



OCR CERTIFICATES OF PROFESSIONAL COMPETENCE IN ROAD HAULAGE TRANSPORT

UNIT 4 CASE STUDIES

JUNE 06



Pre-release case studies

These case study scenarios have been published prior to the CPC Road Haulage Transport examinations to be held on Friday 9th June 2006. Two case studies have been published for each examination.

Only ONE of these case study scenarios will form the subject for questions in the paper. You should thoroughly prepare yourself to answer questions based on either scenario. You should not however limit your study solely to the areas covered in the case studies 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.



Unit 4
Case study 1
June 06

Company Background

OCR Transport Limited (OCR) (owned by you) is a general haulage company that has a standard national 'O' Licence in the Eastern Traffic Area. The company operates from a site not far from Huntingdon. Your father owns RSA Plant Equipment Transport Limited (RSA), a company specialising in the hire and transport of plant and equipment for road building, operating with a restricted 'O' Licence also in the Eastern Traffic Area. This company operates from a large site just outside Cambridge. Your father wishes to retire. As your company, OCR, is very successful and financially sound, you have decided to buy your father's company. You have ruled out the possibility of operating both companies from a single site.

Staff

OCR employs a company secretary, a personal assistant, 3 accounts staff, an accountant, a workshop manager, 4 mechanics, 2 transport supervisors, 4 traffic clerks and 40 drivers. You do not employ a transport manager; this is a role you carry out yourself and will continue to do so. Your transport supervisors are all CPC holders.

RSA employs a company secretary who is also the accounts manager, a personal assistant, 2 accounts staff, a plant workshop manager, a transport workshop manager, 10 plant fitters', 4 vehicle mechanics, a transport manager, 2 traffic clerks, 2 plant hire clerks, 1 plant hire supervisor, a transport supervisor and 20 drivers. Your father managed the plant hire side of the business.

Some of your father's staff have worked with him since his company's incorporation. The Company Secretary, his personal assistant, the accountant and the transport workshop manager have agreed to retire at the same time as your father.

RSA's transport manager has agreed to switch roles to become plant hire manager should you require it.

Vehicles	OCR	RSA
2 axled unit for articulated vehicles	20	10
3 axled low loader semi trailers	0	10
3 axled curtain sided semi trailers	40	5
4 axled rigid flat bed vehicles	5	5
2 axled rigid box vehicles	10	2
2 axled 10,000 litre road tanker	0	1
2 axled rigid 3,500 kg GVW vans	5	5

Vehicle Information

(Information in the table below is per vehicle)

	2 axled units	3 axled low loader trailer	3 axled curtain sided trailer	4 axled flat bed rigid	2 axled rigid box	2 axled rigid tanker	2 axled rigid van
Purchase price	£74,000	£24,000	£24,000	£64,000	£34,000	£44,000	£24,000
Insurance pa	£1,500	£1,000	£1,000	£1,000	£1,000	£1,500	£1,000
VED pa	£1,000			£210	£280	£280	£280
'O' licence fees pa	£45			£45	£45	£45	
Maintenance Cost pa	£2,500	£1,200	£700	£2,500	£1,500	£1,750	£900
No. of tyres	6	12	12	12	6	6	6
Fuel km per litre	2.5			3.5	3.5	3.0	7.5
Average km pa	200,000	50,000	150,000	200,000	200,000	150,000	50,000

note: pa = per annum

General fleet cost information

Tyres

Tyres fitted to the 3.5 GVW vans have an average life of 30,000 kilometres and cost £120 each. The average life of tyres fitted to all other vehicles and trailers is 60,000 kilometres with tyres costing £180 each.

Fuel

Costs 75p per litre.

Drivers' Wages

Drivers' wages are fixed at £150 per day with a £20 night out allowance when applicable.

Depreciation Method

Straight line depreciation is used in both businesses for all vehicles and equipment.

Speeds

The 3.5 tonnes GVW vans average speed 70 kph. All other vehicles average 60 kph.

