

**Level 3 Certificate of Professional  
Competence for Transport Managers  
(Passenger Transport) Unit P2 Case Study**

**05678**

**Friday 8 March 2019  
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

Robert Stephen Andrews runs a coach business trading as RSA Coach Hire (RSA). Robert is a sole trader and operates 28 vehicles from four operating centres. The operating centres comprise a freehold site in Milnthorpe, a rented site in Lancaster, and a rented site in Kendal, Cumbria (all in the North West of England Traffic Area) and the other operating centre is in Richmond, which is in the North East of England Traffic Area.

You have been asked by Robert to work as an external Transport Manager, to assist in the planning and restructuring of the business after the loss of a major contract for work in the Richmond area. The contract was lost as a result of complaints about reliability.

Robert's Standard International operator licence for the North West of England Traffic Area authorises 26 vehicles at the three operating centres in the area and the Standard National operator licence for Richmond in the North East of England Traffic Area authorises 4 vehicles.

### The Current fleet

#### Richmond (rented site)

2 x 48-seat touring coaches

#### Milnthorpe (owned by RSA)

6 x 52-seat standard coaches

#### Lancaster (rented Site)

6 x 49-seat standard coaches

8 x 52-seat service buses

#### Kendal (rented site)

6 x 24-seat midi service buses

## **Future Business**

RSA has been invited to tender for the provision of transport for Lancaster University. The work will involve taking students on summer study trips to various locations in France and Germany. The first trip, in two weeks, is to Heidelberg in Germany. The student travel coordinator at the university (Susan Tripmaster), has asked Robert to provide a quotation for this trip. Details of the trip are set out below.

- Driver checks and paperwork at Lancaster depot will take 30 minutes
- Distance from Lancaster depot to Lancaster University 12km
- The passengers will board at Lancaster University, taking 30 minutes with the driver assisting
- Distance from Lancaster University to Hull ferry terminal 228km
- The ferry departs from Hull at 20.30hrs
- The ferry crossing to Rotterdam takes 11 hours
- Check in at Hull ferry terminal must begin two hours before ferry departure time. The process takes 30 minutes, driver assisting
- Embarkation takes 10 minutes, to be treated as driving time. The coach will begin embarkation 30 minutes before ferry departure time
- Disembarkation in Rotterdam takes 15 minutes, to be treated as driving time. For scheduling purposes, this includes an allowance for the driver's walkround check
- Distance from Rotterdam to Heidelberg 535.5km
- The coach will be required to carry out excursions while in Heidelberg. The distance travelled on these excursions will be 900km
- Average speed in the UK 80kph
- Average speed in Europe 90kph
- Standing costs will be allocated for 11 days
- Drivers must take all breaks as late as legally possible and for the shortest possible time, except when on board ferries
- The vehicle's return journey to the UK will cover the same route as the outward journey

The vehicle to be used for this work is one of the 49-seat touring coaches currently based at the Lancaster Depot. The vehicle was purchased in July 2017 and will be in its second year of service with the company. Robert uses the reducing balance method when calculating depreciation .

Financial and operating details for the 49-seat touring coach

Coach purchase price (in July 2017) excluding tyres	£172,998.00
Annual depreciation rate to be used	20%
Other standing costs per day (excluding depreciation)	£148.80
Driver's wage per day (including allowances), to be treated as a standing cost	£130.00
Combined maintenance and tyre cost per km	£0.24
Fuel consumption	4km/l
Fuel cost per litre	£1.08
European road tolls (for the round trip)	€450.00
Vehicle days in use per annum	240
Ferry cost (Total for outward and return journeys)	£840.00
Exchange rate to be used.	1 Euro = £0.90

The driver's hotel accommodation in Heidelberg is provided free of charge

### **Future Plans**

One of the reasons for the loss of the contract in Richmond was the unreliability of the service, because of regular breakdowns. Robert believes that this was largely due to the drivers not carrying out effective daily walkround checks. To ensure that this poor practice does not continue, you have suggested to Robert that RSA should introduce a nil defect reporting system and he has begun to draft a written procedure for the drivers to follow.

Robert has decided to close the Richmond depot after the loss of the contract and make the two drivers and the Transport Supervisor employed there redundant. One of the drivers there is Rob Rickson who is 46 years old. Rob started working for RSA on his 37th Birthday and is paid £425.00 per week. The other driver is Becky Stephens who is 29 and has worked for the company for 9 years. She is paid £380.00 per week. The Transport Supervisor, Carla Lloyd, is 52 and has worked for the company for 13 years. She is paid £520.00 per week. There are no specific arrangements for redundancy in RSA's employment contracts.

The two vehicles currently based in Richmond will be transferred to the depot in Lancaster which has sufficient parking space to accommodate the additional vehicles.

After the loss of the contract work in the North East Traffic Area, Robert is considering whether it is time to change the status of the business from that of a sole trader to a private limited company.

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