

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

05689

Friday 6 March 2015 – 1.00 PM – 3.15 PM

Time Allowed: 2 hours 15 minutes

Case Study

This document consists of 4 pages. Any blank pages are indicated.

BACKGROUND

Bunsley Transport Ltd, a general haulage business, was established in 2003 by Charles Road. It holds a Standard National Operator Licence authorising the use of 25 rigid goods vehicles from an operating centre in Rotherham (North East of England traffic area). The operating centre is leased, and the fleet comprises 25 box-bodied vehicles each of which has an 18,000kg GVW.

On 1st December 2014 Charles decided to sell the business to his friend, Mick Burkiss. A condition of the sale of the business was that Charles, who is professionally competent in international road haulage operations, would act as Mick's transport manager. In the short time that Mick has been running Bunsley Transport Ltd, he has come to the conclusion that there are areas where efficiencies can be made and growth can be achieved. The areas to be reviewed are:

- the headcount of the business
- the scheduling of work for Tieman Associates
- the financial position of the business
- the securing of new customers.

PERSONNEL POLICIES

In an attempt to make the business more efficient, Mick is considering making redundancies. Redundant staff will be offered statutory redundancy pay only.

As of today, the headcount and annual salary/wage (including NI and pension) for each member of staff is as follows:

• Managing Director (Mick Burkiss)	£85,000
• Finance Manager	£44,000
• Warehouse Manager	£28,000
• Transport Manager	£35,000
• Route Planners (x 3)	£18,000
• Sales Staff (x 2)	£18,000
• Accounts Staff (x 2)	£15,000
• Goods In/Out Clerk	£15,000
• Warehouse Operatives (x 5)	£15,000
• Drivers (x 25)	£27,000
• Human Resources Manager	£35,000
• Transport Clerks (x 2)	£15,000
• Marketing Manager	£28,000
• Finance Clerk	£15,000
• Fork Lift Truck Operatives (x 7)	£15,000
• Sales Manager	£32,000

TIEMAN ASSOCIATES SCHEDULE

Bunsley Transport Ltd has operated a contract for Tieman Associates for some years, involving the transport of machinery.

Mick is concerned that the driver scheduling for this customer is inefficient, and has drafted this revised schedule:

Run A: 06.00 to 16.00 – 540 minutes of driving and is carried out every day of the week.

Run B: 08.00 to 18.30 – 541 minutes of driving and is carried out on Monday to Saturday only.

Run C: 05.45 to 19.00 – 540 minutes of driving and is carried out from Monday to Saturday only.

Run D: 09.00 to 21.00 – 600 minutes of driving and is carried out from Monday to Saturday only.

Run E: 02.00 to 14.00 – 600 minutes of driving and is carried out from Wednesday to Sunday only.

POTENTIAL NEW CUSTOMER

Bunsley Transport Ltd has tendered for a contract for the delivery of electronic components to Assen in The Netherlands, for a manufacturer based in Coventry (West Midlands traffic area). If successful, Bunsley Transport Ltd will operate the contract from 1st April 2015.

The contract would require the purchase of an additional 18,000 kg GVW rigid goods vehicle. This vehicle would need to be permanently based at the customer's premises in Coventry, and would have its maintenance carried out by a local garage.

If Bunsley Transport Ltd win this contract, additional work in The Netherlands would have to be found to limit empty running.

FINANANCIAL INFORMATION

Driver Wage (including NI and Pension, per driver)	£27,000 p.a.
Fuel consumption (km/litre)	5
Fuel cost (per litre)	£1.10
Annual distance travelled (km per vehicle)	96,558
Lubricants costs (per vehicle, per km)	£0.005
Maintenance costs (per vehicle, per calendar month)	£400.00
Vehicle tyres cost (per vehicle, per km)	£0.06
Vehicle insurance/licences cost (per vehicle)	£4,530.00 p.a.
Other costs (per vehicle)	£6,985.97 p.a.

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