

## **UPS Response to Draft London Plan Proposal**

### **Background**

UPS is one of the world's largest logistics companies, playing a vital role in the collection, Warehouse and delivery of goods. Our UK operation includes more than 50 operating facilities, approximately 8,000 employees and a fleet of more than 2,200 vehicles. UPS provides critical national and international time sensitive delivery services for businesses of all sizes and the express sector contributed £2.3bn to UK GDP in 2010, and transports £11bn of UK exports a year.

### **Policy E4 – Land for Industry, Logistics, and Services to support London's Economic function**

- It is necessary to ensure that there is the right capacity in the right place
- Overall, need MORE industrial space
- We suggest that there needs to be more understanding why there are vacancies in some areas before industrial space is released. For example, the plan highlights three boroughs (Barking & Dagenham, Havering and Newham), all in the Thames Gateway, have been identified for 'limited release' due to higher vacancy rates. Is this due to lack of public transport or transport links? UPS operates a depot in Barking (3/5 Thames Road, Barking, Essex, IG11 0HB) which came under a compulsory purchase order last year from the Council who would like to turn the site into a residential development. This is a key site in our network and if we are forced to move this will cause disruption to our operation and our employees.
- It is essential to protect freight and logistics land. If logistics operations keep being moved further out of London this will create more journeys into the centre to make deliveries as businesses will still need to receive and send goods. It will also negate the ability to use electric vehicles as the journeys will be too long to utilise low emission vehicles so ultimately will create more congestion and will contribute to emissions issues.
- Also, need more space for HGV parking and place for drivers to rest to comply with regulations.

### **Policy E7 – Intensification, co-location and substitution**

- Need to be more clear what this is and where it can work
- Yard space/parking – this is not an area that can be lost as it is needed to run the business
- You can't have a logistics operation on the ground floor and residential on top and you can't have a logistics operations that operates from a 2<sup>nd</sup> floor.
- Retail could work on the ground floor of residential.
- Ensure small businesses are not pushed out and be replaced by big retailers

## **Policy D12 – Agent of Change**

We welcome the introduction of the Agent of Change principle which places the responsibility for mitigating noise onto the new development. We would also propose that this principle should be expanded to cover more than noise. For example vehicle movements/traffic.

There is direct relevance to the UPS Kentish Town facility which has been operating at the site for approximately 20 years. There are discussions around a residential development nearby and we want to avoid costs from having to soundproof residential buildings. Also, need to ensure there are no issues with traffic as there are intense periods of the day where our vehicles are leaving and coming back to facility. These time periods are fixed and we would not be able to change the times when vehicles arrive and leave our facility as this is dictated by the needs of our customers.

## **Chapter 10 – Transport**

### **Policy T 7 - Freight and Servicing**

**We support the provision of rapid electric vehicle charging stations at logistics and industrial locations.** At UPS, our goal has been to move towards electric vehicles in central London. Currently we operate 52 electric vehicles in our central London depot and have plans to expand this fleet. The challenge we have faced with expanding our electric fleet is in not having enough grid capacity for charging these vehicles simultaneously at peak times in the evening. It is not feasible to charge the vehicles during the day as they are on the streets carrying out multiple deliveries with only minimum time spent at each location. As a result, we worked closely with UK Power Networks (UKPN) and a three tier system of landlords to update the site's grid capacity at our Kentish Town depot, at considerable expense, and are now able to charge all the EVs at once, including during peak time. While this investment has been hugely successful, a recent report from FREVUE (a European project funded by the EU's Seventh Framework Programme for research, technological development and demonstration) highlighted the fact that UPS was required to make an investment in a UKPN asset without control over its operation. Additionally, UPS is a global operator but for smaller operations this type of investment may be out of reach, which prohibits the uptake of electric vehicles. We would urge the Greater London Authority to be mindful of the need for funding to be made available for the infrastructure allowing for simultaneous charging at night. It is our contention that a lack of grid capacity is preventing private companies from investing in electric vehicles, inhibiting the ability of London to achieve its goal of cleaner and more sustainable vehicles.

### **SMART Grid Technology**

In addition to the conventional grid upgrade that we undertook, UPS worked with a consortium to deploy a radical new technology solution with the potential to dramatically reduce the cost of recharging a fleet of electric vehicles.

Recharging a fleet of electric vehicles can be rendered cost-prohibitive by the need for expensive external power grid reinforcement work. To overcome this, the consortium, which comprises UPS, UK Power Networks and Cross River Partnership, has commissioned a combined smart-grid and energy storage system at the UPS operation in central London. The initiative was supported financially by the UK's Office for Low Emission Vehicles. It has had the

immediate effect of raising the number of 6-7.5 tonne vehicles that can be recharged simultaneously overnight from the electricity power supply available at the site from 65 to the whole 170 fleet without any further external grid reinforcement work.

