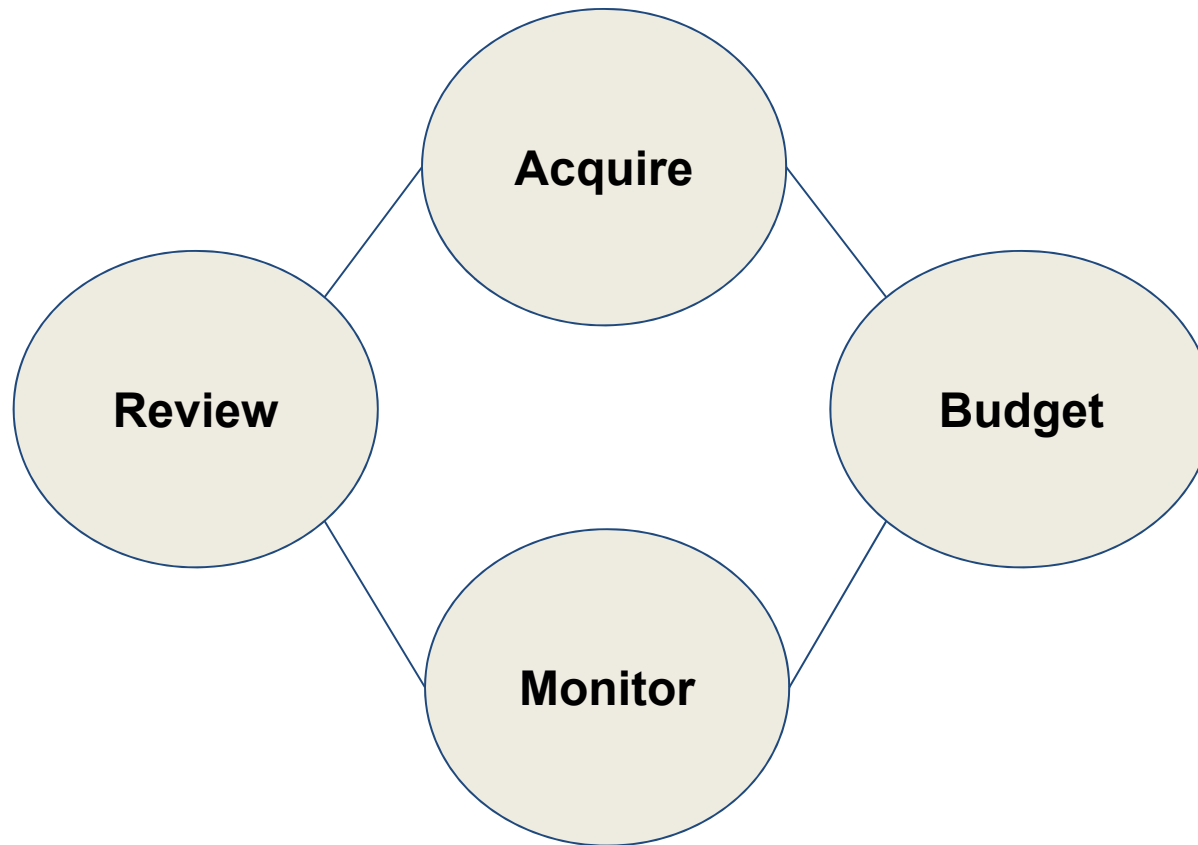


- What are whole life costs and why use them?
- What is the ongoing benefit to fleet managers?
- What management information and management controls are required?

Vehicles-Whole Life Costs



Whole Life Costs Perfect Continuum!



