

# For the goods of the city

A new approach to freight, servicing and deliveries traffic



# Introduction

London's roads are congested and, with ninety per cent of goods currently travelling by road, any solution designed to free up the capital's roads must minimise the resulting challenges and dynamics of freight, servicing, and deliveries in the capital. The problem is growing. On average, each of these goods is travelling 39% further than it would have done a quarter of a century ago. Even before the pandemic, changing consumer behaviour was adding to the total volume of goods travelling around the city and changing where deliveries needed to be made. As a result, there has been a long-running increase in the number of Light Goods Vehicles (LGVs) on London's roads. New polling suggests that, during the pandemic, two-thirds of Londoners have done more shopping online. One in nine Londoners now receives at least one online shopping delivery every day. Even at the lower end of the scale, more than half of Londoners receive at least one online delivery a month. Fewer than one in five Londoners receive online shopping deliveries less than monthly.

The impact of this is evident from road usage statistics covering the last 18 months. During the first Covid-19 lockdown, when London Underground usage was in single digit percentages of usual levels - and car use was down 60% - goods vehicles only dropped by an average of 40%. The decrease was most significant in central London, offset by barely perceptible changes in some areas of outer London.

As offices reopen, the servicing needs of businesses – not just deliveries but other non-passenger journeys like printer repairs and refuse collections – will tick up once again and will add additional non-passenger traffic to the road network. Longer-term, a growing population in the capital - projected to increase from around nine million today to 11 million by 2050 – will place increased strain on the capacity of the networks that keep the city moving, not least by adding to the demand for freight, servicing, and deliveries (FSD) activity.

This is not just a transport challenge. Increased traffic leads to poorer air quality and – at least for now – higher carbon emissions with all the environmental and health problems associated with them. The transition to electric vehicles (EVs) will help to mitigate some of these concerns but EVs remain energy intensive to produce, generate non-tail pipe emissions, and do not crack the nut of freeing up space on our roads.

The Mayor's transport strategy recognises that the FSD challenge is primarily a roads challenge and sets a target of decreasing FSD road traffic during the morning peak by 10% by 2026. As we emerge from the pandemic, there is an opportunity to embrace longer-term solutions to these challenges, harnessing a renewed focus on city life, the environment, and public health.

On one level, this is a simple issue of supply and



demand. Demand for a limited resource - road space - is increasing. And the supply of road space in London is not increasing to match that demand. When the most plausible option for significantly increasing road space in London is a radical reduction in private parking, it is clear that options on this side of the equation are thin on the ground. And that is before taking into consideration the well-documented phenomenon known as induced road demand whereby increases in road capacity only temporarily relieve congestion before people see this improved efficiency as an invitation to drive more and a similarly congested equilibrium is restored. After all, there was a time when the M25 wasn't congested. Whilst targeted road building



can unlock significant benefits for individuals, communities, and the economy, a strategy that relies primarily on increasing supply is simply impossible to deliver in a dense city like London.

In many ways the supply of road space is actually decreasing as authorities respond to increased demand for safe walking and cycling routes, and communities look to prioritise health, wellbeing, safety, and non-car activities. When managed well, interventions such as cycle lanes, street dining, and low traffic neighbourhoods can provide a significant improvement to the liveability and attractiveness of the city. Of course, not all of them will be perfect, particularly when implemented at speed in response to a global pandemic. Some will have to adapt, and some will not survive the transition to the post-pandemic world. But they are neither the cause of the problem, nor the solution. The FSD challenge is overwhelmingly a demand-side challenge and should be managed as such.

Many of the creative ways to mitigate the impact of rising FSD demand - from consolidation hubs to cargo bikes - are not new, but they are difficult to implement at scale in a complex environment like London. Legacy systems will need to be updated and multiple public and private bodies will need to collaborate. And since the Congestion Charge was introduced (to just 8 square miles in the very

centre of the city) in 2003, there has been no significant attempt to actively and systemically manage road demand. Instead, London has layered on multiple schemes with different objectives and now has a patchwork of road pricing measures which have failed to keep pace with change, and thus failed to tackle congestion.

Absorbing two decades of growth without London's roads grinding to a halt has not been trivial – indeed, by international standards it has been a success – but other global cities, such as Paris, are now pulling ahead of London. It is clear that the cities making the greatest strides in these areas are those which are anticipating future trends and acting on the environmental imperatives. Changing behaviour now can make a significant difference, as the data from Delivering London (see page 11) clearly shows..

Based on the findings of London First's cross sector Future of London's Roads working group, which met to explore these issues through early 2021, this report explores four key themes:

- Strategy and Leadership;
- Integration and Coordination;
- Incentives and Restrictions; and
- Preparing for the future.

The Mayor, and mayoral agencies, are best placed to deliver this combination of strategic leadership and detailed local coordination. As such, this report sets out a series of actions that should be taken in this mayoral term – for the good of the city and the planet – starting with the appointment of a new, senior freight, services and deliveries leader within City Hall to drive this agenda. This 'Czar' should oversee a new strategy, working in partnership with boroughs and businesses to set new targets and coordinate delivery, as well as leading the charge on shifting consumer behaviour to reduce the appetite for home deliveries in favour of alternatives such as click and collect or local delivery hubs.



# Strategy and leadership

London is a complex environment. City Hall has a great deal of autonomy in a small number of areas but in others the Mayor is constrained by limited devolved powers and further responsibilities held by local boroughs and other organisations. Even in the areas where there are significant mayoral powers, such as transport, change can only be achieved through a combination of leadership, strategy, persuasion, belligerence, and determination. Little can be done with a simple stroke of the mayoral pen.