Contracts

RSA Contract – Bathgate

The contract is very lucrative it requires the carriage of newly manufactured road laying equipment from Cambridge to Bathgate using a low loader trailer, your customers critical concerns are the time of collection and earliest delivery time legally possible. The contract is currently operated against the following schedule:-

Start time	Activity	Finish time
07.00	Vehicle check	07.30
07.30	Drive to customer	08.30
08.30	Assist loading of vehicle	10.30
10.30	Leave for Bathgate	
13.00	Working time break	13.30
13.30	Continue journey	
14.30	Drivers hours break	15.15
15.15	Continue journey	
17.15	Working time break	17.30
17.30	Continue journey	
20.00	Drivers hours break at Delivery point	20.45
20.45	Reduced daily rest at delivery point	05.45
05.45	Assist Unloading equipment	07.45
07.45	Leave for Cambridge	
11.45	Working time break	12.15
12.15	Continue journey	
12.45	Drivers hours break	13.30
13.30	Continue journey	
16.00	Working time break	16.15
16.15	Continue journey	
18.15	Arrive depot	
18.30	Finish	

The driver's start time and the duration of reduced daily rest, vehicle check time and time taken for loading and unloading are fixed. The delivery point is open 24 hours a day and allows unloading to take place both day and night.

RSA Fuel Contract

This contract is for the delivery of diesel fuel to a customer's sites for refuelling of non road going plant equipment. The fuel is sold to the customer by RSA.

Driver Information

Drivers at RSA have a more generous holiday entitlement and sickness pay scheme than those at OCR.

If the two companies merge, you will expect all drivers to be able to operate from either site as required. Some of OCR's drivers involved in general haulage are unaware of the extra safety requirements that apply to the haulage of plant and equipment.

Offences

The drivers on the Bathgate contract often speed and fail to operate the mode switch on the analogue tachograph correctly.

OCR has had no issues with the Traffic Commissioner (DoE NI) over the last 15 years. Only one of the company's drivers is known to have received a speeding conviction whilst on Company business. None of its directors or staff have had any relevant criminal convictions.

Maintenance

OCR has received 2 PG9's in the last 15 years. RSA has had problems with drivers failing to carry out their daily checks. When checking the RSA vehicle history files you discover that a number of documents are missing.



Unit 4
Case study 2
June 06

BACKGROUND

Your name is Mark Grainger and you are currently employed as the Transport Manager for a large, national company, which operates a fleet of vehicles in order to carry out its core business. In addition to your regular employment you work as a consultant to a partnership which trades as Team Haulage.

You have worked for your current company for 10 years with responsibility for:

- strategic management of fleet maintenance
- driver recruitment, training and ongoing management
- preferred supplier procurement (maintenance)
- controlling budgets
- health & safety
- systems, policy and processes design.

You have the following qualifications:

- CPC National Road Haulage
- Category C driving entitlement
- DGSA.

You have just been advised of a voluntary redundancy scheme, where you could receive a lump sum, which with your savings will provide you with capital of £80,000. You have two future business options which you plan to explore.

Option 1

To set up a small road haulage business on a sole trader basis – to be known as Grainger Transport.

Option 2

Team Haulage is currently owned in partnership by John and Sharron Wisby who live on site at the operating centre. While working as a consultant for Team Haulage you have been offered the possibility of forming a limited company with the existing partners which would take over the business. If you pursue this option, John, Sharron and yourself will each be a Director and will have equal standing in the new company. You will seek to expand the operation including the introduction of new vehicles.

INFORMATION FOR OPTION 1 ONLY

Research/Business Planning

Your business plan indicates that you anticipate winning contracts which will require the following fleet to be procured.

