

The London Boroughs Consolidation Centre – a freight consolidation success story

The first of its kind in the UK whereby local authorities take control over their own supply chain for their own goods



The London Boroughs of Camden, Enfield, Islington and Waltham Forest have a diverse community to serve and require a wide range of goods and services for its several hundred separate addresses including municipal buildings, libraries, schools, care homes, depots, offices, hostels, day and sports centres, commercial premises and households. Their supply chain consisted of suppliers delivering their goods directly to addresses in the area using their own transport or through parcel delivery and courier companies. In the summer of 2012 the Chief Procurement Officer at the London Borough of Camden embarked on a project to further explore the consolidation centre concept and the feasibility of such a solution for Camden and its borough partners. The project secured funding from two sources, the European Union and the Mayor's Air Quality Fund. The consolidation centre opened in January 2014 and is transitioning from project stage to a permanent solution.

at-a-glance

Issues

- Poor air quality
- Congestion
- Inefficient supply chain

Solution

- Consolidation of suppliers
- Mandatory use of off-site consolidation centre for all council premises deliveries
- Block on personal deliveries to the work place
- Reduced delivery schedule to buildings (2 or 3 times per week)

Benefits

- Procurement savings from reduced supply distances
- Procurement savings from a reduction in suppliers
- 46% reduction in the number of vehicle trips delivering to council sites
- 45% reduction in the total distance travelled by delivery vehicles, resulting in decreased emissions
- 41% reduction in CO₂ emissions
- 51% reduction in NOX emissions
- 61% reduction in PM
- Over 70% vehicle capacity utilisation achieved
- Scheduled deliveries, easing the burden on receptions and post rooms and freeing up staff for more productive tasks.

Operation

The consolidation centre is located in Edmonton, within the borough of Enfield and provides easy access to the strategic road network. The facility, which is operated by a FORS accredited operator, is open Monday to Friday from 6.30am to 6pm and receives goods on behalf of the councils from its suppliers. The centre collates and consolidates the range of goods received and prepares them for onward delivery to the council's sites on planned and optimised delivery routes, utilising two low emission (Euro V) trucks. These vehicles will shortly be replaced by Euro VI or zero emission capable trucks.

The consolidation activity is performed utilising 2,000 sq. ft. (185 m²) of shared use warehousing space and employs two drivers, one warehouse person and part-time (12 hours/week) administrator. To date (March 2015), 87 suppliers and 19 delivery companies are using the facility. Throughput is currently between 400 to 500 items per day, of which 6% consist of pallets.

Suppliers deliver into the centre at pre-agreed time slots between 6.30am and 8am with a turnaround time of around 15 minutes per vehicle. Deliveries to end recipients who are spread over an area of 143 km² are made between 9.30am to 4pm. The vehicles capacity utilisation is maximised as they collect returns

The centre is capable of handling a wide variety of goods, ranging from library books, furniture, gym equipment, retail products, facilities equipment, ICT equipment, documents and mail and cleaning supplies to records, linen, ambient foods, office supplies, stationery and public health literature.

Feedback from both suppliers and customers has been positive.



Lessons Learned

Logistics knowledge within Camden and its partner boroughs was not as advanced as its procurement expertise. Lessons learned through the implementation of this solution include:

- The consolidation model should be procurement led and be included within tender documents.
- Delivery costs are not transparent to buyers.
- Negotiations with suppliers should take account of delivery supply chain savings as a result of suppliers reduced delivery costs.
- Deliveries 'to desk' are expensive and not necessary.
- A freight consolidation scheme can have a greater overall positive outcome than merely converting supplier's fleets to zero emission.
- The collection of waste or goods returns by the delivery vehicles on the return leg maximises the efficiency of the vehicles.
- Zero emission vehicles are not readily available on a short term hire basis.
- Emergency or 'rush' deliveries are not needed if stock levels are managed and orders are planned.
- Staff behaviour change is critically important – sufficient time should be allocated to communications so that staff understand the changes.
- Use a combination of communications channels – intranet, targeted emails, phone calls and workshops.
- Don't try to change too many processes all at once (e.g. minimum order volumes/values).
- Councils should work together with Universities, Business Improvement Districts, Hospitals, Offices and Retailers in their local areas to achieve maximum throughput. Once the facility is in place, adding volume increases the efficiency, cost effectiveness and environmental benefits for all.