Previous incumbents addressed this challenge in different ways. Ken Livingstone (2000-08) did much of the work himself. He arrived with a plan and was undeterred by those who said that bold transport innovations such as the Congestion Charge could not possibly be implemented in a single mayoral term. Boris Johnson (2008-16) took a different approach, creating specific posts to tackle specific issues, using that as a way to push forward his agenda. This approach has been continued by Sadiq Khan (2016-) with additional positions being created for particular areas of focus – a Night Czar, a Walking and Cycling Commissioner, and a Chief Digital Officer. This level of personal leadership and strategic focus has been critical to driving innovation such as the London Data Store, the city's open data-sharing portal, and the rapid rollout of the Streetspaces programme to reallocate space on London's roads to walkers and cyclists during the pandemic.

The scale of the FSD challenge demands the focus and energy of a senior GLA appointment capable of providing city-wider leadership. FSD challenges are cross cutting, spanning the Mayor's Transport Strategy, the London Plan, individual borough strategies, not to mention the capital's air quality and net zero ambitions. Despite this there is currently no discreet team within the GLA dealing with the FSD challenge. The function is even dispersed within TfL as the transport authority seeks to integrate FSD concerns into all areas of their work. But this means that FSD considerations are largely approached "bottom up" – with a series of different policies emerging to respond to individual challenges which therefore misses the opportunity to identify a more cohesive approach. For example: a Vision Zero action plan (2018), a Freight and Servicing action plan (2019), and a Rail Freight Strategy (forthcoming) all look at some of these issues but from very different perspectives. That's despite TfL existing to be (and its strength comes from being) a top down integrated transport authority.

Tackling congestion caused by freight can often come second to passenger issues, which is unlikely to change given the challenges TfL is facing following the pandemic. The result is that opportunities to address the FSD challenge are missed due to (often unintentionally) siloed approaches. It also means that there is often a lack of advocacy for FSD issues at the top table. Responsibilities largely sit under the Managing

Director for Surface Transport who is one of ten members of the TfL management team and who also has to consider bus services, cycle hire, London Overground, DLR, Emirates Air Line, and trams. All the while only having direct control over 5% of London's roads, with the rest under the authority of local boroughs.

**FSD is as important to the future success of London as walking and cycling and it should be given the same level and consistency of consideration in GLA and TfL decision-making.**

A senior appointment would be able to set a city-wide strategy and develop a single overarching vision for the FSD needs of the capital, and act as a focal point for collaboration. City Hall has significant convening power and gathering stakeholders from across sectors and geographies to develop solutions that work for the whole city. One of the key challenges that can be made worse by borough boundaries is the need to identify appropriate sites for industrial activities. This is a challenge across the city with larger sites in outer London squeezed, adequate provision not always included in new developments, and locations for smaller inner-London consolidation hubs hard to come by. Providing leadership on these issues – both within City Hall and outwith – would be one example of how a FSD Czar could add city-wide value.

An early task for the FSD 'Czar' would be to



work with stakeholders to review all existing targets and policies in light of the changes wrought by the pandemic. For example, if peak time transport demand never returns to the levels seen in 2019 but is instead flattened throughout the day, is it right that the key metric for FSD improvements is a 10% reduction in the traffic during the morning peak? Finally, this new appointment would create the framework and drive forward the twin processes of mapping existing infrastructure and activity through better data partnerships, as well as horizon scanning to ensure that London is equipped to deal with future technological and operational developments.

## Recommendations:

- Create a senior GLA position to provide city-wide leadership and strategy on issues relating to freight, servicing, and deliveries. This could be modelled on the Night Czar, the Chief Digital Officer, or the Walking and Cycling Commissioner.
- Produce a single integrated freight, servicing, and delivery strategy and work with boroughs to prevent boundary issues within London.
- Recognise the importance of industrial land/infrastructure, work proactively with boroughs to identify appropriate sites for FSD activity (eg consolidation hubs), ensure that the London Plan enables these sites to be developed and utilised.



# Integration and coordination

A new FSD Czar would work to ensure integration and coordination across London, including mapping existing FSD provision, maximising opportunities for new solutions such as consolidation hubs, encouraging non-road freight, supporting the electrification of fleet vehicles, and understanding the technological and behavioural shifts that will shape future demand.

One of the commonly-cited barriers to reducing friction in journeys is the growing trend for boroughs to feature words to the effect of “no through journeys” prominently in their freight and deliveries strategies. Working to ensure that HGVs and LGVs are not starting or ending their journey in a specific borough may make sense at borough level. But it is unlikely to make sense from the perspective of the city as a whole. Nor is it a trivial volume: the City of London estimates that half of all freight traffic in the Square Mile had neither an origin nor a destination within the local authority boundary. This traffic exists because FSD drivers are choosing the most direct routes – depending on their individual incentives this may be measured by time or distance, and most likely a combination of both – so at the very least the effective implementation of no through journeys policies creates inefficiency in the city. But in the majority of situations, the impact will not just be on the customer who will end up paying more for their delivery. The extra mileage adds to congestion, and so impacts other road users. Depending on the vehicle in question there is likely to

be additional noise, particulate and carbon pollution produced too.

It is not just borough boundaries that create friction. When freight and deliveries operators attempt to take vehicles off the roads by using other modes of transport, the friction caused by changing between vehicles is often enough to put them off. This makes life harder for operators as loading and unloading the different containers needed for different modes of transport (you can't take your delivery van on a train) requires extra time and resource. As such, eliminating this “double handling” is a sure-fire way to reduce costs. This is a particularly acute issue in certain supply chains, such as those that need to remain refrigerated throughout.

