



## Credit Crunch Support Guide

# Specialist help from FTA

### Falling levels of business

#### Avoiding unnecessary cost

- maintain a core fleet resource which is commensurate with business levels
- regularly review vehicle schedules and deployment to accommodate falling volumes
- capitalise on improved journey time predictability due to falling traffic levels
- utilise flexible employment practices

#### Manage down cost base for core fleets

- review individual cost components having prioritised where effort can be most effectively focused
- capitalise on weak trading conditions in negotiations with suppliers
- remember to also plan for the upturn!

#### Cost unpredictability and cost recovery

- look at medium term oil price forecasts when making strategic fuel purchase decisions
- rebase contracts on new rate inflation mechanism
- review contractual relationships with customers to allow input costs to be passed on directly

Freight operators are facing huge pressure on costs as a result of the sharp fall in business activity and consumer demand in the UK and the rapid tightening of credit.

This has been exacerbated by intense price volatility in key inputs such as fuel. As a result business plans are having to be reconsidered and recast. This guide sets out the range of information services and products FTA can provide to help during the current economic crisis.

Keeping focused on your O licence obligations and ensuring that your operation is compliant should still remain an essential part of your business despite the current economic climate. Investment in ways to improve your compliance will enhance management control on key cost centres such as drivers and vehicle condition related maintenance.

*This guide sets out the range of information services and products FTA can provide to help during the current economic crisis.*

## Representation

FTA is campaigning for members on the following issues.

### Taxation reduction

- Abandon planned increases in diesel duty and gas oil duty for 2009 and 2010
- Give an unambiguous commitment to introducing decoupling of duty on diesel used in hgv's from that of other road users ahead of the relaxation of cabotage rules
- Introduce a UK vignette, with compensating tax cuts for UK carriers
- Announce a three-year freeze in lorryVED rates

### Avoid unnecessary costs

- Leave the Reduced Pollution Certificate (RPC) scheme open to new Euro 5 hgv purchases until Euro 6 vehicles are brought to market
- Introduce a business rates holiday for empty warehousing

### Reduce the compliance burden

- Cut red tape and ensure industry gets good value for money from the services Government agencies such as the Vehicle Operator and Services Agency (VOSA) provide to operators
- Target VOSA enforcement effort on the least compliant

## Information

Source	Description	Further information
<b>50 ways to reduce your costs</b>	A free briefing note giving a starting point to ways of minimising costs across your operation with particular emphasis on prioritising management effort and vehicle operating cost components	Available to download from <a href="http://www.fta.co.uk/information/compliance-guides-briefing-notes/">http://www.fta.co.uk/information/compliance-guides-briefing-notes/</a>
<b>Compliance guides and briefing notes</b>	Members can receive free legal and best practice compliance guides and briefing notes on legislation issues in order to control costs and minimise the risk of non-compliance	Copies on a range of subjects such as Driver CPC can be downloaded from <a href="http://www.fta.co.uk/information/compliance-guides-briefing-notes/">http://www.fta.co.uk/information/compliance-guides-briefing-notes/</a> or call 08717 11 11 11 to request copies
<b>FTA Cost Information Service</b>	<p>An essential information service to help manage costs, comprised of two guides. <b>Manager's Guide to Distribution Costs</b> covers wages, vehicles and warehouse costs plus trends in haulage rates. Published annually in June with quarterly updates it:</p> <ul style="list-style-type: none"> <li>• allows operators and logistics buyers to benchmark against national average rates</li> <li>• assists in the preparation of transport budgets and gives an indication of likely trends in the months ahead</li> <li>• gives an overview of trends in rates for both national and international routes</li> </ul> <p><b>Manager's Fuel Price Information Service</b> helps plan and budget fuel costs across an organisation. It is comprised of independent reports compiled in association with John Hall Associates, a leading energy consultant.</p> <ul style="list-style-type: none"> <li>• Gives current and target price levels for diesel, gas oil and unleaded petrol</li> <li>• Members will receive 12 monthly reports plus a monthly EU oil bulletin covering prices and duty levels in all EU states as well as weekly price reports</li> </ul>	Call FTA's Member Service Centre on 08717 22 22*, email <a href="mailto:costinformation@fta.co.uk">costinformation@fta.co.uk</a> or visit <a href="http://www.fta.co.uk/costinformation">www.fta.co.uk/costinformation</a> for further information
<b>Carbonfta</b>	<p>Information manual with web-based services designed to help operators record, report and reduce carbon dioxide emissions. Focusing on carbon dioxide emissions reduces fuel consumption and therefore cuts costs. The manual features advice on:</p> <ul style="list-style-type: none"> <li>• fuel monitoring/measuring techniques</li> <li>• conventional fuel efficiency interventions</li> <li>• use of telematics to improve fleet utilisation</li> </ul>	Call FTA's Member Service Centre on 08717 22 22* for more details or visit <a href="http://www.carbon.fta.co.uk">www.carbon.fta.co.uk</a>

Source	Description	Further information
<b>Economics feature in <i>Freight</i> magazine</b>	Each month, <i>Freight</i> features an economics report which reviews issues relating to fuel and the status of the oil market, wider pressures on vehicle operating costs and market trend data	Members should automatically receive a monthly copy of <i>Freight</i> . Additional subscriptions are available to purchase for colleagues or other depots, please call 08717 11 22 22*
<b>Member Advice Centre</b>	For any queries regarding the compliance of your operation, or anything from drivers' hours to vehicle maintenance standards, FTA offers telephone access to a dedicated team of transport advisors, available 9am-5pm Monday to Friday. Our advisors can provide advice and answers on legal and operational issues. The service is free to members, other than the cost of the telephone call at the national rate	Call 0870 60 50 0000 (national rate number)

## Events

### Managing Transport Costs Seminars

A new half day event specifically tailored for operators who are under pressure to cut costs as the economy and business slows. Helping operators understand their costs and to focus management efforts to achieve the greatest bottom line benefits, the seminars provide guidance on:

- practical ways to reduce your business transport costs
- reducing energy costs through an effective purchase strategy
- establishing a business culture of cost control
- using forecasting to improve your budgeting process
- ensuring your employment practices provide cost and operational flexibility

In conjunction with energy analysts, John Hall Associates, four events will be held around the country on the following dates.