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

Vehicles - Whole Life Costs



Also Known as :

- COO
- TCO

Before you start :

- Holding period
- Mileage
- Condition



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Vehicles- Whole Life Costs

- Purchase cost – incorporating any discounts and rebates
- Residual Value
- Depreciation (derived)
- Funding charge and funding costs
- Overheads and central costs
- SMR inc tyres, inspections and breakdown cover
- Road Fund Licence
- Insurance
- Fuel



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Vehicles- Whole Life Costs



	Vehicle A	Vehicle 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	£360.00	£240.00
Insurance	£2,600.00	£2,600.00
Fuel	£3,243.01 (62.8mpg)	£2,955.89 (68.9mpg)
Total Cost (48m x 10k pa)	£24,186.43	£25,647.89



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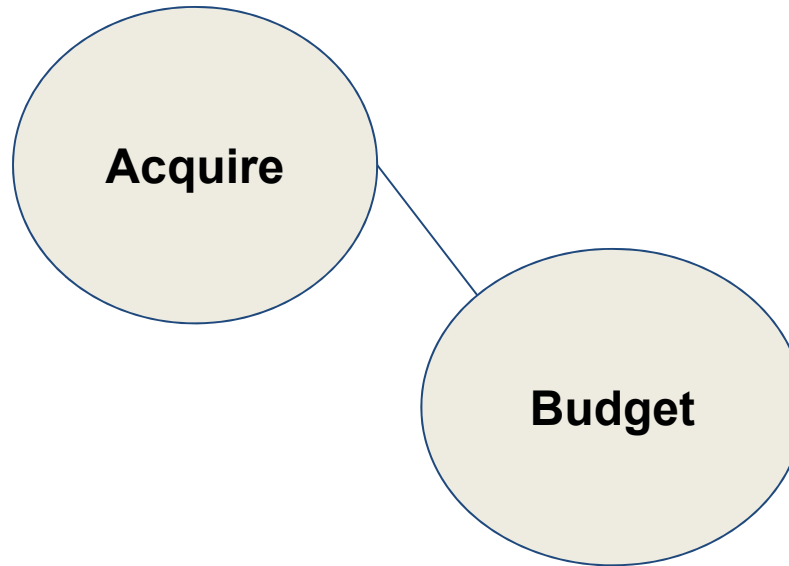


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Whole Life Costs Perfect Continuum!





Budget

- Not an exact science!
- Use whole life costs to set the budget- makes sense!
- All fixed at inception
- Depreciation fixed to residual value
- Funding fixed
- Planned maintenance and inspection costs phased over time & mileage- accounting! (Tyre treatment?)
- Fuel
- Insurance
- RFL
- Overhead / Central Costs
- Contingency (to provide some comfort?)