But the potential prize of harnessing these other modes is significant. Transferring goods and deliveries to the railway and the river can reduce the strain on London's road network. Historically, the River Thames was the key artery for freight movement into the City of London, the Royal Docks and Isle of Dogs. Today the only freight movements via the river in Central London serve the aggregate and construction industry alongside the transportation of waste away from the capital. Major infrastructure projects like Thames Tideway have had success in using the river to transport materials primarily because they have had the scale to create their own temporary loading and unloading infrastructure. Without coordination and

investment, this is an impossible barrier for smaller operators and those who cannot rely on temporary permissions backed by parliamentary statute. Pier space in central London is already congested with a range of private and passenger craft, as in the case of Thames Tideway and other megaprojects. Around 50 wharves enjoy protected status by the GLA Safeguarded Wharves policy but are in limited use or require reactivation. In some areas piers and wharves are lacking as local authorities prioritise river frontage for prime real estate development. Current freight operations consist of tug and barge services, which can efficiently move large volumes of goods, but operate at slow speed, have one-directional loadings and are mainly reliant on the tidal cycle of the Thames (i.e. they only operate with the tide every six hours). Technology is helping to reduce these barriers and operators are starting to experiment with light freight (see p9) but this is often seen as secondary by public bodies.

Technology is also changing the economics of deliveries. Increased demand for just-in-time deliveries driven by app-based technology and changing patterns of consumer behaviour mean that new solutions are needed to avoid excessive journeys from out-of-town warehouses to consumers. One of the scalable solutions is to establish a network of mini-warehouses within the city itself, these are known as consolidation hubs. And, as with unlocking the potential of the river and rail, existing GLA policy

provides a starting point for identifying land for consolidation hubs. But local plans need to catch up. This may require more active encouragement and support from City Hall who should be working in partnership to accelerate plans, identify need and appropriate land areas for supplying that need. There are some obvious candidates for early focus, such as the periphery of the Central Activities Zone where consolidation hubs could deliver significant improvements. For context, a traditional point-to-point courier style service could complete perhaps three or four deliveries in an hour whereas providers operating out of micro-consolidation hubs can make about 20 deliveries in the same time. Many of these locations are on borough boundaries and will require clear-sighted leadership and coordination to bring forward. With a delivery radius of about three miles, a consolidation hub in inner London will be serving multiple boroughs. Where there is an obvious existing focal point for coordination, frictions such as these can be overcome. Some large landlords have had meaningful successes working with their tenants to consolidate commercial real estate servicing activity. Ensuring that all tenants in any given development use a single supplier can not only cut down on the number of trips made to service that building or area, but can also drive economies of scale for tenants themselves. Despite the significant challenges that have been overcome to implement solutions like the one outlined to the right, it is in many ways the low-hanging fruit. Convincing individuals across London to effectively consolidate their personal deliveries through greater use of out of home collection points (often called 'click and collect') would mitigate the congestion and pollution caused by LGVs in London, in part by

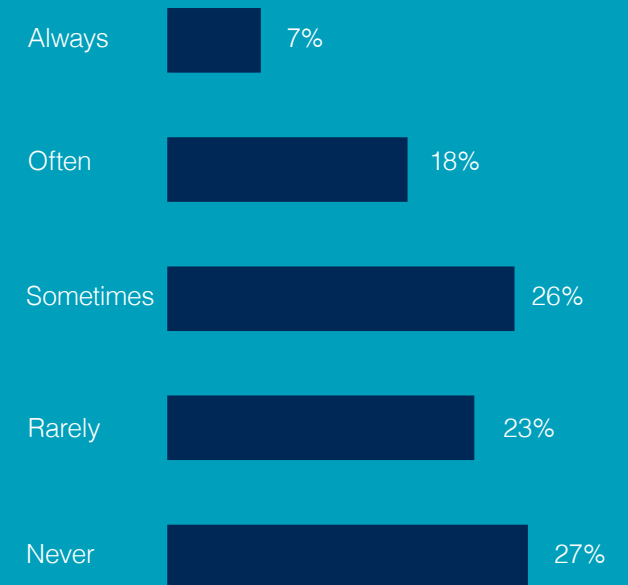
facilitating more night-time and off-peak deliveries. But it will require a carefully designed and sustained campaign that can speak to the common good rather than merely commercial interests.

## Click and collect

New polling<sup>1</sup> shows that Londoners are divided on their current use of click and collect. Around 50% never use it but 25% always or often do. When asked whether they would be prepared to change their behaviour, there was an openness to doing so from those polled. Excluding those Londoners who say they always use click and collect for their online shopping deliveries, 47% of Londoners say that they would be more likely to use click and collect if it reduced the impact of delivery vehicles on traffic congestion. The environmental argument is even stronger, with a majority of Londoners saying it is likely that they would use click and collect services more often to reduce the impact of delivery vehicles on local air pollution (55%) and global warming (54%). It is clear that there is an untapped willingness to consider click and collect options but that, at present, policymakers and industry are not doing enough to incentivise changes in behaviour.

Scaling both of these solutions will also require carefully managing a wide range of stakeholders. The only city-wide body capable of driving this type of coordination and integration is the GLA. These are opportunities for City Hall to provide leadership and deliver a step change in behaviour, both by working with retailers operators to make click and collect options more appealing and by finding effective ways to communicate the benefits to Londoners.

We asked: "Click and collect" is a service offered by retailers for online orders. Instead of having purchases delivered directly or designated pick up-point such as a newsagent, at a time that is convenient for them. How often, if at all, do you use click and collect for online purchases?<sup>1</sup>



<sup>1</sup> Polling conducted by Survation of 1009 Londoners aged over 18 conducted between 5 to 9 July 2021



## Perspective - SEGRO

London's economy is underpinned by an incredibly diverse range of business sectors from finance to retail, construction to television and film and tourism to hospitality. These sectors make a significant economic contribution and, though distinct in their own right, all share a common requirement. They all rely on a highly efficient and effective supply chain to function and serve their customers. Urban logistics – the movement of goods around a city – enables the supply chain to function for a multitude of sectors and is therefore integral to London's "productivity" as a city and its success on the world stage.