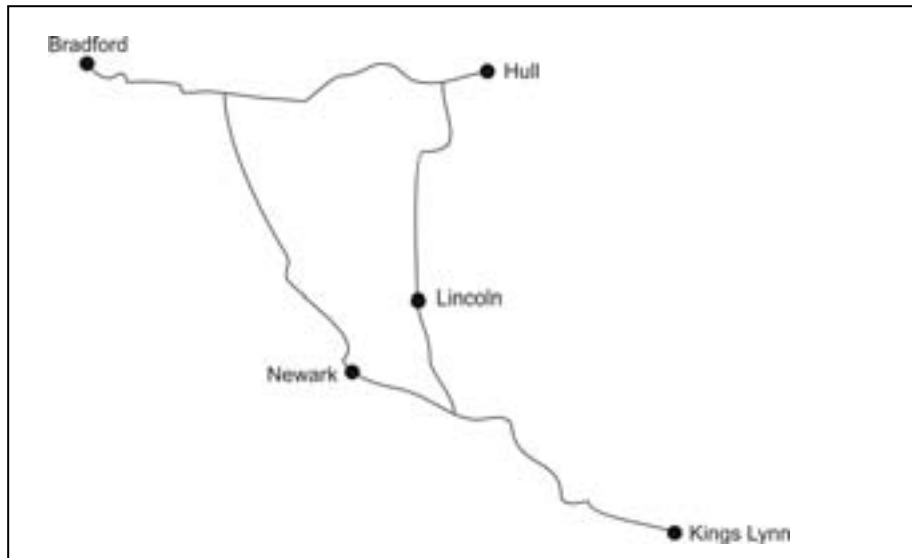
Vehicles to be Acquired
3 x 2 axle rigid (7.5 tonnes GVW) – 10 tonne train weight
1 x 3 axle rigid (26 tonnes GVW)
4 x 2 axle tractor unit
2 x 2 axle semi trailers
2 x 3 axle semi trailers
1 x 3 axle recovery vehicle

Projected Operating Costs per Vehicle

	2 axle rigid	3 axle rigid	2 axle artic with 2 axle semi trailer	2 axle artic with 3 axle semi trailer
Capital Costs				
Vehicle purchase costs (excluding the cost of tyres)	£34,000	£26,000	£38,000	£48,000
Standing Costs (per annum) (based on 312 chargeable days)				
Licences (VED)	£165	£650	£1500	£1200
Insurance	£3,800	£4,200	£4,200	£4,500
Wages (incl. NI, pension etc)	£22,000	£25,000	£32,000	£32,000
Interest on Vehicle capital costs	£2,760	£2,070	£2,760	£4,140
Running Costs				
Tyres cost per vehicle	£300	£1200	£1700	£2880
Life expectancy in km	48,270 km	48,270 km	64,360 km	64,360 km
Diesel per km	£0.15	£0.30	£0.30	£0.30
Maintenance cost per km	£0.05	£0.05	£0.05	£0.05
Overhead costs (per day)				
Per vehicle per day	£50	£50	£50	£50

Depreciation is calculated at 25% per annum on a reducing balance basis.

You have identified an opportunity to tender for the following contract which involves the carriage of machine parts on pallets.



Location	Distance/Km	Travel Time	Notes
Kings Lynn – Hull*	175	2hrs 55mins	Collect 9 pallets at Hull
Hull – Bradford	115	1hr 15mins	Collect 15 pallets at Bradford
Bradford – Kings Lynn	225	3hrs 15mins	Unload 24 pallets at Kings Lynn

*via Humber Bridge – toll is £13. 40 single crossing

Vehicles required: 2 x 3 axle rigid (26 tonne)

INFORMATION FOR OPTION 2 ONLY

Team Haulage – Existing Company Specification

<p>John Wisby – Personal Specification</p> <ul style="list-style-type: none"> • following apprenticeship as a mechanic has run Team Haulage for past 10 years, with Sharron • qualified LGV mechanic • qualified First Aider • Category C + E driving entitlement 	<p>Sharron Wisby – Personal Specification</p> <ul style="list-style-type: none"> • accounts experience • administrative experience • CPC holder (National Road Haulage) • Category C1 driving entitlement
<p>Facilities</p> <ul style="list-style-type: none"> • Owned operating centre • Covered workshop with inspection bay • In-house maintenance • Purpose built office 	<p>Operator Licence Details</p> <ul style="list-style-type: none"> • Authority for fleet of 15 vehicles and 4 trailers • Licence granted in 1998 • a number of PG9s/PG10s recorded • driver hours violations recorded

<ul style="list-style-type: none"> Fuel storage on site 	Vehicles currently owned/operated 1 x 3.5 tonne transit van 4 x 2 axle tractor unit articulated Vehicles previously owned 5 x 3 axle rigid
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A recent fuel theft, and attempted office break in is being investigated by the police.

