



OXFORD CAMBRIDGE AND RSA EXAMINATIONS

**LEVEL 3 CERTIFICATES OF PROFESSIONAL
COMPETENCE**

05608

UNIT 4 MANAGING NATIONAL ROAD HAULAGE TRANSPORT OPERATIONS

FRIDAY 5 DECEMBER 2008

12.45 pm – 2.45 pm

TIME: 2 HOURS

SCENARIO

Background

You are the Managing Director and majority shareholder of OCR Limited. Your company runs professional conferences at venues all over the UK and provides all of the staging, stage sets and technical equipment required to run the events. Some of the equipment is on wheeled dollies, some is contained in flight cases and some is carried unpacked.

Company Organisation

Your fellow directors are: your wife who is Director of Administration; your brother, who is Finance Director; and your son-in law, who is Operations Director. You have a Transport Manager who is nominated on the company's operator's licence as the CPC holder; a Warehouse Manager; an Events Technical Manager; and a Workshop Manager, all of whom report to the Operations Director.

There are two warehouse operatives; a foreman/fitter; two fitters; and 15 technician/drivers. The technician/drivers drive the fleet vehicles but are also involved in rigging and de-rigging the equipment. In some cases they operate the equipment during conferences. In practice, the technician/drivers regard themselves primarily as technicians rather than as drivers. The technician/drivers report primarily to the Events Technical Manager but also have a reporting line to the Transport Manager for driving matters.

The Fleet

The current fleet comprises five 3.5 tonne gvw panel vans and ten 7.5 tonne gvw rigid box vehicles. The company holds a standard national operator's licence with authorisation for ten rigid vehicles. Conditions attached to the licence by the Traffic Commissioner at the time of issue restrict vehicle size to 7.5 tonnes gvw. These conditions allow vehicle operations at the operating centre only between the hours of 0800 hrs and 2200 hrs Mondays to Fridays and not at all at weekends or on public holidays. The conditions were applied following the receipt of representations from local residents. All of the 7.5 tonne gvw vehicles are fitted with digital tachographs.

Vehicle Operations

Each technician/driver spends 15 minutes carrying out a walk-round check of the vehicle at the beginning of each driving day, irrespective of the vehicle type. Driver/technicians begin work at 0800 hrs each day and work on a "job and finish" basis. Whilst working at conference venues, they normally use accommodation that is provided at the venues.

Vehicle Maintenance and Inspections

Maintenance and inspections are carried out in-house, using an on-site workshop and the company's own fitters. There is space in the workshop for two vehicles and there is one inspection pit. The workshop is fully utilised in maintaining the existing fleet.

Potential Contracts

There are two new potential contracts in which the company is interested. Both of these contracts are for conference tours. The first tour (Contract A) would use one of the company's 7.5 tonne gvw vehicles. The second tour (Contract B) would require the use of either one 7.5 tonne gvw vehicle and one 3.5 tonne gvw vehicle, or an 18 tonne gvw vehicle which the company would have to acquire for the period of the contract which is expected to be four weeks.

Further information on Contract A

The schedule for the first week of the tour is as follows:

Monday	Load at depot	2 hours
	Travel to venue 1	2 hours
	Offload and erect set	4 hours
Tuesday	Non-driving work at venue	8 hours
	Load at venue	2 hours
Wednesday	Drive to venue 2	5 hours
	Offload and erect set	4 hours
Thursday	Non-driving work at venue	10 hours
	Load at venue	2 hours
Friday	Drive back to depot	6 hours
	Unload at depot	2 hours

Further information on Contract B

The conference is on tour for 4 weeks. It runs for three days at each venue (Monday to Wednesday of each week). The schedule for the first week is as follows:

Sunday	Load at depot	3 hours
	Travel to venue 1	4 hours
	Offload and erect set	4 hours
Monday-Wednesday	Non-driving work	9 hours per day
Thursday	Load at venue	3 hours
	Travel to depot	4 hours

This pattern will be repeated for a total of 4 weeks.

Maintenance opportunity

You have a friend who is an own account operator with a base near you, who operates four goods vehicles. He has been impressed by the excellent condition in which you appear to keep your vehicles. He has asked if you would be interested in a contract to maintain his vehicles.

Costing Information

The company has extracted costing and financial information from its records in respect of each of its existing vehicles and has researched costing information in respect of a hired 18 tonne gvw vehicle. This information is set out in the following table:

	3.5 tonnes gvw	7.5 tonnes gvw	18 tonnes gvw
Purchase price (excluding tyres)	£20,000	£42,000	Not applicable
Expected life	5 years	8 years	Not applicable
Expected residual value	£5,000	£12,000	Not applicable
Vehicle insurance per annum	£400	£600	£800
VED per annum	£200	£300	Included in hire charge
Driver costs (per week)	£300	£360	£500 (agency driver)
Night out allowance (per night)	£20	£20	£20
Fuel consumption (per litre)	5 km	4 km	3.5 km
Fuel cost (per litre)	£1	£1	£1
Other running costs (per km)	£0.05	£0.05	£0.05
Overhead costs (per week)	£200	£250	£250
Hire costs (per week)	Not applicable	Not applicable	£500

For costing purposes, all vehicles are assumed to average a speed of 70 kph. Vehicles are used for 50 weeks per year.

Insurance Claims

In the last year, the company has made three claims on the motor insurance policy. These have all been in respect of minor accidents which were the fault of your employees and which resulted in damage to three of your vehicles. There were no injuries. In addition, there was a claim paid in respect of injury to the foot of one of your warehouse operatives, following a flight case being dropped whilst being carried by the warehouse operative and one of his colleagues. Also you have claimed on insurance for damage to two office computers, following a small electrical fire which was quickly extinguished by your wife.

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