A single integrated freight, servicing and delivery strategy that created a fast, efficient and sustainable supply chain would not only help to maintain London's competitiveness but would provide a more effective way at tackling climate and congestion. At the very least, the strategy needs to align to the key industrial policies in the London Plan, especially those that reflect the Mayor's desire for industrial development proposals to be intensified through multi-story schemes or intensifying industrial activities on industrial land to deliver additional capacity through co-located or mixed use with residential and other uses. Developers will respond to the Mayor's direction by being creative and innovative to deliver functional industrial space for occupiers, but all too often schemes, whether multi-storey or small scale inner-London micro delivery depots face increasing highways and transport challenges through the planning process. A FSD strategy should sit alongside a London-wide review of existing allocated Strategic Industrial Land as well as a full and comprehensive review of the quantum of future demand to ensure that that we deliver the right space, in the right places to sustainably and efficiently service the needs of London years to come.



## Recommendations:

- In partnership with the new Freight, Servicing, and Deliveries Czar, the Mayor must be a high-profile advocate for the rapid implementation of these solutions including working proactively with boroughs and businesses to ensure that:
  - As space in the Central Activity Zone is reallocated in the wake of the pandemic, adequate provision is made for designing in micro-solutions including consolidation hubs and out of home collection points.
  - There is a comprehensive, integrated plan to enable more non-road freight, servicing, and delivery activity through the development of rail and river opportunities, with special attention paid to modal interfaces.



## Perspective - Thames Clippers and DHL

Currently there are limited light freight operations on the Thames. Local Government has been sceptical that a fast and frequent light goods service could be delivered on the River Thames due to the vast tidal ranges that can prohibit land access from the river at low tides. Thames Clippers is challenging this



scepticism and in August 2020, Thames Clippers commenced a 12-month trial with DHL to operate a high speed parcel service between West London and Central London through existing passenger piers with all-tide access.

The service delivers Airmail documents and parcels from Heathrow Airport to a West London pier location by an electric light goods vehicle with Thames Clippers picking up the parcels from that pier and delivering them to the City

of London. The fast river trip removes surface vehicles from the congestion laden routes between West London and the City, with the final delivery from landing pier to destination being by e-cargo bicycle. Punctuality of deliveries have improved and transit times reduced by up to 30 minutes as a result. The service also now included operations to Wapping pier and the overall scalability of the service will be reviewed over the trial period.

## Perspective - The Crown Estate

The Crown Estate (TCE) are the West End's largest property owner, with a London portfolio that includes the majority of Regent Street and around half of St James's. Reducing vehicles trips to and from TCE destinations has been recognised as an important step to improving air quality through reduced congestion and vehicle numbers, and freeing up space for other road users such as cyclists and pedestrians.



Since 2009, TCE have been working in partnership with Clipper to provide a Retail Freight Consolidation Service for customers across their London portfolio. Operating out of a Regent Street Consolidation Centre, participants deliver to a larger centre outside the M25 and low or zero emission vehicles then carry out a consolidated delivery to the West End. This service helps reduce the number of vehicles entering the West End across all participants and helps ensure vehicles meet low emissions standards.

TCE have now worked with over 45 retail locations, targeting greater than 80% reduction in freight road movements for those participants. For the 6 months prior to the pandemic the average monthly vehicle reductions ranged between 92.6% and 95.4% for participants.

# Incentives and restrictions

When it comes to incentives and restrictions for individuals, a lack of city-wide leadership has resulted in regulatory statis. Where new schemes have been introduced, they have often then been left untouched despite the restrictions becoming outdated (like the London Lorry Control Scheme - LLCS, which we'll touch on in a moment) or seen attempts to take further steps stopped in their tracks (like the western expansion of the Congestion Charge Zone). Nothing of any significance has been done to attempt to directly change consumer behaviour or incentives when it comes to FSD, despite the negative congestion and environmental externalities. Change will not be easy, but it is clear that action is needed.

Technological changes have delivered many benefits, including in the environmental impacts of FSD vehicles. HGVs in particular have become noticeably cleaner, safer, and quieter in recent decades. Yet regulations are yet to reflect these improvements. Nor do they always reflect current policy priorities. For example, the LLCS was developed in the 1980s primarily to deal with noise pollution from HGVs in residential areas, but the regulations involved have not kept pace with changing technology and operations that has resulted in a reduction in HGV noise. Anecdotally it seems that many of those whose complaints motivated the creation of LLCS are much more exercised by the noise produced by the sportscars that have become more prevalent in certain parts of London. More information on LLCS is provided in a case study on page 13.

Equally, the current attempts to capture the costs of some of the externalities of road use are blunt at best. The Congestion Charge was designed as a disincentive to driving in a very small area at the heart of London where congestion levels had become intolerable. After its initial success – congestion decreased, journey speeds increased – its impact has been fairly static over the last decade with congestion increasing significantly outside the zone. Layered on top of that has been the Low Emissions Zone and the Ultra-Low Emissions Zone, the latter of which is being expanded to the north and south circular roads later this year. These were designed almost exclusively to tackle local air pollution.

The lack of integration and nuance in these schemes – not to mention the lists of exemptions – mean that they each have a limited ability to help tackle other problems, such as the city's carbon emissions. Meanwhile drivers are seeing a proliferation of different schemes without clarity as to the benefits.