Budget



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Budget-Cost Centre Charge

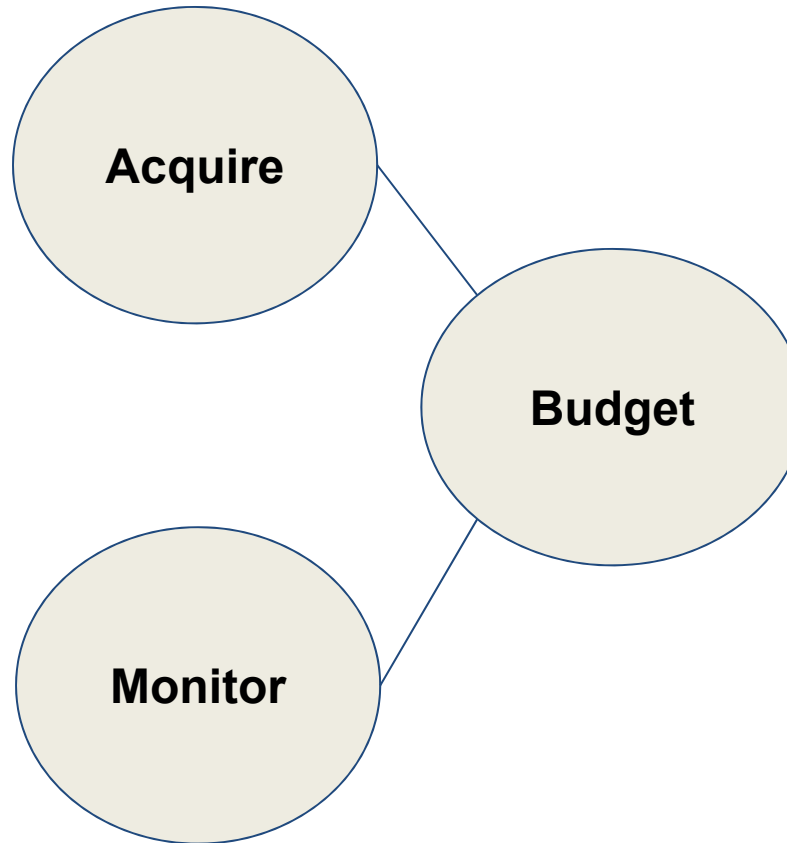


• Depreciation	£13,792.17
• Funding Cost	£1,695.25
• Overheads	£480.00
• SMR	£2,016.00
• RFL	£360.00
Total	£18,343.42

Divided by 48 = £382.15 = monthly cost to users

Plus insurance and fuel

Whole Life Costs Perfect Continuum!

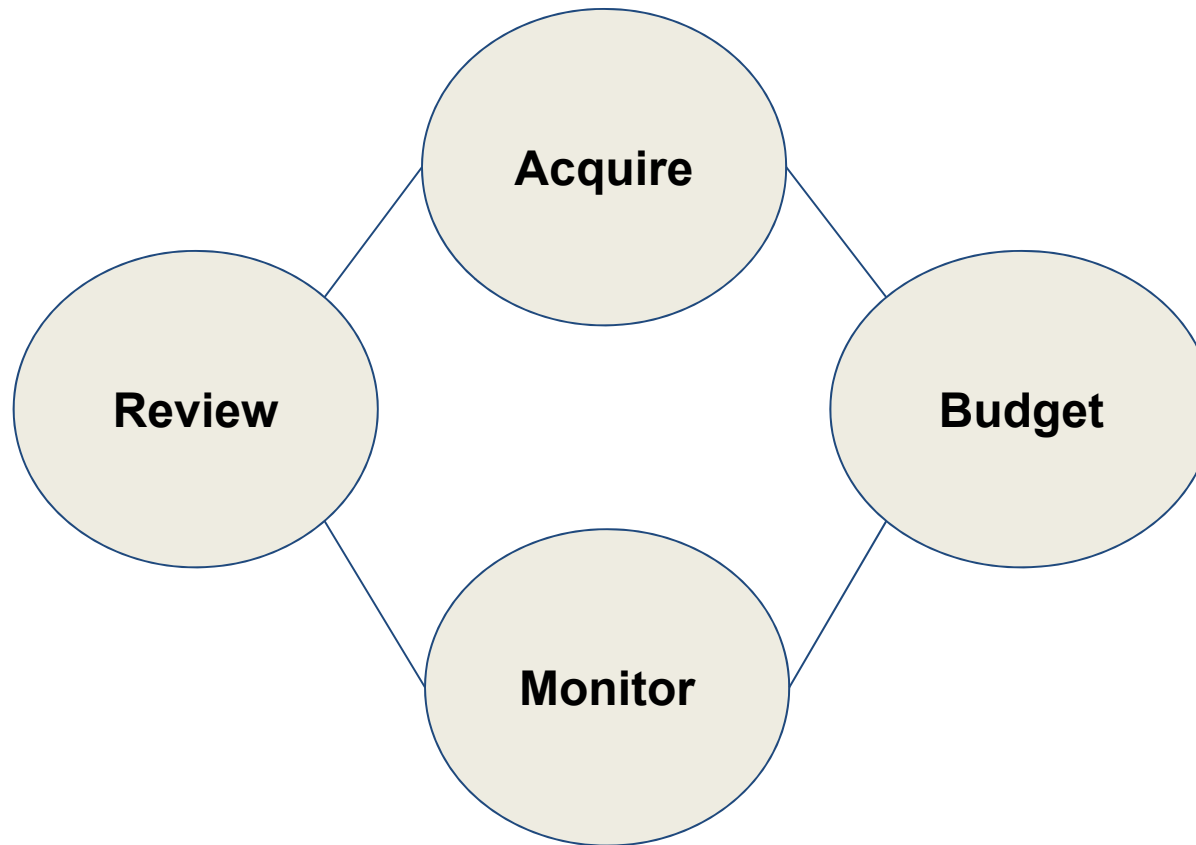


Monitor



- Management Information
- Exception Reporting
- Day to Day Actions

Whole Life Costs Perfect Continuum!



