



**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

**LEVEL 3 CERTIFICATES OF PROFESSIONAL  
COMPETENCE**

**05608**

**UNIT 4 MANAGING NATIONAL ROAD HAULAGE TRANSPORT OPERATIONS**

**FRIDAY 4 MARCH 2011**

**TIME: 2 HOURS**

**SCENARIO**

## Background

Norman Parkin started his own haulage company in Hull 20 years ago when he was 28. The business has grown over the years and today Norman Parkin Limited operates 30 lgvs from a small, leased operating centre within two miles of the city centre. You have worked for a number of major companies in the logistics industry over the last 25 years, most recently as the Operations Director of a plc. Due to your long experience in the transport industry you hold Chartered Member status in both the Chartered Institute of Logistics and Transport and the Society of Operations Engineers (formerly the Institute of Road Transport Engineers). You have never acquired a CPC. Norman Parkin has offered you the position of General Manager, answerable to the directors to oversee all current operational activities and the next stage of the planned expansion of the company.

The planned expansion involves:

- a) moving from the current operating centre in Hull to a new, purpose built leased site on the outskirts of the city and
- b) opening a second operating centre in the West Midlands.

## Current Staff

Norman Parkin - Managing Director  
 Mary Parkin - Finance Director  
 Bill Smithers - Transport Manager and National Freight CPC Holder  
 2 transport supervisors who take customer orders, plan all vehicle movements and issue instructions to drivers. They report to Bill Smithers  
 2 clerical staff who report to Mary Parkin  
 32 full time drivers - 22 hold C+E driving entitlement, 10 hold Category C only  
 1 yardman/forklift driver who reports to Bill Smithers  
 There is no maintenance staff; all maintenance is undertaken on contract by a nearby commercial repairer.

## Current Customers

### Boffo Builder Centres plc

This Hull-based company was Norman Parkin's first customer and the two organisations have both expanded over the intervening years, particularly Boffo which has developed a national network of depots supplying materials to the building trade. Parkin vehicles carry palletised loads of building products to these depots on regular runs each week. Boffo has recently undertaken a review of the current delivery pattern and has re-organised the runs to complete deliveries more efficiently. Boffo has its builder centres located in Leeds, Newcastle upon Tyne, Edinburgh, Dundee, Aberdeen, Glasgow, Carlisle, Manchester, Sheffield, Lincoln, Cambridge, Norwich, Nottingham, Gloucester, Bristol, Cardiff, Exeter, Portsmouth and West London.

## **Arbuckle Foods plc**

Arbuckle Foods produces canned foods. Palletised loads are supplied to supermarket regional distribution centres (RDCs). Norman Parkin Limited began work with Arbuckle three years ago. The relationship between the two businesses has strengthened over the period and there have been discussions surrounding the possibility of Norman Parkin Limited:

- a) increasing the number of articulated vehicles it provides to Arbuckle in Hull and
- b) opening a new depot in the West Midlands to service the Arbuckle site at Birmingham.

Currently Parkin articulated vehicles deliver full (26 pallet) loads from Arbuckle's Hull factory to RDCs in Newcastle upon Tyne, Edinburgh, Manchester, Bristol, Exeter, Portsmouth and West London. These RDCs will also need to be supplied from the Arbuckle site in Birmingham, together with two trips per week to Coleraine in Northern Ireland and one trip per week to Shannon in the Republic of Ireland.

## **OCR Engineering Limited**

OCR Engineering is a specialist company making large steel structures such as mobile telephone masts. Although the loads to be transported are not particularly weighty, some consignments involve projections beyond the dimensions of the vehicles being used.

## **Current Fleet**

At Hull, Parkin Transport has a licence authorising 35 vehicles and 25 semi-trailers. Currently the company operates 10 x 18 tonne GVW rigid vehicles and 20 x 44 tonne articulated vehicles (20 tractor units and 20 semi-trailers).

The rigid vehicles are all 12 metres in overall length. They are mainly curtainsiders but there is one flatbed and one box van in the available fleet.

The semi-trailers are all 13.6 metres in length. Again the fleet is predominantly curtainsiders but with two box vans and two flatbeds.

Parkin Transport has acquired all of the current fleet by outright purchase, funded partly from retained profits and partly by loans. The company keeps its vehicles for five years and has a regular replacement programme. Details of the cost of new versions of the vehicles in the Parkin fleet can be found later in this scenario.