Scheme	Established	Purpose	Area
Congestion Charge	2003	Reduce Congestion	Central London (8 sq miles)
Low Emission Zone	2008	Improve air quality	Most of Greater London
Ultra Low Emissions Zone (previously T-charge)	2017 (T-charge) 2019 (ULEZ)	Improve air quality	Central London (8 sq miles) but expanding to North/South Circular roads in October 2021
Dart Charge	2014 (replacing previous barrier system from 1991)	Revenue and demand management	Dartford Crossing
Silvertown/Blackwall Tunnel	Proposed	Revenue and demand management	New Silvertown Tunnel and existing Blackwall Tunnel

Moving to a more holistic road pricing scheme will not be easy, but now is the time for the Mayor to initiate a serious conversation with Londoners about the economic and environmental case for changing the way that drivers pay for road use. Any such discussions and planning must be informed by a deep understanding of the critical functions that our roads play in city life. FSD activity must be recognised as an essential activity, without being given a free pass. One of the key lessons from the introduction of the Congestion Charge is that a well-designed scheme must provide carrots as well as sticks. Businesses may be more incentivised to get on board with a pricing scheme if the quid pro quo involved greater certainty about the roll out of EV infrastructure or support and incentives for using consolidation hubs or out of home collection points.



As with all discussions of road pricing this is a difficult needle to thread, but it demonstrates once again the importance of having a FSD champion in the room.

London also needs someone who can assess the options for customer level incentives to change behaviour and reduce demand same day delivery to our doorstep. There are many examples where same day delivery is not essential and customers would likely be willing to accept a more environmentally friendly consolidated delivery a few days later. New polling suggests that whilst environmental considerations can be motivating for consumers, policymakers must not lose sight of convenience and price when it comes to shaping behaviour.

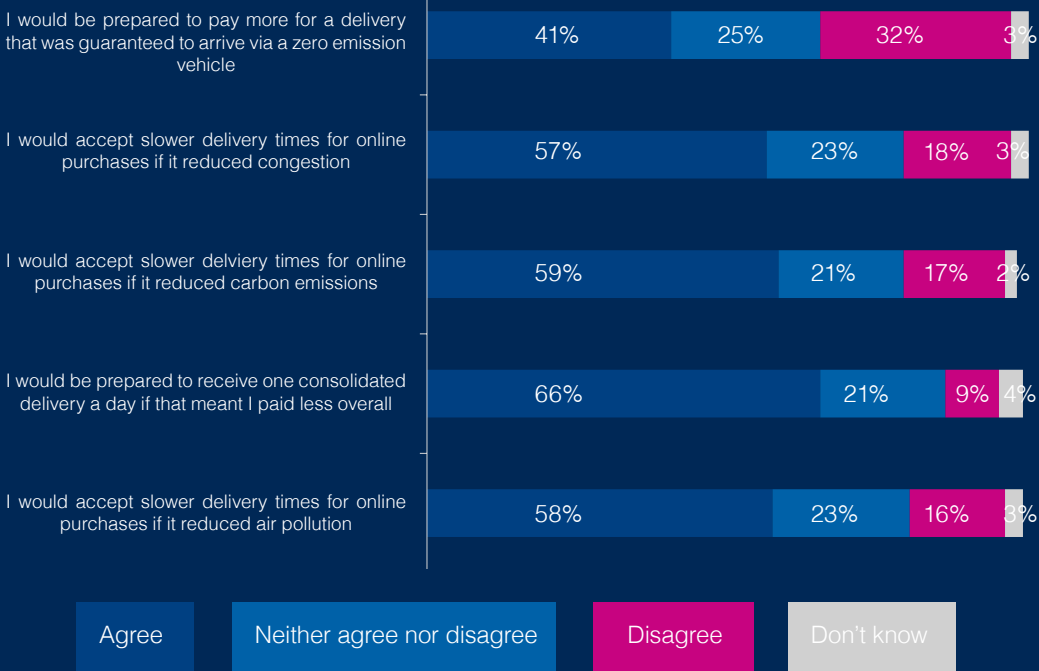
The FSD Czar should be tasked with learning from best practice at home and abroad, as well as thinking creatively about the role that behavioural science and financial incentives can play in enabling better choices. This may be as simple as working with companies to switch the default delivery options for orders within the M25 to an out-of-home collection point (one French retailer saw a 30% shift as a result of doing this), or it could involve an accreditation scheme for responsible operators making use of electric vehicles and cargo bikes so that customers can place orders in the knowledge that their purchase will have minimal impact on the environment. Different options should be trialled with willing partners and then actively promoted by City Hall.

## Recommendations:

- Explore with central government, business, and consumers whether there are effective consumer-level incentives that could be introduced at the point of purchase to drive cleaner and more efficient freight, servicing, and delivery activity.
- Initiate a zero-based review of the London Lorry Control Scheme strategy to ensure that it reflects current technology, operations, and policy priorities.
- Develop plans for a comprehensive road user charging regime that recognises the importance of freight, servicing, and deliveries but also incentivises clean and efficient operations.

## Deliveries and the environment

Two thirds of Londoners say they would be prepared to receive one consolidated delivery a day if that meant paying less overall, with fewer than one in ten disagreeing. A majority of Londoners would be prepared to accept slower delivery times if it meant reducing the environmental impact of deliveries; fewer than one in five Londoners would not. Four in ten Londoners would even be prepared to pay more for a delivery that was guaranteed to arrive via a zero emission vehicle.



Separately, when Londoners were asked to choose from a list of seven options that what “would be most likely to persuade you to switch... to using click and collect”, only two options were selected by more than 10% of Londoners: convenience of pick-up location (22%) and reduced delivery price (21%).

### Perspective - Delivering London Initiative

Delivering London (DL) predicts that ‘the ecommerce shift will cause parcel volumes to double [in London] from 500m today to 1bn by 2030.’ As a result of increasing demand, and a rising population, consumer behaviour must also contribute to creating a more efficient and sustainable deliveries system. As such, policymakers must look at the incentives and infrastructure needed to entice consumers to change their behaviour.

