

**Level 3 Certificate of Professional
Competence for Transport Managers
(Road Haulage) Unit R2 Case Study**

05689

Friday 16 September 2016 – 1.00 PM – 3.15 PM

Time Allowed: 2 hours 15 minutes

Case Study

This document consists of 8 pages. Any blank pages are indicated.

Background

OCR Logistics Ltd has provided general haulage and warehousing services from its leased premises in Southampton since 2004. The company operates in the UK and within the EU only. OCR holds a Standard International operator licence, authorising 42 vehicles and 15 trailers at its only operating centre. Vehicle safety inspections, servicing and repairs are all carried out in OCR's on-site workshop, which is not authorised to carry out any other work.

OCR has always traded profitably and has access to substantial capital. The company has a 'green' OCRS rating. There have been no convictions or insolvency events in the company's history. The company is registered for VAT in the UK.

You have worked for OCR for three years as a supervisor in the transport office. Your duties include producing the company's vehicle maintenance plan, route planning, allocating vehicles and drivers, preparing driver schedules and costings for the company's work, and advising the Transport Manager as required. You hope to pass this CPC exam and earn promotion within OCR.

Company policies

- OCR uses the standard RHA terms and conditions for its UK sales contracts.
- OCR buys all its vehicles new and sells them after three years.
- OCR's vehicles may not carry any dangerous goods, perishable foodstuffs, livestock or waste.
- OCR's vehicles are always single-manned.
- Drivers must complete a 15-minute vehicle walkround check at the start of every working day.
- Drivers must take all break and rest periods at the latest possible time, and for the shortest possible period. This rule does not apply when the driver is on a train or ferry, when breaks must be taken if that would shorten the length of the working day.

UK delivery routes

You have been asked to plan some of the delivery routes that OCR has been contracted to carry out. Your instructions state that the smallest possible vehicle must be used on each route.

You have already planned the following eight routes, minimising the travelling distance and the number of vehicles required, as shown in the table below. The items to be delivered are either loaded on UK standard size pallets (1,200mm x 1,000mm) or are in stackable boxes. The loaded pallets each weigh 600kg and each box weighs 50kg.

	Delivery 1	Delivery 2	Delivery 3	Delivery 4	Delivery 5
Route 1	10 boxes	10 boxes	30 boxes	n/a	n/a
Route 2	7 pallets	4 pallets	9 pallets	n/a	n/a
Route 3	28 boxes	28 boxes	2 boxes	n/a	n/a
Route 4	1 pallet	1 pallet	n/a	n/a	n/a
Route 5	4 boxes				
Route 6	10 pallets	2 pallets	2 pallets	2 pallets	2 pallets
Route 7	14 boxes	14 boxes	14 boxes	12 boxes	n/a
Route 8	2 pallets	1 pallet	3 pallets	1 pallet	2 pallets

Driver returning from Cologne

Fig.1

One of OCR's drivers (Joe Smith) completed a delivery to Cologne, Germany this morning, Friday 16 September 2016. Joe will take a Regular Weekly Rest at the German customer's expense before starting to prepare the unladen articulated combination for the return journey to Southampton at 05.30 hours (local time) on Monday 19 September 2016.

A freight forwarder has offered a load back to the UK, comprising two collections for Joe, both for delivery to one location in Southampton. The collections are available in Eschweiler, Germany and in Ghent, Belgium, and involve no additional mileage.

You have compiled the following information:

- The price offered by the freight forwarder for both collections combined is €500
- The distance from Cologne to Eschweiler is 66km (average speed 66kph)
- Loading at Eschweiler will take one hour, driver assists
- The distance from Eschweiler to Ghent is 210km (average speed 70kph)
- Loading at Ghent will take 45 minutes, driver assists
- The distance from Ghent to the Channel Tunnel terminal at Coquelles, France is 192.5km (average speed 70kph, allowing time for check in and embarking Le Shuttle)
- The Channel Tunnel crossing time is 35 minutes. Joe is to take the 1500 hours (local time) crossing
- The distance from the Channel Tunnel terminal at Folkestone to Southampton is 227.5km (average speed 70kph, allowing time for disembarking Le Shuttle)

Vehicle fleet and financial information

	Articulated Combination	Rigid curtain-sided lorry	Rigid box-bodied lorry	Van
Number of vehicles	12	15	8	10
GVW	44,000kg	18,000kg	7,500kg	3,500kg
Maximum payload	24,000kg	9,000kg	2,800kg	1,100kg
Maximum number of stacked boxes	100	70	60	20
Loadspace dimensions	13,500mm x 2,480mm	7,310mm x 2,430mm	5,700mm x 2,200mm	3,000mm x 1,100mm
Days in use, per annum	240			
Standing costs				
Vehicle depreciation, per vehicle, per annum	£14,496	£10,625	£7,325	£3,250
Other standing costs, per vehicle, per annum	£22,800	£20,800	£19,800	£17,800
Driver wage costs, per driver, per day	£125	£120	£115	£110
Running costs				
Fuel cost, per litre	£1.20			
Fuel consumption	6 km/l	7 km/l	8 km/l	9.5 km/l
Maintenance & tyre costs, per km	£0.37	£0.33	£0.29	£0.16
Driver daily expense allowance, per day	€45			
Le Shuttle fare (one-way)	£225	£200	£175	£150
Exchange rate to be used	€1 = £0.81			

Fig.2

Future plans

OCR has won a contract from DCR GmbH, a company registered for German VAT, to start in three months' time. The contract is to deliver goods from Winchester to DCR GmbH's premises in Cologne, Germany every two weeks and to deliver goods travelling in the opposite direction as follows:

DCR GmbH contract

Week 1: Winchester-Cologne (Monday - laden) / Cologne-Winchester (Tuesday - unladen)

Week 2: Winchester-Cologne (Thursday - unladen) / Cologne-Winchester (Friday - laden)

Week 3: Winchester-Cologne (Monday - laden) / Cologne-Winchester (Tuesday - unladen)

Week 4 : Winchester-Cologne (Thursday - unladen) / Cologne-Winchester (Friday - laden)

OCR's Managing Director would like to eliminate the unladen journeys (empty running) and also wants to avoid having a vehicle parked in Germany.

Potential Scotland contract

Macbarnes Homewares plc has invited OCR to tender for a contract to deliver goods from its Glasgow distribution centre to sites across the UK. The contract will require six articulated vehicles to be based at Macbarnes Homewares plc's premises. Tenders must be submitted by 23 September 2016 and the winning haulier will be notified on 21 October 2016. The contract will be operated from 1 March 2017, to allow time for the necessary arrangements and approvals to be completed.

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