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Meeting Title: Local Sustainable Collection and Delivery Point Discussion Session

Attendees: Ian Brooker (PBA), Stephen Anderson (PBA), Richard Currie (UPS), Chris Bainbridge (London Borough of Hammersmith & Fulham), Jeremy Henderson (London Borough of Hammersmith & Fulham), Alan Winter (DHL Express), Jon Brooker (DHL Express), Am Pall (City Sprint) Andrea Casolotti (Zero Couriers), Tom Richardson (PBA), Alan Cornish (ANC), Alex Forest (ex London Borough of Hammersmith & Fulham) and Ian Wood (Cycles Maximus)

Apologies: Greg Birt (TNT UK Ltd), Kevin Johnson (Pink Express), Jason Garratty (Target Express), Nicola Stopps (DHL Express)

cc: -

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1 Introduction

The objective of the discussion session was to assist LB Hammersmith and Fulham (LBHF) assess the potential of setting up a local sustainable collection and delivery point at a location within the Hammersmith Clear Zone area.

From the session LB Hammersmith and Fulham aimed to:

- Gain an indication of whether such a facility could be realistically set up;
- Establish if any of the participants would be interested in further exploring the viability of setting up such facility;
- Decide on next steps.

2 Interpretation of a delivery and collection point

LB Hammersmith and Fulham: Function as a point to which parcel carriers would deliver their consignments to the Clear Zone, and from which local residents could collect their home deliveries at a time convenient to them, or alternatively have them delivered at a time outside normal working hours.

3 Problems experienced by carriers delivering to places like H&F

No major concerns were mentioned. Congestion was highlighted as being the main problem.

4 Parcel companies' position

Market for parcels is changing - letters as a business, is reducing very slowly, but they will always remain an important market. Royal Mail handle very high numbers - 75 million per annum; this might reduce to 60/65 million per annum over time.

New buying/exchange markets (e.g. e-bay) are leading to changes in demand patterns for courier companies. This is resulting in a greater number of C to C transactions in addition to the expanding B to C market.

Demand for more convenient delivery times is coming from buyers - evening deliveries being requested.

5 Advantages of concept

The companies acknowledge that the concept might have value in the right conditions, however the discussion group participants raised many issues which need to be addressed before anything can be seriously considered.

All companies stressed the importance of sustainable deliveries and were more than willing to speak to London Boroughs on the matter. Finding new, sustainable initiatives is a priority for leading parcel delivery companies.

DHL stated that they have looked into many new approaches including Biodiesel vehicles, however unfortunately the practicality of using such modes of sustainable transport is not feasible at the present time.

DHL pointed out that consolidation centres work in retail centres (see disadvantages too). If the end user is prepared to pay extra money then maybe there could be a future.

6 Disadvantages of concept

Companies had a number of reservations which are identified below:

6.1 The Collection and Delivery Point

- How would the customer know that a CDP is there? If it was set up, the parcel delivery companies feel it would only be marginally used.
- Companies stated that not all parcels were easy to carry and require a to door delivery.
- Industry representatives felt that there is no evidence that customers want a CDP in the area. Low response rate to PBA's survey would suggest that this is the case.

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- Consolidation centres work in retail centres where there are 50+ retailers in one shopping mall. A retail consolidation in the borough would be more beneficial than residential.
- Businesses were interested to learn whether the scheme was a voluntary or compulsory scheme. PBA confirmed that the scheme was voluntary.
- Businesses were interested to know whether the CDP was to be provided for households only or businesses too. PBA stated that they are keeping an open mind.

6.2 Deliveries

- By moving deliveries out of normal working hours, all that you are doing is moving the problems to a later time.
- Operating platforms are all different. The computer systems used by parcel companies are different and would be difficult to integrate.
- Time sensitive deliveries are a big issue. DHL claimed that it is not economically viable to drop off deliveries at a time to suit the receiver and even if this is proved wrong they claim that there will still be the same number of vehicles in the borough.
- The companies agreed that most delivery companies tend to deliver in the morning and pick up during the afternoon. The vehicle will almost always be full in the morning and full in the afternoon. This enables the vehicle to be as sustainable and cost effective as possible.
- PBA pointed out that the success rate for first time delivery of parcels is not very high and that a CDP could help alleviate this situation, the participants stated that this position is now improving.
- DHL enquired about how PBA had arrived at a 2000 parcel deliveries per day for the Clear Zone wards. PBA explained that the total was based on a national figure and adjusted so to be an estimate for the Clear Zone wards.
- It was felt that with '2000 deliveries' a day it would be impossible to manage the shipments. The queues to enter the CDP, let alone, dropping the deliveries off and getting them into the next mode of sustainable transport would be impossible to manage. It would have significant effects on the road network and in the borough as a whole.
- DHL stated that even if a few deliveries were taken out, the same residential roads would still be used by the delivery company.
- Examples were given of distribution companies sharing data and systems. For example DHL operate retail consolidation centres where they act as the point of delivery.
- Consolidation already takes place within the system - main aim is to be as efficient as possible. However, it was pointed that this efficiency is per company and does not take into account the wider community.

