

Questions and Answers for Webinar #5: UCCs: The UK Experience

Questions and Answers

Q1: Can you please tell me if we have time windows on our transport?

I am not sure if the question is asking - why time windows are used by companies or whether it is asking 'whether there are time windows with consolidation centre operations?'

R/ Receivers impose them to make operations simpler and to allow them to organize receiving staff to be available. For example city centre retailers would not like to receive deliveries through the front of their store at a time when the store is busy with customers (many city centre organisations do not have specially designed goods receiving facilities).

Time windows may also be imposed by city authorities for reasons of reducing traffic by certain categories of vehicles at certain times - for example to avoid noise at night in some cases. These regulatory restrictions are often linked to weight related restrictions and then the results are not always as anticipated because companies sometimes switch to smaller vehicles to avoid the penalty of a restriction.

Q2: According to Camden UCC: you limit the number of delivery days? How do you organize that?

R/ Receivers have been asked to recognize that many of the deliveries are not urgent and so they have opted for a system of agreed delivery days. This was 'negotiated' within Camden (and the other participants).

Also, note the responses below from Nigel Symonds the project director for the Camden UCC:

Nigel Symonds: Suppliers of the products provide a next day delivery service as standard. The participating Boroughs decided this 'gold' level of service was not necessary. We have implemented a 2 or 3 times per week service with no complaints from staff. This has contributed towards the environmental benefit of the scheme and to create more opportunities for consolidation and high order value size which is more efficient. The supplier may also provide a discount for less deliveries.

One London Borough was able to negotiate a 7% discount from its supplier to reduce from 5 days per week to once (the supplier are still delivering directly, ie not via a UCC)

Q3: How large a share of a 'typical' city's supply can benefit from going through a consolidation centres and how much vehicle km could be saved (order of magnitude)?

R/ This is a hard question to answer because data on the nature of goods flows in cities remains limited. It is clear that (a) many flows are already consolidated - for example large retailers use Regional distribution Centres in order to consolidate their products and then generally use medium to large sized trucks to deliver to city stores (shops). (ii) some flows are not appropriate for consolidation - for example the removal of construction waste from building sites or goods that require very strict temperature control may be very difficult to consolidate. Therefore we need to focus on the more dispersed and fragmented flows and also on those that cause most complications and problems at the point of delivery. Evidence from some trip generation studies show that some small businesses

generate high levels of activity in terms of vehicle trips and there may be scope here for consolidation. In addition, there are activities that take place in cities where there has been no (or at best limited) attempts made to manage logistics - this often applies to public sector organizations - e.g. hospitals, universities, government departments. Here again there may be significant scope for consolidation of flows.

Q4: How did fleet operators (except DHL, which is getting all business) in Camden and other cities perceive the introduction of UCCs. What are benefits for them?

R/ There is considerable inertia in many logistics and freight transport operations and change is often uncomfortable in the short term for some stakeholders. DHL have promoted the consolidation centre concept and provided valuable experiences about what can be done. However, there are other companies in the UK that also offer these services - for example Clipper Logistics and the Regent Street Consolidation operation and Gnewt cargo with smaller electric vehicles and micro-consolidation. Therefore there seem to be opportunities for many companies and in the future we can expect other organizations to offer these services if customers show an interest in changing.

Q5: How much were fleet operators involved in plans to establish UCCs?

R/ In the UK examples fleet operators have certainly been involved in discussions to establish UCCs.

Q6: I would like to learn about the ideal distance between the UCC and longest point of destination/delivery.

R/ (Jose Holguin-Veras): In order to produce social benefits, the UCCs must be located close to the most congested part of the city, but not inside it. This will reduce the number of truck trips inside the area that could benefit the most. If the cargo is delivered to the UCC at night (producing no congestion), the UCC could be inside the congested area. The determining factor is the location with respect to congestion, not to customers.

Q7: But are the data available to "assess all possible freight initiatives"?

R/ (Jose Holguin-Veras): One could qualitatively assess alternatives, even without data. Such objective assessment is intended to ensure that public agencies select the best alternatives. Otherwise, public agencies take the huge risk of pushing for the implementation of policies, programs, and projects that make no sense. Obviously, the better the quantitative foundations of the work the better the analysis could be.

Q8: In our development of the Dutch Binnenstadservice we've experienced the small end receivers (making the biggest 'mess' in urban freight) don't have the bargain power to their shippers. Do we manage that? I know we've been discussing this before...

R/ (Jose Holguin-Veras): While it is true that a small (isolated) receiver cannot impose conditions on a large shipper, the reality is that if the receivers get together they will be able to use their market power

to change things. The fundamental insight is that, in competitive markets, the customer rules. However, there are constraints: a small receiver cannot force a large supplier to dramatically change their operations. In such a case, the supplier may simply stop serving the receiver (a very rational decision if the cost of making the change is larger than the profit generated by the customer). However, a group of receivers will definitely have more leverage.

Q9: Would you have the reference of the table on slide 28 of Prof. Browne presentation?

R/ The source was Table 3.6 in: Browne, M, Sweet, M, Woodburn, A and Allen, J (2005) Urban Freight Consolidation Centres, report for the Department for Transport, University of Westminster, London

<http://www.freightbestpractice.org.uk/urban-freight-consolidation-centre-report>

Please note the slide had an earlier version of the analysis that was not corrected in the presentation. In fact 17 studies were reviewed and the table should have been as below (now corrected in online webinar presentation).

Impacts of UCCs	Number of the UCC studies quantifying this (out of the 17 studies identified)
Changes in the number of vehicle trips	8
Changes in total fuel consumed	8
Changes in vehicle emissions	8
Changes in the number of vehicle kilometres	7
Changes in the number of vehicles	4
Vehicle load factor	4
Changes in parking time and frequency	4
Changes in operating costs	2
Changes in travel time	1
Goods delivered per delivery point	1

Q10: Who pays for a UCC?

R/ There are various models. In some cases the initial establishment of the UCC is supported by a project or by an organization that wishes to see change. The on-going running costs need to be carefully considered. In some cases it would appear that the benefits of the consolidation centre justify on-going support because of savings and greater efficiency achieved.

Clearly this remains one of the challenges for consolidation - it is not always easy to put monetary values to the benefits - for example improved air quality and reduced congestion at the delivery point in the city centre are benefits but there is limited agreement about how to value them. Benefits to receivers can be quantified and in some cases will certainly justify payment in order to support the consolidation operation.