<b>25 February</b>	<b>Gatwick</b>	<b>5 March</b>	<b>Warrington</b>
<b>3 March</b>	<b>Stratford-upon-Avon</b>	<b>12 March</b>	<b>Cumbernauld</b>

For more information, call 08717 11 22 22\* or visit <http://www.fta.co.uk/services/conferences-and-events/2009/managing-transport-costs/>

## Training

In order to make the best use of your cashflow and minimise cost where possible, training is key to ensuring that your staff are working efficiently and to the highest standard. Appropriately trained staff can encourage retention and provide you with a well-resourced team, which can strengthen your business in the current climate.

Below is a selection of training FTA offers.

Courses for drivers	Key benefits	Content includes
<b>Driver CPC</b>	FTA has a range of courses that link to the syllabus of the Driver CPC, to fulfil the periodic training requirements from September 2009 <sup>†</sup> . Courses cover enhanced driver skills and knowledge which will benefit your operation by reducing costs and improving compliance. FTA can hold both external and in-company courses <sup>†</sup> Note that any courses taken <b>prior</b> to September 2009 cannot contribute towards the Driver CPC	There are over 20 course modules to choose from including: <ul style="list-style-type: none"> <li>– Safe, environmental and fuel efficient driving</li> <li>– Driving skills workshop</li> <li>– Drivers' hours and working time</li> <li>– Vehicle checks and defect reporting</li> <li>– Delivering in London – reducing PCNs</li> </ul>

*continued on reverse*

Courses for managers	Key benefits	Content includes
<b>Controlling Transport Costs</b>	This course takes a close look at the costs involved in operating large goods vehicles and will give delegates the confidence to develop their own costing systems to control their business and ensure that the prices charged fully reflect the costs concerned	<ul style="list-style-type: none"> <li>– Direct and indirect costs and how they influence pricing decisions</li> <li>– Key elements of costing</li> <li>– Estimating a realistic level of vehicle utilisation</li> <li>– Developing a cost schedule</li> <li>– Deciding upon the cost mark-up a business should aim for</li> <li>– Developing a rate quotation schedule</li> <li>– The importance of monitoring the rates to maintain an acceptable level of profitability</li> </ul>

Other courses which include practices which will support cost reduction actions include:

- Operator Licence Awareness Training
- Driver instruction on daily defect checks and fuel efficient driving

For information on FTA's range of training courses, please call 08717 11 22 22\*, visit [www.fta.co.uk/services/training/](http://www.fta.co.uk/services/training/) or email [training@fta.co.uk](mailto:training@fta.co.uk)

## Auditing

One of the most effective ways of reducing fuel consumption, minimising unscheduled maintenance and improving your operations is to ensure a fleet's roadworthiness condition is regularly monitored. FTA's Vehicle Inspection Service offers independent and impartial inspections with concise industry respected reporting and advice. Our UKAS-accredited inspection service allows inspections to be carried out on your premises at your convenience nationwide.

Below is a selection of auditing services FTA offers.

Vehicle condition analysis	Description
<b>Fleet Management Benchmarking</b>	This service is designed to provide a detailed analysis of the condition of your fleet and the effectiveness of maintenance arrangements and systems. FTA's extensive database of information allows accurate sector benchmarking and industry comparison. From this you can quickly pinpoint areas of poor performance associated with safety, legal and maintenance issues
Vehicle condition assessment	Description
<b>Pre-Contract Extension Inspections</b>	These inspections act as an independent third party inspection on behalf of the operator and the supplier. A detailed vehicle condition report provides valuable information, prior to the decision to extend the hire period for perhaps a further 12 or 24 months. The inspection comprises of a thorough maintenance, topside and under chassis inspection, followed by an extended road test
<b>Commercial Roadworthiness and Maintenance Inspections</b>	These inspections provide regular opportunities to fully examine the visual, operational and mechanical condition of your vehicles. Regular checks will prevent unnecessary downtime linked to annual test failure and defects identified at the roadside as well as preventing roadside breakdowns. They also provide opportunities to reduce maintenance costs, through correct wear assessment, and allow for the early detection of defects thereby saving unnecessary costs

For further information on the above or any of the other audit services FTA provides, please call 08717 11 22 22\*, visit [www.fta.co.uk/vehicleinspection](http://www.fta.co.uk/vehicleinspection) or email [vis@fta.co.uk](mailto:vis@fta.co.uk).

## Consultancy

FTA's Consultancy Service is designed to support operators and provide best practice advice in minimising costs through effective fleet management without comprising service levels. Experienced FTA consultants can provide a framework for action and support operators through a period of change, without the cost implications of employing experts full time. A range of strategic, practical and tailor made solutions is available which are supported by guidance in the implementation of future legislative changes.

For more information on FTA's Consultancy Service, please call 08717 11 22 22\*, visit [www.fta.co.uk/consultancy](http://www.fta.co.uk/consultancy) or email [consultancy@fta.co.uk](mailto:consultancy@fta.co.uk)

\* Calls may be recorded for training purposes



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