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- It was noted that customers are now opting to have deliveries made to place of work.
- The use of a CDP would require the support of the vendor companies - some, such as Amazon, would be reluctant to support deliveries to a CDP, as they do not want their customers collecting goods.
- Would need to get vendors onboard to promote this type of scheme.
- If a delivery fails vendors place responsibility on parcel company to deliver.
- Parcels companies take pride in having their own delivery agents as "the face of the company".
- New delivery methods such as "lifestyle couriers" i.e. using housewives or local neighbours to do evening deliveries on a short shift are becoming more and more popular.

6.3 The Sustainable Operator

- Parcel Delivery companies 'consolidate' to their maximum potential in order to be as sustainable and cost effective as possible. Typically in London, vans make about 100 drops per day. The most highly advanced models have tested the most economical and sustainable forms of delivery. The methods most beneficial both economically and environmental are carried out in deliveries today.
- The concept of using electric vehicles is all very well; however ten electric vehicles may be needed to deliver what could be used by one HGV.
- DHL would be willing to trial low/zero emission in specific areas - Clear Zones. They also felt there is scope for vehicles using other alternative fuel such as biodiesel.
- Freight rickshaws can carry up to a 250 kg payload - but it was questioned how many would be needed to replace a van - wouldn't this need extra staff with an implication on cost of operation? Furthermore, deliveries are different shapes, weights and sizes with some deliveries being more fragile than others. As a result it is not technically feasible for bicycles to be delivering these items.

6.4 Policy and enforcement

- There would be a continuing problem with regard to policy, insurance and viability issues. For example if a delivery was received faulty or damaged which party is to blame.

6.5 Voluntary or compulsory

- Companies asked if such a scheme would be compulsory and would they be forbidden from entering a specific area? It was pointed out that if any trial or scheme went ahead it would be voluntary. Furthermore local authorities do not have powers to prevent entry to an area.

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- All the companies agreed that the scheme could not be 'voluntary'. It has to be 'an all or nothing scheme', however not one company was in favour for the idea as they believe it will not reduce the number of lorries on the road.

7 How can the London boroughs help the delivery driver?

All companies claimed they were running efficiently. This type of scheme would make their operations less efficient as it would involve duplication of service.

8 Any Positives?

DHL stated that maybe in the future the CDP would be a good idea. After much analysis DHL have proved that it is neither economically or environmentally beneficial for now.

UPS said that if the scheme is to be taken seriously, a detailed proposal stating exactly what the plans are is needed and then bring back the parcel operator companies for discussion.

It would also be essential that Royal Mail is included in any plans as they represent a large proportion of the parcels market.

9 Location and site requirements

No specific plots were discussed although it was stated by H&F that there are a number of suitable sites within the borough that might serve as a location for a CDP. It was acknowledged the Clear Zone might not necessarily be the most suitable for this type of concept. Other parts of the borough could be considered.

10 Practicalities of setting up a CDP

See disadvantages

11 How the CDP might be operated

How would the customer use the CDP? Study team explained that customers could elect to use CDP by using its address as the delivery point. From here customers could collect or have parcel delivered at a more convenient time.

12 Who might operate it?

Not considered

13 What contractual issues need to be considered?

There is a range of contractual issues that need to be considered:

- Responsibility of items once left at a CDP,
- How are returns handled?
- Swap outs - how would these be catered for?

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- What happens in the case of a refusal to accept a delivery?

14 Funding the set up of the CDP

This is an area that requires further investigation. What are the potential sources? What action would have to be taken to secure support from relevant bodies/businesses/government departments?

15 Operating costs of the CDP - who pays?

H&F stated that ultimately any CDP would have to be self sustaining, although sources of financial support to set up and trial the concept would be explored. PBA suggested that Transport for London, Greater London Authority, DTI, etc might be potential sources.

The parcel companies were doubtful that such an operation could be financially viable, although it was pointed out by PBA that such a facility had not been tried and if actually trialled it could prove popular with users and carrier. This has been the experience in the construction industry with the use of consolidation centres, which were also viewed sceptically by industry. In this case the potential saving were being realised and as a result attracting new companies to use the facilities.

16 Who might get involved?

ANC encouraged contacting catalogue companies (e.g. NEXT). They do not necessarily have a permanent delivery company that they use, and so these companies might be interested in such a scheme.

17 Including carriers' customers in the use of a CDP

See section 6.2

18 What next?

Catalogue companies (e.g. NEXT) might be a potential route in order to devise a trial. They do not necessarily have a permanent delivery company that they use, and so these companies might show interest in such a scheme. Suggested perhaps any future trial might focus on parcels companies serving this sector.