Currently, less than 10% of deliveries are serviced by out of home solutions but DL believe that at least 50% of deliveries could be serviced out of home by 2030. This would be facilitated by a mix of community-based infrastructure in locations such as retail parks, local high streets, transport hubs, and residential areas. DL research suggests that a comprehensive network of click and collect options could saving more than 75 million van kilometres every year and thereby reduce parcel deliveries CO2 emissions by 20% or 16,700 tonnes pa, esignificantly more every year than the 12,300 tonnes that the ULEZ has saved since its introduction in 2019.

In contrast to many countries, the ‘UK locker and parcel shop network is fragmented, closed and underdeveloped’. In Poland, there is 1 click and collect location per £250k of internet spend, whilst it is only 1 location per £4m spend in the UK. Across Europe, ‘out of home locations have grown 40% in the past 18 months and 44% on a global scale’. Denmark is building a national infrastructure of 10,000 lockers but all of the lockers outside China account for only 20% of the global total.

Research was conducted by YouGov/BCG amongst industry stakeholders and service providers to explore the best and most attractive solutions. The findings are shown to the right.

DL are working with three boroughs to pilot an out of home network in London. They plan to pilot at over 250 new locations. Policymakers should learn from this research and look to rollout what works within the M25. With political leadership, and cross-sectoral collaboration, up to 10,000 locations could be operational by 2025.



	This idea is appealing	This will change my behaviour
<b>Green certificate</b> Green certificate educates consumers about delivery options	71%	63%
<b>Smart systems</b> Hyper-local network of community locations (@ 250m)	67%	59%
<b>Parcel Place Local Network</b> Parcel place solves the pain point of returns for most customers	73%	68%

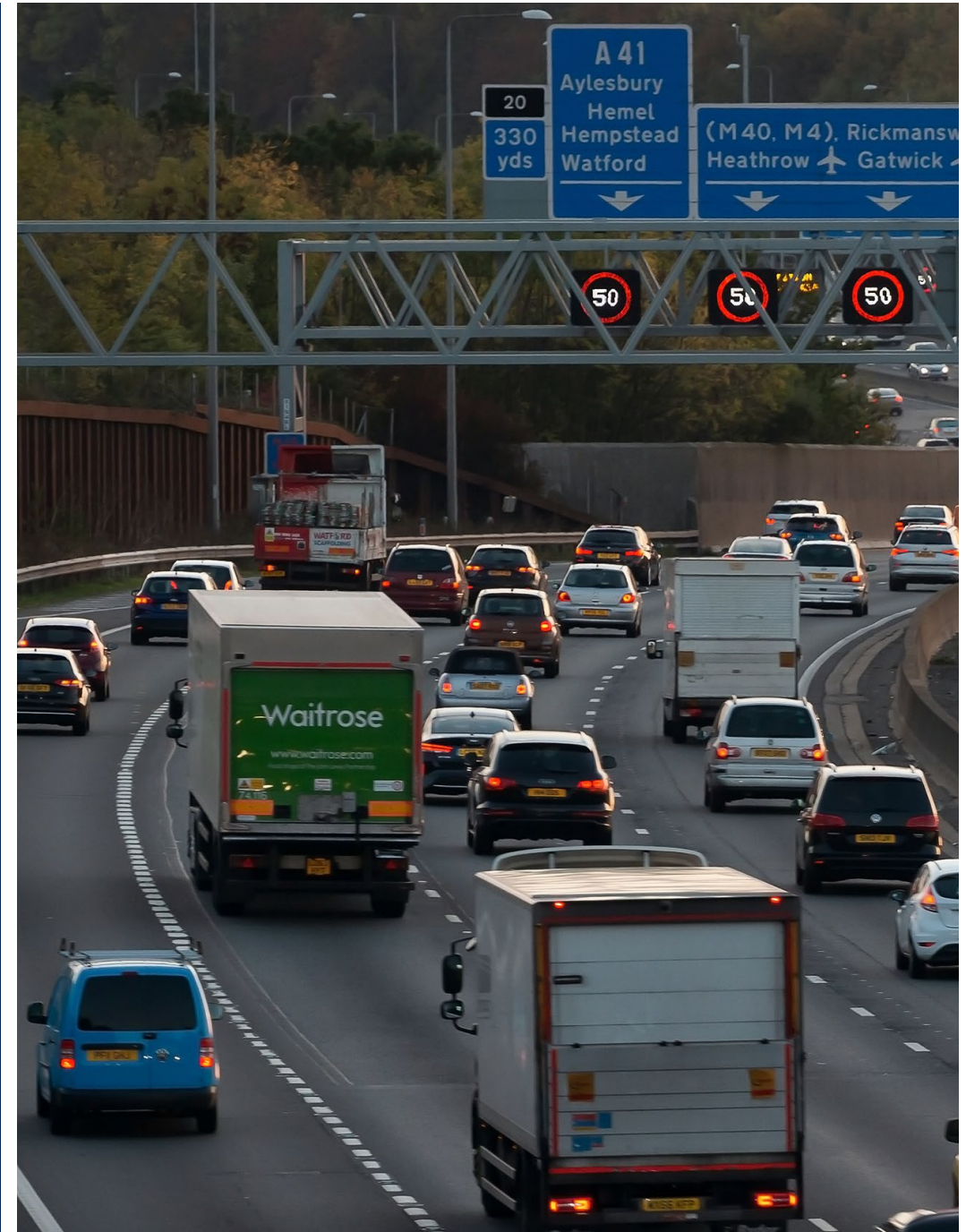


## Perspective - FM Conway and the London Lorry Control Scheme (LLCS)

The LLCS monitors the movement of goods which are over 18 tonnes to manage the environmental impact of heavy goods vehicles (HGVs). It operates only at night and on the weekends and was established in 1985 to manage noise pollution in the city. There is evidence to show that the LLCS causes longer journeys which leads to more congestion and traffic on London's roads. HGVs are taking longer routes to avoid the Excluded Route Network (ERN) on which the LLCS applies. Furthermore, modern technologies have led to the introduction of quieter vehicles, and therefore the size of a vehicle may not be a good indicator as to its potential noise pollution. According to contractor FM Conway, compliance with the LLCS typically results in a 50% increase in journey time, mileage, fuel usage and CO2 emissions.