EMPLOYEES

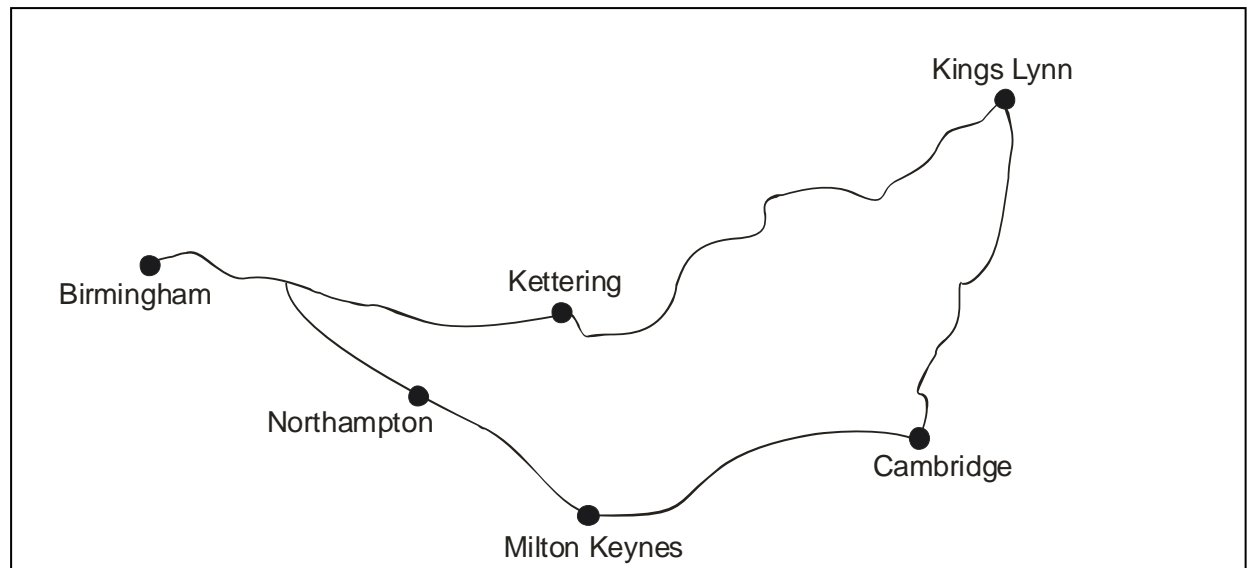
Name	Date of Birth	Driving Entitlement	Other Qualifications	Hours of work
Drivers				
Mike Gregory	20/09/87	C1		0730-1800
Taylor Smith	30/01/63	C		0730-1800
Arthur Roberts	07/06/72	C + E (Cat 102)		0730-1800
Paul Sennet	16/10/58	C + E	ADR Certificate	0730-1800
Balbir Amar	12/09/65	C + E		0730-1800
Kola Akedu	11/02/70	C + E		0730-1800
Apprentice Mechanics				
Darren Barton	20/10/87	B		0800-1700
Terry Grey	07/02/89	B		0800-1700
Office Manager				
Henry Partridge				0900-1730
Admin Staff				
Louise Palin				0900-1700
Sini Loon				0900-1700

FINANCIAL INFORMATION

The anticipated financial outcome by the end of month 10 of the current financial year is a loss of £10,000. The budgeted profit at this date was £30,000. In addition, the partnership has been suffering a liquidity problem over the last three months.

CONTRACT CURRENTLY OPERATED BY TEAM HAULAGE

Contract 203: Local Health Authority – Disposal of regulated Infectious Waste



Location	Distance/Km	Travel Time	Notes
Kings Lynn – Cambridge	75	1hr 30mins	40 bags loaded at Cambridge
Cambridge - Northampton	95	1hr 20mins	40 bags loaded at Northampton
Northampton – Birmingham	90	1hr 5mins	60 bags loaded at Birmingham
Birmingham - Kings Lynn	195	2hrs 55mins	140 bags unloaded at Kings Lynn

SPECIFICATIONS

The driver must carry out a walk around check of his vehicle at the start of his working day. This takes 30 minutes.

The vehicle travels empty from Kings Lynn to Cambridge. The waste is class 6.2. The incinerator is located close to the Team Haulage operating centre at Kings Lynn. The vehicle will be loaded at Northampton by hospital staff which will take 45 minutes and will not require the assistance of the driver. The driver will need to assist with loading at Cambridge and Birmingham (30 minutes at each pick-up point). Unloading at Kings Lynn will be carried out by Depot staff and will take 45 minutes including health and safety checks and paperwork. The driver must however, then assist in the mandatory cleaning of the vehicle which takes 30 minutes.