## **Changes to be Accommodated**

### **Parkin Operating Centre in Hull**

A new purpose built site has been identified on the outskirts of Hull and preliminary discussions with the developer have been positive. An initial lease agreement for renewable five year terms has been drawn up and is awaiting finalisation and signing. The site is large enough to accommodate the additional vehicles needed imminently for the expansion on the Arbuckle Foods contract, whilst still leaving sufficient space for further fleet growth.

## **Boffo Builder Centres plc**

The larger centres receive full loads on articulated vehicles and require several loads per week. Smaller deliveries are made using 18 tonne GVW rigid vehicles which complete deliveries to a number of centres and collect empty pallets from each delivery point for return to Hull. Under Boffo's proposed reorganisation, two new routes have been created:

### **Route 1**

The vehicle is loaded overnight in Hull and must make deliveries in the order shown to:

Lincoln	50km from Hull (using the Humber Bridge)
Norwich	175km from Lincoln
Cambridge	100km from Norwich
Nottingham	100km from Cambridge
Sheffield	50km from Nottingham
Leeds	50km from Sheffield

The distance from the final delivery point in Leeds back to Hull is 100km and the Humber Bridge is not used.

### **Route 2**

Again the vehicle is loaded overnight in Hull and must make deliveries in the order shown to:

Newcastle	200km from Hull (not using the Humber Bridge)
Edinburgh	175km from Newcastle
Glasgow	50km from Edinburgh
Carlisle	150km from Glasgow
Manchester	200km from Carlisle

The distance from the final delivery point in Manchester back to Hull is 150km and the Humber Bridge is not used.

All vehicles are preloaded before the start of the trip for each route. Drivers start work at 06.00. 15 minutes is allowed at the beginning and end of each shift for vehicle checks, refuelling, paperwork, etc. Each delivery takes 30 minutes and the driver is required to assist. The average speed of the vehicles is 50kph. All vehicles are fitted with sleeper cabs. Breaks and daily rest periods may only be taken at base or at Boffo delivery points which have working hours of 06.00 (opening time) to 18.00 (closing time). Vehicles are not permitted to enter or leave Boffo premises outside of these times.

## **Arbuckle Foods plc**

The proposed new Parkin operating centre in the West Midlands is a leasehold site less than five miles away from the Arbuckle factory. It has offices, hard standing for the vehicles but no maintenance facilities. It is envisaged that 10 articulated vehicles will be initially required to service the Arbuckle, Birmingham site. These new vehicles and semi-trailers will be leased from a major franchised dealer in the West Midlands, which has agreed to provide a full preventive maintenance service at a fixed annual price for each vehicle and trailer.

A transport manager, two general office staff and 11 new drivers will have to be appointed.

### Costing and Budgeting Information

	18 tonne GVW rigid	44 tonne tractor unit	3 axle semi-trailer
Initial purchase price	£68,520	£82,000	£12,000
Value of initial tyre equipment	£1,800	£2,400	£1,800
Method of depreciation	Reducing balance	Reducing balance	Straight line
Reducing balance %	20%	20%	Not applicable
Estimated life	5 years	5 years	10 years
Estimated residual value	Not applicable	Not applicable	Nil
VED	£720 pa	£1800 pa	Not applicable
Driver's wages (inc NI and overtime)	£28,800 pa	£31,200 pa	Not applicable
Administration apportionment	£15,600 pa	£18,350 pa	Not applicable
Vehicle insurance	£6,000 pa	£7,200 pa	£1,400 pa
Working pattern	240 days per year	240 days per year	240 days per year
Fuel	£1.00 per litre	£1.00 per litre	Not applicable
Fuel consumption	4km per litre	2.5km per litre	Not applicable
Lubricants	1p per km	1p per km	Not applicable
Maintenance	5p per km	6.15p per km	1p per km
Replacement tyre cost (per set)	£1,800	£2,400	£1,800
Tyre life	80,000km	80,000km	80,000km
Profit mark up on costs	7.5%	7.5%	7.5%
Subsistence per night	£25	£25	Not applicable
Humber Bridge Toll	£10.90	£18.30	Not applicable
Average speed for scheduling purposes	50kph	50kph	50kph

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