



OCR CERTIFICATE OF PROFESSIONAL COMPETENCE IN ROAD HAULAGE

UNIT 4 CASE STUDY

Pre-release case study

This case study scenario has been published prior to the CPC Road Haulage examinations to be held on Friday 11 September 2009.

The case study scenario will form the subject for questions in the paper. You should thoroughly prepare yourself to answer questions based on the scenario. You should not however limit your study solely to the areas covered in the case study as questions may encompass any area of the syllabus.

You can view the full units, sample assessment materials, tutor and administrative details in each CPC qualification area of the OCR website at www.ocr.org.uk by using the qualification finder on home page to find Vocationally related certificates/Logistics and transport and then selecting the OCR Level 3 Certificate of Professional Competence in National or International Road Transport or Passenger Transport.

BACKGROUND

John Johnson operates a road haulage business. Susan, his sister, worked with him but six years ago, Susan decided to set up on her own.

Both have substantial financial reserves.

John Johnson

John Johnson now operates Johnson Transport as a sole trader. Over the years John took on work from two local quarries moving aggregate to local building sites and road construction sites. In the early years of the business this work expanded and John acquired two extra tippers and employed two permanent drivers. During the last few years this part of the business has diminished as the two quarries have become depleted and John is wondering whether it is worthwhile continuing with this original element of the business.

In recent years John has diversified the business to enable it to compete in the white goods retail transport market and has entered into contracts with supermarkets and importers to move these goods at very profitable rates. As a result of the continued growth of this work, John has decided to purchase two new articulated vehicles with bespoke trailers.

The two tipper drivers have only 18 months to retirement. They have asked John if they can purchase the tipper vehicles that they drive. They think they can operate the remainder of the contract with the quarries themselves.

Susan Johnson

Susan Johnson operates Johnson Logistics Limited (JLL). The company was formed when she split from her brother six years ago. With money she received from her brother, at that time she purchased a new warehouse and she has built up a profitable trade in emptying containers and re palletising the contents ready for movement by road. Johnson Logistics Limited uses Johnson Transport to carry out many of its deliveries.

Both Johnson Transport and Johnson Logistics Ltd do some occasional work for a catalogue shopping chain. This chain has said that more business would be available, on the basis of a five year contract, if the two Johnson businesses were to merge. Since this seems too good an opportunity to miss, Susan and John have agreed to merge the two businesses into a new private limited company to be called Johnson Retail Logistics Solutions Limited.

You have been employed to assist with the merger and then manage the new contract.

The new business will operate from Susan's operating centre as John's business is currently based at one of the quarries. Susan's operating centre, even with John's vehicles, will be less than 50% utilised. Susan's facilities include a warehouse and she has the option to purchase an adjoining site, which includes a partially equipped workshop.

Contract details

The contract on offer from the catalogue shopping chain is as follows:-

All the goods will be collected from port, mainly in containers but occasionally in sealed unaccompanied tilt trailers. The goods will then be transported to Johnson Retail Logistics Solutions' (JRSL) warehouse, where they will be unloaded and stored on non stackable Euro Pallets (1200mm x 800mm), each with a weight of 100kg each.

From the warehouse, deliveries are to be made to the following destinations:

All distances given are for completed round trips, calculated from JRSL.

Leeds, operating Monday to Saturday inclusive. **Start 06.00, finish 19.00.**
Distance 400km, duty time 11½hrs.

Northampton, operating Tuesday only. **Start 19.00, finish 06.00.**
Distance 320km, duty time 9hrs.

Warrington, operating Wednesday to Friday inclusive. **Start 15.00, finish 02.00.**
Distance 360km, duty time 10hrs.

Stoke, operating Monday to Friday inclusive. **Start 11.00, finish 21.00.**
Distance 320km, duty time 9hrs.

All routes require one full load on the specified days of 32 pallets.

15 minutes is allowed immediately after the start of the duty time to check the vehicle. Unloading and loading at delivery points is 1 hour 15 minutes.

All waste packaging has to be collected and returned to JRSL warehouse for disposal.

Drivers

In order to fulfil this contract, the new company will need to recruit a number of drivers. Three drivers have been interviewed, all holding C + E entitlement, and they have accepted jobs on this new contract.

They are:

John Bran, who will always work the Leeds route on Friday and Saturday, taking Sunday and Monday as weekly rest.

Kevin Sprag, who will always on completion of a weekly rest carry out the Stoke route on Monday and Tuesday each week.

Brian Brigs, who will always work on the Warrington route on a Thursday and Stoke on a Friday.

Drivers wages

Drivers' wages and associated costs are £220 per working day.

Vehicle Information and general fleet cost

| | 2 axled articulated units | 3 axled curtain sided trailer | 2 axled dry line box trailer | 4 axled tipper bed rigid | 2 axled rigid 10mtr curtain sided body | 2 axled rigid van |
|---|---------------------------|-------------------------------|------------------------------|--------------------------|--|-----------------------|
| GVW | | 40,000kg | 28,000kg | 30,000kg | 18,000kg | 7,500kg |
| kerbside weight includes 90 kg allowance for the driver | 7,500kg | 6,500kg | 6,000kg | 8,500kg | 5,500kg | 4,000kg |
| Purchase price Including tyres | £75,000 | £27,000 | £21,000 | £68,000 | £36,000 | £27,000 |
| Insurance pa | £1,600 | £990 | £990 | £1,100 | £1,100 | £1,200 |
| VED pa | £2,500 | | | £2,100 | £280 | £280 |
| Expected residual value After years | £23,800 5yrs | £9,600 10yrs | £8,200 10yrs | £20,000 5yrs | £15,000 5yrs | £8,000 5yrs |
| O licence fees pa | £48 | | | £48 | £48 | £48 |
| Average speed kilometres per hour | 40 | | | 40 | 50 | 60 |
| Allocated indirect/admin costs pa | £990 | | | £700 | £600 | £600 |
| No. of tyres | 6 | 6 | 4 | 12 | 6 | 6 |
| Cost of tyres normal life span | £200 each 40,000km | £350 each 40,000km | £350 each 40,000km | £200 each 40,000km | £150 each 40,000km | £150 each 40,000km |
| fuel price per litre | 105p | | | 105p | 105p | 105p |
| Other running costs (oil, grease, etc) | 3.5ppk | 1.5ppk | 1ppk | 2.5ppk | 2.5ppk | 2.5ppk |
| km per litre of fuel | 2.5 | | | 3 | 3.5 | 4 |
| Average km pa | 200,000 | 50,000 | 150,000 | 200,000 | 200,000 | 50,000 |
| days available per annum | 300 | 300 | 300 | 300 | 300 | 300 |

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