Additionally, the LLCS has not been amended to allow for reduced levels of fleet noise. FM Conway have taken the lead on reducing the noise of its transport fleet by using 'fully insulated bodies' which have little noise pollution. They have incorporated 'body locks' and 'rubber-sealed split tailboard' which reduce the cause of noise from 'bouncing and rattling'. Their vehicles have been fitted with 'white sound reversing alarms' which are approved by the Noise Abatement Society which give warnings without causing disturbance to the whole neighbourhood. If vehicles are fitted with systems such as these, they should be allowed to access the ERN without causing any disturbance to the wider public.

According to FM Conway "there is strong evidence in these reports that the intent of the Lorry Control Scheme, namely, to reduce noise, would be better achieved by restricting the routes that light vehicles can use; lowering the vehicle speeds; improving the security and fixing of loads." Faced with this evidence, the Mayor should commission a full-scale review of the LLCS to ensure that it is fit for purpose in the 21st century.



# Preparing for the future

If there is a fundamental common thread running through the FSD pressures being felt in London today, it is changing technology. And there is little sign that will slow down. From the impacts of on demand retail and food delivery services to the development of electric micromobility options for both people and goods, new technologies are changing – and in many cases increasing – demand for FSD activity.

The transition to electric vehicles is currently presenting financing, manufacturing, energy, infrastructure, operation, ownership, and storage challenges for all major global cities. Increasingly autonomous vehicles are likely to give rise to increasingly significant questions, particularly in complex urban environments. Drones are often heralded as the gamechanger for deliveries but the outstanding policy questions for cities outnumber those that have been answered by their promoters. And these are just the technologies that it is easy to forecast in 2021.

There is much that cannot be accurately predicted but that does not mean that planning and preparation are futile. London has been a global leader in technological rollout, especially in transport, and can be so again. From the first underground passenger railways to the Oyster card and congestion charge, where London leads others often follow. But leadership does not happen by accident, nor does it happen in isolation.

Proactive collaboration with central government and the private sector will enable innovative new technologies to be trialled and rolled out safely and effectively.

Electric vehicles also provide an insight into two of the key benefits that a senior GLA appointment could enable. We know that fleets of vehicles turnover more quickly and that large operators often have an ability to affect greater change early in the adoption cycle, not least through creating scale and secondary markets. But currently large operators are having to allocate their EVs to the places that can be served by them (due to infrastructure and battery limitations) rather than when they should be going in order to have the biggest impact on pollution levels. By providing a focal point for businesses and operators, the city can work in partnership to increase the likelihood of well-coordinated, efficient, timely, and safe FSD developments in the future. Similarly, by working with other parts of the GLA



family like the Chief Digital Officer and the London Data Store, information can be pre-emptively recorded, mapped, and analysed to shorten the time needed between policy decisions and on the ground results. One key area where data is currently lacking is on different types of LGVs and how they operate in London.

## Recommendations:

- Ensure, in partnership with the Chief Digital Officer, that the new freight, servicing, and delivery infrastructure is fully mapped, and work with operators to gather the data that will enable better policy- and decision-making in future.
- Enable, in partnership with operators, FSD fleets are maximising the opportunities presented by technology, and leading the way in terms of standards, standards. Initial areas of focus should include road safety.
- Explore collaboratively with central government how to develop a policy environment that facilitates safe but innovative approaches to new freight, servicing, and delivery technologies such as drones and delivery robots.



## Perspective - Electric Vehicle Transition

New technology will be critical to solving the challenges faced on London's roads, including those relating to freight, servicing, and deliveries traffic. Electric vehicle technology is one of the known developments and provides some clear lessons for the unknowns that the future will hold.

Firstly, commercial fleets are both a way to scale new technology and an early adopter. London First polling in 2020 found that out of 500 business leaders in companies that operated fleets of vehicles, over 33% planned to switch to electric vehicles within two years, whilst a further half of respondents expected to make the transition within five years. This suggests that by 2025, ten years ahead of the Government's ban on the sale of petrol, diesel and hybrid vehicles, the proportion of non-electric fleet vehicles could be as low as 15% of the total. This is partly explained by the fact that 59% of vehicle registrations in the UK in 2019 were fleet vehicles and the turnover of fleet vehicles is much higher than personal vehicles.

Despite this enthusiasm, 49% of business leaders cited a lack of infrastructure as one of the key barriers to transition. To accelerate the rollout of electric vehicles, increased coordination and collaboration will be required between public and private sector actors. The Data for London work is showing the value of this collaboration through its electric vehicle pilot programme which seeks to demonstrate the impact of insights from public-private data-sharing on unlocking EV charging market constraints. City Hall must learn from this and other best practice to continue to develop its understanding of – and policy preparedness for – future technology.





# Conclusion

Freight, servicing, and deliveries traffic on London's roads face three fundamental challenges over the next decade. The first is the economic challenge of supplying rapidly growing, and changing, consumer demand. The second is the efficiency challenge of operating in the face of growing congestion on London's roads. The third is the environmental imperative to achieve net zero carbon emissions and significantly improve the city's air quality. Combined, the scale of the task is unlike anything seen in recent decades. FSD can no longer afford to be the poor relation to passenger transport. If the people who flow into and around the capital are the essential oxygen for the city's economy and culture, then FSD is the blood pumping through the system.