Review



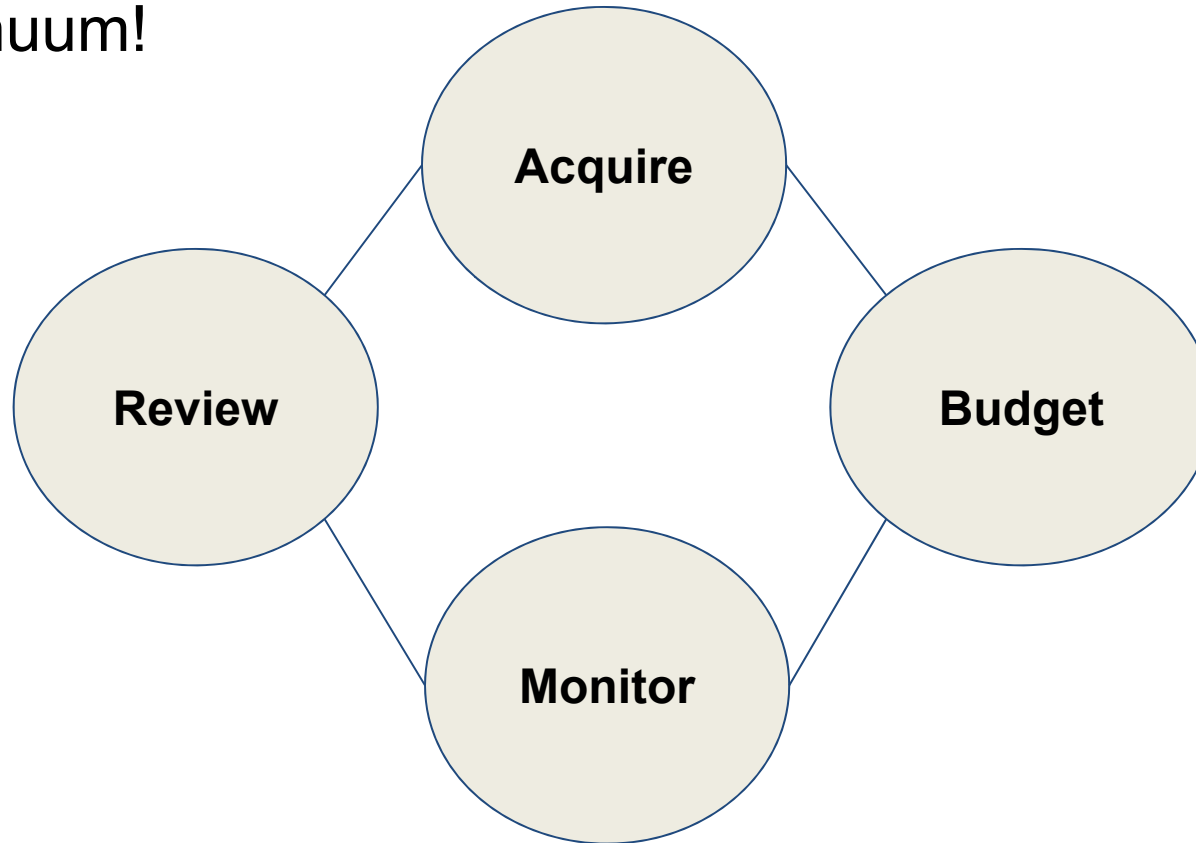
Not an exact science but the closer to end data more accurate!

Six monthly reviews of:

- Actual maintenance spend v budget. Is there enough left in the pot?
- Market residual values. Is there going to be a surplus or loss on sale?

Acquire

Use your knowledge to make the next set of purchasing decisions. The Perfect Continuum!





Firgwdfw#ghwllv

Dqg | #P xgg/#Khdg#ri#DSVH#Vroxwlrqv

Hp dle=DP xggC dsvh1ruj 1xn

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Thank you



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