



**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 6 March 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

You are the Logistics Director of Supershop PLC, a grocery supermarket chain operating in the south-east of England with a turnover of £200m. Your company owns a chain of 100 stores spread across the Home Counties and operates two distribution centres – one is located in Ramsgate and the other is in Crawley.

You have overall responsibility for the operation of the own account fleet; you also have responsibility for the procurement of outside transport services as needed and for the operation of the distribution centres. As a member of the Board of Directors, you report to the Chief Executive and work closely with the other Board members. These are the Procurement Director (who is responsible only for buying products for sale in the stores), the Director of Retail Operations, the Finance Director and the Human Resources Director.

Distribution Centre Operations

The distribution centre warehouses are rectangular in shape and have loading bays on each of the long sides. One side is used for discharging arriving vehicles and the other side for loading vehicles delivering to the stores. The warehouses are fitted with racking but some items, with short shelf life, are moved directly from the arrival bays across the warehouse for direct loading onto the store delivery vehicles. The Ramsgate centre delivers goods to 30 of the company's stores and the Crawley centre delivers to the remaining 70 stores.

Each centre is headed by a Distribution Centre Manager. The other staffing for the centres is as follows:

	Ramsgate	Crawley
Warehouse managers	1	2
Transport Managers	1	1
Drivers	15	35
Transport clerks	1	3
Warehouse clerks	1	3
Fork lift truck drivers	3	6
Order pickers	4	8
Yard shunter	1	1

The Ramsgate centre handles, on average, 25 vehicles per day of which an average of 10 vehicles are bringing goods to the centre and 15 are taking goods out for delivery to the stores. The Crawley centre handles an average of 60 vehicles per day of which 25 are delivering goods to the centre and 35 are collecting goods for delivery to the stores.

Transport Overview

It is the responsibility of suppliers to provide the transport for goods which are brought into the distribution centres. They need to book delivery times with one of the warehouse clerks. Drivers are likely to be delayed if they arrive more than five minutes after their allocated delivery time. To avoid congestion, they are asked not to arrive more than ten minutes before their allocated time.

For outgoing loads, every store receives half of a trailer load per day, Monday to Friday excluding certain holidays giving a total of 250 working days per annum. Order levels are not always sufficient to fill half of a trailer for every store. On some occasions stores do not receive everything they order since it cannot be accommodated on the daily allocated trailer within the weight constraints set down by law.

Occasionally, your transport managers need to contract-in haulage services to cover occasions when your vehicles are not available due to maintenance or breakdown. Normally, the Crawley centre uses the services of Green Haulage Limited and the Ramsgate centre uses the services of Gemma Johnson who operates as a sole trader running her own haulage fleet.

The Own Account Fleet

The company currently operates its own account distribution fleet under a restricted operator's licence which authorises 50 motor vehicles and 50 trailers. Your sites at both Ramsgate and Crawley are operating centres authorised on the licence. You have 35 vehicles and 35 trailers based at the Crawley centre and 15 vehicles and 15 trailers based at the Ramsgate centre.

The fleet comprises 2-axle tractor units which are wholly owned by the company and are used with 3-axle semi-trailers. The trailers are not owned by the company but are on long term hire from Towhire PLC, a national vehicle and trailer rental company. All trailers are fitted with tail-lift equipment.

Each driver commences work at 0700hrs, spends ten minutes checking his vehicle and 50 minutes supervising its loading. Unloading at each store takes one hour with the driver responsible for supervising this activity. At the end of each run 30 minutes is spent by the driver offloading empty cages and dealing with delivery paperwork.

Agency drivers are brought in to cover for driver absences due to holidays or sickness.

The own account fleet operation is the responsibility of the Transport Managers who each report to the relevant Distribution Centre Manager. The Warehouse Managers, who also report to the Distribution Centre Managers, are responsible for the organisation of the warehouses including order picking.

The motor vehicles are maintained at workshops at each of the distribution centres. Although the buildings are owned by Supershop plc, the maintenance activity is contracted out to an external contractor who provides the maintenance equipment and the maintenance staff. The contractor pays a commercial rent to Supershop for the use of the buildings and charges agreed rates to the company for vehicle maintenance. The contract for the use of your buildings makes it clear that the buildings can only be used to maintain vehicles operated by Supershop. The trailers are maintained off-site by the trailer hire company.

The total annual distance travelled by the fleet based at Ramsgate is 2.5 million km and the total annual distance travelled by the vehicles based at Crawley is 1 million km.

One of the motor vehicles has recently been replaced. The information in the table below relates to the new vehicle and its associated hired trailer.

Purchase price of vehicle (excluding tyres)	£48,000
Depreciation	20% reducing balance
Hire cost for trailer	£3600 pa
Driver basic wages	£420 per week (Paid for 52 weeks per year)
Payroll costs for driver	25% of basic wages
Maintenance (fixed price)	£900 per motor vehicle pa £600 per trailer pa
Fuel consumption	4 km per litre
Fuel cost	80 pence per litre
Insurance, VED and O licence	£3200pa per vehicle combination
Other vehicle running costs	8 pence per km
Transport Department management costs	£6,000 pa per vehicle combination
Other transport Department overhead costs	£8,000 pa per vehicle combination

Run information

Information on four of the regular daily runs undertaken by vehicles from the own account fleet is set out below:

	Run R10	Run R12	Run C8	Run C26
Vehicle base	Ramsgate	Ramsgate	Crawley	Crawley
Delivery 1	Maidstone	Gillingham	Brighton	Andover
Delivery 2	Tonbridge	Dover	Worthing	Southampton
Distance base to delivery 1	60km	60km	35km	120km
Distance between delivery 1 and delivery 2	30km	90km	35km	60km
Distance delivery 2 to base	90km	30km	70km	180km
Average speed for run	60kph	60kph	70kph	60kph

Future Plans

It is anticipated that three more stores, to be serviced from the Crawley depot, will be opened within the next 12 months.

The company wishes to pursue a policy of environmentally sustainable operations for the future. It is also committed to ensure that its working environments are safe for its visitors, customers and staff.

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