But many of London's arteries are clogged. City Hall has many doctors that specialise in passenger journeys, but it lacks surgeon that can deal with freight, servicing, and deliveries afflictions. A freight, servicing, and deliveries czar would convene key actors across the public and private sectors – and perform targeted interventions to ensure that the city as a whole benefits from the economic and technological shifts that are currently underway, and likely accelerated by the pandemic. Key among these is to help to ensure that investments in critical infrastructure – EV charging points, microconsolidation hubs, out-of-home collection points – becomes more than the sum of its parts and avoids the risk of fragmentation between different operators and different systems.

The prize is significant. A little extra capacity in the one institution with true, city-wide, convening power could go a long way. Many Londoners are ready to play their part, but they need encouragement. There is a willingness to make trade offs when it comes to online shopping deliveries, particularly on environmental grounds. But there is a limit to the inconvenience that they are willing to tolerate and price will always be a critical factor for most. Parallel considerations are heard within the industries that generate business demand for freight, servicing, and deliveries activity. Change on the scale that is needed to build back better will require strategy and leadership; integration and coordination; incentives and restrictions; and preparations for future innovations. Some of these roles could

be picked up by a cast of characters from across the city but to turbocharge progress and ensure a sustainable future for London the mayor should appoint a new freight, servicing, and deliveries czar.



# Summary of recommendations:

- Create a senior GLA position to provide city-wide leadership and strategy on issues relating to freight, servicing, and deliveries. This could be modelled on the Night Czar, the Chief Digital Officer, or the Walking and Cycling Commissioner.
- Produce a single integrated freight, servicing, and delivery strategy and work with boroughs to prevent boundary issues within London.
- Recognise the importance of industrial land/infrastructure, work proactively with boroughs to identify appropriate sites for FSD activity (eg consolidation hubs), ensure that the London Plan enables these sites to be developed and utilised.
- Review relevant targets (eg 10% reduction in morning peak) in light of the pandemic.
- In partnership with the new Freight, Servicing, and Deliveries czar, the Mayor must be a high profile advocate for the rapid implementation of these solutions including working proactively with boroughs and businesses to ensure that:
- As space in the Central Activity Zone is reallocated in the wake of the pandemic, adequate provision is made for designing in micro-solutions including consolidation hubs and out-of-home collection points.
- There is a comprehensive, integrated plan to enable more non-road freight, servicing, and delivery activity through the development of rail and river opportunities, with special attention paid to modal interfaces.
- Explore with central government, business, and consumers whether there are effective consumer-level incentives that could be introduced at the point of purchase to drive cleaner and more efficient freight, servicing, and delivery activity.
- Initiate a zero-based review of the London Lorry Control Scheme strategy to ensure that it reflects current technology, operations, and policy priorities.
- Develop plans for a comprehensive road user charging regime that recognises the importance of freight, servicing, and deliveries but also incentivises clean and efficient operations.
- Ensure, in partnership with the Chief Digital Officer, that the new freight, servicing, and delivery infrastructure is fully mapped, and work with operators to gather the data that will enable better policy- and decision-making in future.
- Enable, in partnership with operators, fleets of vehicles used for freight, servicing, and delivery activity are maximising the opportunities presented by technology, and leading the way in terms of standards, especially when it comes to road safety and the transition to electric vehicles.
- Explore collaboratively with central government how to develop a policy environment that facilitates safe but innovative approaches to new freight, servicing, and delivery technologies such as drones and delivery robots.

Unless otherwise stated all polling is by Survation of 1009 Londoners aged over 18 conducted between 5 to 9 July 2021.





## About the Future of London's Roads working group

The way we use London's roads was changing fast even before the pandemic. Demand – driven in part by the growth in private hire and personalised deliveries – has been accelerating leading to congestion and declining bus speeds.

At the same time, the Mayoral Transport Strategy has aggressive targets for active travel which leads to competition for road space. And 2021 will see a significant expansion of the Ultra-Low Emissions Zone.

Many of the existing trends that were driving these changes have been accelerated by the pandemic. Increased home working has resulted in more personal deliveries and the public sector has responded to the pandemic with Low Traffic Neighbourhoods, the Streetspaces programme of space reallocation, an increase in the Congestion Charge, and the prospect of e-scooter trials.

London First has brought together a working group of members and stakeholders to deliver a series of sprints on critical issues shaping the future of roads. Our next piece of work will focus on whether there is a consensus that can be built for a new generation of road charging in the capital.

If you would like to find out more or get involved, please contact Victoria Poku-Amanfo, [vpoku-amanfo@londonfirst.co.uk](mailto:vpoku-amanfo@londonfirst.co.uk)

## Our mission is to make London the best city in the world in which to do business.

London First was set up by business leaders with the belief that by harnessing business assets we can drive positive change. We operate as a business campaigning force, with over 175 members, and are uniquely placed to champion the city:

- We've done it before: back in the 1990s, London's prospects looked bleak. Business leaders came together to lead when others wouldn't;
- We've achieved a lot: over the past three decades, we've campaigned for the creation of the office of London Mayor and Transport for London, for Crossrail, for congestion charging and for expansion at Heathrow; we incubated Teach First and created the UK's largest annual jobs and careers fair for school leavers, Skills London;
- We give London's employers a powerful voice, prioritising the critical interventions needed to keep our capital competitive and connecting with allies to create solutions that help our country succeed as one.

Now, we're stepping up once again. With our members – and the millions of people they employ in the UK – we are pursuing an agenda that will keep London at the forefront of global business, working with and for the whole UK.

You can also find us on Twitter [@London\\_First](https://twitter.com/London_First) or at

**[londonfirst.co.uk](https://londonfirst.co.uk)**