

# **Vehicle Procurement in a Changing World**

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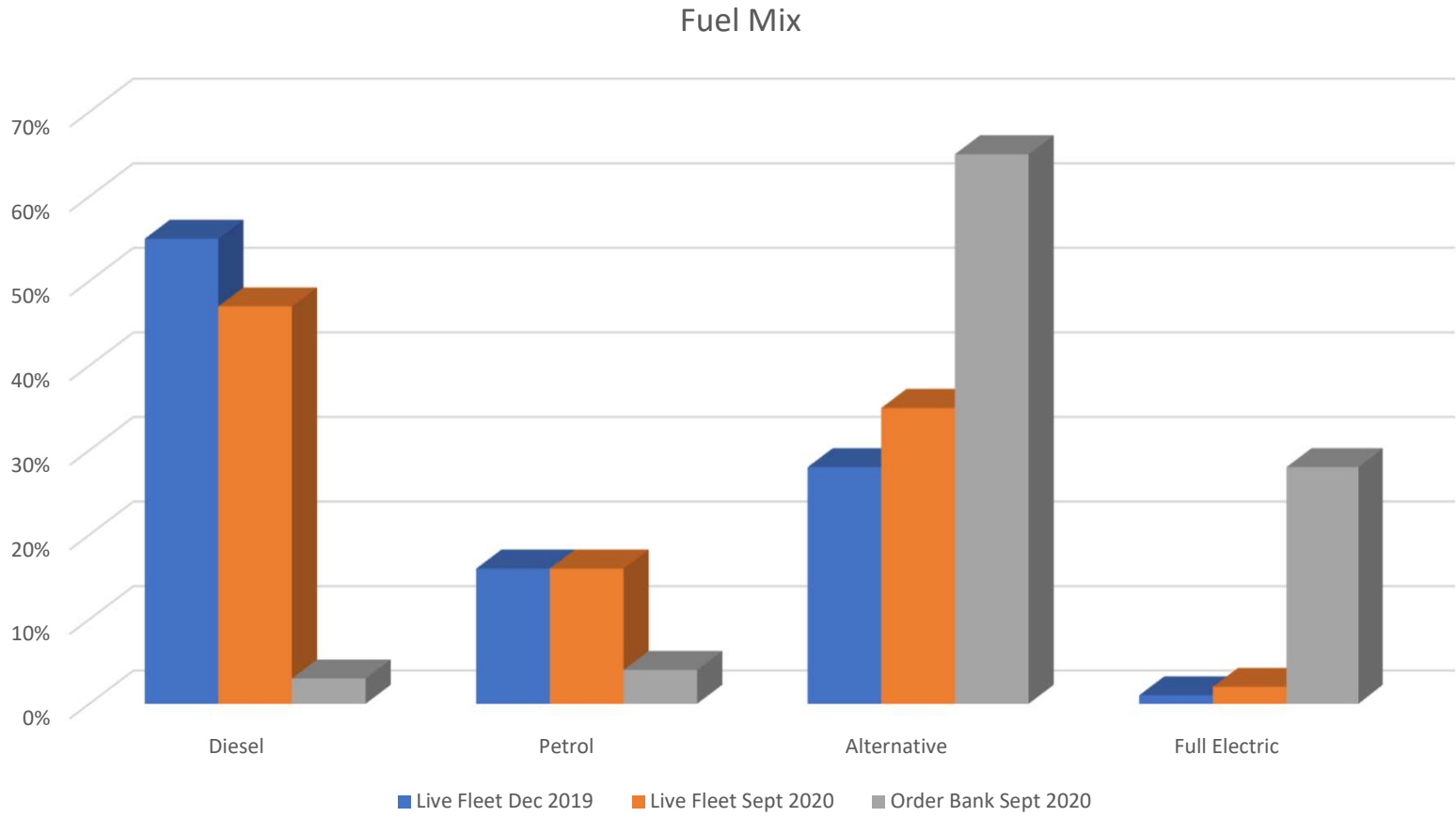
# Risk and Rewards of Ownership

- Traditional thinking “best to own outright”
- Flexibility on mileage and working life
- In normal times, predictable disposal income and if well managed, a surplus from maintenance budgeting
- That’s the reward – what about the risk?
- What happens when maintenance costs escalate and disposal values drop away?

# Timeline for Petrol and Diesel

- Major shift in the corporate market place relating to cars and vans
- Driven by future Government policy and environmental profile
- More and more low emissions zones
- Driven in the corporate sector by tax benefits for companies and drivers

# Fleet Mix – Major Corporate



# Electric or Hydrogen?

- Payloads may determine this for Heavy Goods Vehicles
- But who really knows – perhaps our next presenters?



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# Whole Life Cost and Passing the Risk?

- Depreciation, Maintenance, Insurance etc
- Factors such as Road Tax and Fuel costs increasingly important for alternative fuel vehicles
- Operational considerations e.g. payload
- How confident can anyone be setting maintenance budgets and residual values for these new technologies?

# Whole Life Cost Considerations

- Cost / Residual Value = Depreciation
- Funding costs
- Maintenance budget inc Tyres
- Road Fund Licence
- Insurance
- Overheads / Admin costs
- FUEL

## Vehicles- Whole Life Costing

	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	£2,816.00	£2,489.00
Road Fund Licence	£0.00	£160.00
Insurance	£2,600.00	£2,600.00
Fuel	£1,600.00	£3927.26
Total Cost (48m x 10k pa)	£22,983.42	£26,539.26



# Whole Life Cost and Passing the Risk?

- Operational considerations e.g. payload and fit for purpose
- How confident can anyone be setting maintenance budgets and residual values for these new technologies?
- Important, more than ever, to test your budgeting against the market and alternative acquisition methods