

P2P #19: Land-Use Related Freight Transport Challenges and Opportunities in London

Questions and Answers

1. How large is Gnewt's operation?

R/ Gnewt operates about 80 electric vehicles and delivers approximately 3 million parcel a year.

2. What type of technologies would you advice for “urban micro-depot” which allow fast crossdocking?

R/ Micro-consolidation sites will typically be relatively small sites that may offer overnight internal vehicle parking (and vehicle charging facilities if electric vehicles are used) but not goods storage capacity. So cross-docking is the method that need to operate with goods arriving being rapidly dispatch in last mile vehicles. Tracking and tracing systems and integrated IT systems between carriers will obviously assist this process.

3. Cities have always had the power to influence land use-zoning. But, in your perspective, are they willing to use it effectively?

R/ It depends on the authorities priorities and to what extend freight does matter in their strategic planning. Policy makers have to balance the competing demands from different stakeholders and decide on the most equitable solution.

4. What is either physically or economically different about the consolidation centers when compared to the previous existing depots (i.e. before the moved further out of the city)?

R/ The functions of the depots are different. They are transshipment / cross-docking facilities from which last-mile delivery vehicles are despatched. They typically have little if any on-site storage capacity. Given their proximity to inner/central urban areas, clean vehicles (electric-powered vans etc.) can be operated from them thereby improving the environmental sustainable of last-mile delivery operations. Thinking back several decades in London, the city was still producing much manufacturing, engineering and other output and urban warehouses and depots were often responsible for the transportation of finished and other products out of the city for consumption elsewhere. Nowadays, given deindustrialisation and the rise of the service economy, London is nowadays far more a city of consumption than production of physical goods. So warehouses and depots in the past and now serve different supply chains and business models.

5. Are there informative websites that provide information with a focus on electric vehicles that are used for freight without using overhead power lines?

R/ In the UK, there are several websites that provide useful information about road freight vehicle fuel technologies including electric vehicle. In the UK these include: LoCITY (<https://locity.org.uk/>), the Low Carbon Vehicle Partnership (<http://www.lowcvp.org.uk/>) and the Energy Saving Trust (<http://www.energysavingtrust.org.uk/taxonomy/term/4244/all/feed/feed>). A private British company involved in vehicle sales, Parkers, has also recently produced an online guide to electric vans (<http://www.parkers.co.uk/vans/news-and-advice/electric-vans/>) Outside of the UK other useful websites include: the guide by the US Environmental Protection Agency (EPA) (<https://www.epa.gov/greenvehicles/explaining-electric-plug-hybrid-electric-vehicles>) and the work of the International Energy Agency (IEA) (<https://www.iea.org/topics/transport/>).

6. How integrated is the London land use planning and the urban logistics planning?

R/ The extent of integration between land use and logistics/ freight transport planning is improving substantially in London. This is being reflected in the Mayor's Draft Transport Strategy that is currently being consulted on, and the forthcoming Draft London Plan that will be consulted on in the coming months. To be effective this will require the development and implementation of suitable land use / transport policy measures. However, for a long period of time there was little policy action in relation to joint consideration of land use / freight transport planning. At local level, planning conditions can be effectively applied. Construction Logistics Plans (CLPs) in particular can effectively influence freight impacts of development (<http://content.tfl.gov.uk/construction-logistics-plan-guidance-for-developers.pdf>).

7. How important is dynamic storage capacity management for micro-consolidation hub concepts - as Parcelly is offering it for Gnewt in London?

R/ In the case of a company such as Parcelly offering collection point / last-mile delivery solutions in London or elsewhere, it typically acquires storage capacity through developing a network of third party collection points from which customers can make collections when convenient. These collection points usually make use of available storage space that exists within existing businesses such as convenience stores, petrol stations and other high street locations.

8. What are the ways to make urban consolidation centers economically viable?

R/ The key factors in the long-term economic viability of urban consolidation centers (UCCs) are a sufficient throughput of product (in order to generate sufficient revenue) together with the offer and provision of value-added services in addition to last-mile delivery (such as pricing, labelling, making goods store-ready, providing emergency stock room facilities, handling returns and recycles etc.). Ensuring the operational costs are as well-managed as possible is obviously important. This can often be better achieved in sharing space in an existing depot rather than established a new, dedicated site. In the UK city of Southampton, for example, a UCC is provided as part of a regular distribution centre network, which allows overheads to be shared and costs reduced (see article - <http://freightinthecity.com/2017/02/meachers-winning-formula-makes-southampton-consolidation-pay/>). Other factors that are likely to be important in long-term viability of a UCC include whether it serves a site with a single landlord who can make use of the UCC compulsory as a condition of tenancy (such as an airport, shopping center); or in the case of a planning application for a major construction project, the use of a UCC can be made compulsory as part of the planning approval process. Initial funding from the central or local government to pay for feasibility studies and trials, as well as to support initial capital costs can be helpful in the initial set up of a UCC. The long-term financial viability for UCCs that serve all or part of an urban area and for which no compulsion of use exists is more difficult to achieve. Efforts to ensure equitable distribution of the costs and benefits between those supply chain partners that make use of the UCC's facilities and services play an important role in attempting to achieve this.

9. How important are carrier and retailer agnostic micro-consolidation systems to facilitate the hub concept?

R/ Micro-consolidation centers could be used as part of dedicated operations by single freight operators in order to serve their customers in dense urban areas, or can be made available by a carrier for collaborative use by other carriers, retailers and customers (in which case the carrier operating the micro-consolidation center would provide onward last-mile delivery on behalf of these other carriers and retailers). While both options are operationally feasible, the latter

potentially offers greater opportunities or improving the traffic and environmental sustainability of urban freight through load consolidation and efficient use of logistics land. There is unlikely to be sufficient affordable, available logistics land in many urban centers for single companies to source and operate their own, dedicated, in-house micro-consolidation centers. Additionally, the latter is likely to be most attractive to a policy maker making sites available from its own land portfolio given its scope for shared use.

10. Singapore is relatively small, logistics sprawl is not much of an issue. Going forward, port and airport developments are moving further towards west and east respectively. I'm wondering if essentially we are creating some sort of logistics sprawl unintentionally.

R/ It is possible that this is the case, and is a subject worthy of investigation to determine whether this is, in fact, the case and, if so, what actions should be taken to prevent its occurrence.

11. Ecommerce companies are utilizing crowdsourced drivers or taxi drivers for micro deliveries. Is this also a trend in London, and what is the impact so far?

R/ In London and the UK some ecommerce companies are currently making use of self-employed drivers/couriers and engaging the required labour via third-party agencies. The sector in which this is currently most prominent in London is in the last-mile deliveries of restaurant and takeaway meals – with the couriers using a range of vehicles including bicycles, mopeds, motorbikes and cars. At present, very little goods delivery activity is carried out in the UK by taxi drivers who transport passengers, but this is likely to emerge to a greater extent in future. And there is currently very little crowdshipping carried out in its original definition in London (i.e. in which a person who was making a passenger journey from one location to another using an online website or app to arrange to carry goods as part of this journey that they were already intending to make for other purposes).