

## South London FQP Consolidation Centre Workshop

*‘Beyond Feasibility, Towards Implementation’*

Wednesday 23<sup>rd</sup> April 2008

Jurys Inn Hotel, Croydon

### **Presentations on UK experiences of Consolidation Centres**

*(All presentations are available for reference in a PDF version)*

- Welcome and Introduction by event Chairman, Alan Lewis (TTR), with the objectives and focus of the workshop outlined – devising an approach to push forward from the feasibility study stage into action and implementation.
- Presentation by Tim Hapgood (Bristol City Council) regarding the experience of Bristol City Council working with DHL on the Freight Consolidation Centre servicing Broadmead in Bristol.
- Presentation by Graham Mayes (Foulgers Transport Ltd), regarding the Freight Consolidation Centre at Snetterton, Norfolk serving Norwich.
- Summary of the SLFQP Freight Consolidation Centre Feasibility Study by Alan Lewis including objectives, methodology, potential barriers, results, business case factors, implementation strategy and conclusions.

### **Workshop sessions**

There were two workshops chaired by Alan Lewis and Chris Douglas (TTR), which covered:

- General views on the consolidation centre concept
- Potential barriers to take-up
- Measures to remove barriers
- Factors encouraging implementation
- What’s required to move the subject forward
- Roles and responsibilities of various parties involved
- Ideas for an action plan to move the subject forward

### **Summary comments from the two workshops:**

#### **General views on consolidation centres**

- The attitudes of local authorities differ greatly, with some focusing heavily on measures designed to improve local amenity and environmental performance, while others focus on attracting retailers to local areas. In reality, most authorities have these dual roles to perform. The option of having access to an established consolidation centre would allow for easier

compliance by encouraging/requiring consolidation centre use as an integral part of the planning process.

- There is a possible benefit in the potential advertising and promotion by retailers of the use of a freight consolidation centre as a means of demonstrating Corporate Social Responsibility (CSR). An example includes window stickers available for use by retailers in the Broadmead Shopping Centre, Bristol.
- Stakeholder buy-in, including developers, is key so that multiple parties are responsible for making sure that the Freight Consolidation Centre is a success (Shared Risk policy).
- Bristol evidence shows that the concept can work, albeit with ongoing public sector subsidy, leading to local environmental improvements

#### *Potential benefits*

- Local authorities can benefit from fewer vehicles in urban areas, with the direct impact of improved environmental performance and improved local amenity, potentially improved road safety etc
- It was agreed that a free trial could provide the opportunity to demonstrate proof of the benefits of using a freight consolidation centre, to help justify costs after the free trial period has ended.

#### **Potential barriers to take up**

- The clear stand-alone (i.e. without subsidy) business case is yet to be proven and, as such, it is not an easy concept to sell to retailers or operators.
- There is a lack of clarity as to which party should pay for it – is it fundamentally an environmental initiative, driven by local authorities to improve local amenity? Or is it a key component link within the supply chain, which makes sound operational sense?
- One potential barrier is the perceived threat regarding 3<sup>rd</sup> party handling of goods in terms of security, safety, damage and loss.
- There is a possible reluctance from retailers to sign up unless a large number of others had already signed up; it is a “safety in Numbers” philosophy.
- There is a difficulty in quantifying the benefits from savings in staff time (and other hidden savings) for retailers, compared to the more visible additional monetary cost of using the freight consolidation centre.
- There is concern as to the potential to disadvantage the town centre in favour of out-of-town retail developments.

#### **How to finance a consolidation centre?**

- The issue of public and European funding, especially with start up costs/subsidies is an important opening to pursue.
- Local authorities may find it difficult to commit resources, so the possibility of Department for Transport and/or EU funding needs to be considered.

Longer-term costings (following the end of any subsidised period) need to be considered.

- What should the involvement of the Department for Transport and Transport for London be? – planning guidance input, open-book/open-access national study sponsorship, development of a national strategy, development of a national focus/working group, perhaps?

### **Measures to remove barriers / Factors encouraging implementation**

- Generally, it was agreed that subsidy, combined with guidance, legislation and enforcement are some of the keys for success.
- ‘Designing-in’ consolidation centre use within planning conditions for new premises, from the outset, would help to embed the concept and ‘encourage’/require uptake
- Retail centre management needs to be consistent in the attitude taken, with co-operation between different retail centre management teams to explore ways of improving efficiency.
- Restrictions regarding deliveries, such as time to load and unload and required use of environmentally friendly vehicles within new developments could encourage use of a consolidation centre – the important link to the planning process is clear.
- Involvement of the management of retail shopping centres, not just the individual retail outlet managers, whereby use of a consolidation centre can be written into the terms of the lease, business rents and through Section 106 agreements (e.g. at Heathrow Airport). Here the centre is almost breaking even, due to strict compliance.
- Smaller businesses could have efficient deliveries incorporated into their green travel plans, essentially as freight travel plans or delivery/servicing plans.
- Taking a life-cycle approach from the “cradle to the grave” (as is the case for the construction consolidation centre in London) – essentially ensuring that the consolidation centre approach is incorporated as a concept at the design stage and implemented during the development/build stage and into the operation stage, for the duration of the working life of the premises.
- The potential benefits of carrying out reverse logistics, where, at the same time as delivering goods to retailers, the delivery vehicles take away any waste and recycling. This could be linked to other ‘value added’ services, expanding the role of the consolidation centre beyond merely a transit shed to become a key link within the distribution process.
- The issue of Freight Consolidation needs to be placed firmly on the National Agenda to engage with the limited number of major decision-making operators and retailers.
- Clearer planning guidance for local authorities is needed to outline what exactly should be done to encourage take-up and use at the local level.
- Ideally, a national focus group should be set up by DfT and should oversee the running of an open-book/open-access trial which will be used to provide

robust data on the environmental and operational benefits (or otherwise) of consolidation centres – this could help to clarify whether the CC role is predominantly an environmental one (primarily benefiting local authorities) or an operational one delivering benefits to the wider supply chain.

- It is important that local authorities have good quality Delivery & Servicing Plan knowledge to understand how to tackle the issue of urban freight distribution; at the moment this is very rare in local authorities.

### **What's required to move the subject forward?**

- The recent developments regarding proposed Eco-Towns could have Freight Consolidation built into their ethos.
- New developments are the obvious targets with consolidation centre use built in to the planning conditions from the outset. Restrictions on deliveries could help the system to work (for example: time restrictions, coupled with use of environmentally-friendly vehicles).
- A portfolio of case study examples to help illustrate (in an open-book, open-access format) the potential benefits.
- Integration of the concept within the use of travel plans/environmental health/highways strategies.

### **Suggestions for components of an action plan**

- Tangible and transparent data are needed to prove if there is a business case for CCs or not. If so, business will pick up on innovative solutions.
- Key drivers will include available subsidies (from local, regional, national or international public sources) and enforcement/legislation.
- The roles and responsibilities for operators, retailers, boroughs and TfL/DfT need to be clearly assigned.
- There is a need to show clear and transparent benefits and costs, through the demonstration of a national-scale open-book, open-access case study, ideally funded by DfT and overseen by a DfT-led focus group, involving other key players in the public and private sectors (incl. TfL)