



How to select the most cost effective vehicles for your business.

Regardless of whether you obtain your vehicles on outright purchase, lease or contract hire, in order to choose the most cost effective models, you must consider the **whole life costs** involved.

As the name implies, the decision on which vehicles are best is based upon every element of cost they will incur during their working life. These include monthly payments to acquire the vehicle, to service and maintain it, and the cost of fuel your business will have to pay out.

With the impact of CO₂ emissions on new vehicle taxation since April 2009, the capital cost or monthly rentals are no longer a clear indicator of the cheapest models and the most cost effective vehicle may not be the one with the lowest initial cost.



WHAT WILL AFFECT YOUR DECISION?

There are a number of elements to consider in arriving at a whole life cost:

- Vehicle list price (P11D)
- Actual purchase price including discount
- Capital allowances set by CO₂ value
- VAT – what amount can you recover?
- Corporation Tax reduced by CO₂ value
- Depreciation over the term
- CO₂ emissions of the vehicle
- Fuel consumption
- Employers NI contribution
- Insurance
- Service, maintenance & repair costs
- Residual value

OTHER CONSIDERATIONS

- The CO₂ emission value of a vehicle becomes the major influence on Whole Life Costs, and if the value is over 160 g/km, your costs will be considerably affected
- Fuel consumption is the other major influence as not only will this reduce your fuel costs but it will also affect the depreciation and final residual value of the vehicle
- Taking these two factors into consideration means that your business can afford better, higher specification vehicles, with the same or lower tax impact for your drivers
- You should consider how you currently pay for and manage all your service, maintenance and repair costs. There are huge discounts available by including your vehicles in a fleet support programme, or by transferring the risk to a leasing company
- Minimise your fleet 'downtime' – although this is impossible to calculate in advance, your costs can be further reduced by ensuring accidents and other off-road events are pro-actively managed



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WHAT YOU SHOULD BE DOING NOW

You should be capturing all your vehicle fleet costs to provide the basis for your Whole Life Cost calculations. Any replacement vehicles you are planning to order must be fully analysed to ensure you significantly reduce your overall costs.

HOW WE CAN HELP YOU

Our fleet experts will work with you to identify the whole life vehicle costs in your business and guide you in preparing a cost effective vehicle choice list.

Call us today and find out how we can save your business a great deal of money by choosing the right vehicles.

UK Fleet Manager was launched in 2008 to help companies without the luxury of an experienced Fleet Manager of their own. We deal with the complex issues involved in running a business vehicle fleet. Unlike others, our fleet management service is designed to enhance your existing vehicle policy and operation. Your existing arrangements are reviewed and recommendations made to supplement industry best practice. We will also greatly increase your buying power, with a total focus upon reducing costs.

UK Fleet Manager has the ability to supply modular vehicle solutions from one source, or to supply a totally outsourced fleet management service, including 24/7 manned support for your drivers. The savings achieved through the reduction in overall fleet costs should more than cover the cost of these services.



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