Believed to be a world first to be operating live at this scale and combining both smart-grid and energy storage technologies, the intention of the consortium is to produce a strategy for how the solution could be used in other UPS facilities and beyond to electrify fleets cost-effectively. UPS believes the day is rapidly drawing closer when the cost of an urban distribution electric vehicle, including the necessary power supply investments, will be lower than that of its diesel counterpart. This breakthrough will be instrumental in enabling electric vehicles to be deployed in scale in the world's cities, itself an essential component of tackling the air quality challenges that those cities face.

It is our contention that a lack of grid capacity is preventing private companies from investing in electric vehicles, inhibiting the ability of cities like London to achieve its goal of cleaner and more sustainable vehicles.

Take up of electric vehicles by the private sector is crucial to improving air quality in urban areas. For example, UPS's electric vehicles are significantly more carbon efficient than their diesel equivalent well to wheel. Replacing diesel vehicles with electric vehicles saves around 1.9 tonnes of CO<sub>2</sub> and 181kg of NO<sub>x</sub> per vehicle per year. Therefore, UPS would urge local authorities to consider how increased uptake of electric vehicles can be addressed, especially through addressing energy supply constraints.

#### **10.7.2 Development proposals for new Consolidation and distribution facilities:**

UPS would like to highlight that most major logistics companies already consolidate their delivery volumes to ensure efficiency in operations and delivery routes. Whilst consolidation centres may provide value for smaller delivery companies, it could cause duplicate package handling and increase vehicle movements. It would also need to be clear what type of packages the consolidation centre will handle as more specialist deliveries – i.e. food and refrigerated goods or sanitation would require different storage and handling to other goods. It is also imperative that you are able to protect data integrity around the package information. Once packages are handed over to the consolidation centre – who now owns the final mile delivery and how is the package data retained to provide visibility and transparency for the customer, end consumer and the logistics companies?

#### **Deliveries made outside of peak hours and in the evening/night-time:**

Whilst we welcome ways to reduce congestion and allow more efficient operations, we would caution that not all deliveries could happen outside of peak hours. The core of our delivery business is early morning and morning deliveries which is dictated by the needs of customers. By not allowing London businesses to receive key deliveries first thing in the morning could hamper their competitiveness in the global market.

We would also urge Greater London Authority to consider other innovative ways of ensuring the feasibility of sustainable delivery and logistics. In our current *Low Impact City Logistics* project in London, which utilizes an electrically powered bicycle and trailer, we are limited by the capacity

of the trailers to carry sufficient volume of packages to make the system viable. Our goal is to be able to place a large container in a “staging area” within central London that would allow the handler (or handlers) to continually refill the trailer throughout the day and carry out final mile deliveries. We have undertaken a similar project in Dublin, placing a container or “eco-hub” in a central location and allowing both walker and cyclists the ability to continually “refill” throughout the day and carry out deliveries in central Dublin. In London, we have been working with City of London to identify locations (mainly within underground car parks) in which we could place a container. In UPS’ experience, we have found that space being available for downtown container staging, e-tricycle parking and charging availability to support sustainable final mile deliveries, have all proven to be crucial in ensuring we can, on a practical level, carry out our operations in a sustainable manner.

### **10.7.5 – Addressing Missed deliveries**

As outlined above, finding innovative ways of sustainable delivery pertains to missed deliveries as well. UPS is looking at multiple ways to address this issue. One way is UPS Access Points which allow customers to collect or drop of packages at local shops or businesses (newsagents, petrol stations, dry cleaners) that are conveniently located near to their home or work. Another option we use in other markets are parcel lockers. These along with the “eco-hub” mentioned above could be another option for collecting and dropping off packages by electric bike or walkers. But again, we would like to highlight the need for support for these projects to find spaces in central locations with adjacent charging points to re-charge electric bikes.

### **Policy T8 Aviation**

Aviation is key to the supply chain, enabling UK businesses, especially in the hi-tech, pharmaceutical and health care industries to send and receive just-in-time deliveries. Protecting air freight is critical to economic growth and keeping UK businesses competitive in a 24-hour global economy. UPS currently operates two air gateways in the UK from East Midlands Airport and Stansted. UPS would support greater usage of Stansted airport for freight shipments and would urge that operators such as UPS are able to continue operating 24 hours a day. This is the only way we can provide a competitive service to UK business by collecting packages at the end of the working day and then flying them overnight to the US and into Europe for next day delivery.

UPS Airlines strives to reduce its impact on the environment by operating the most fuel-efficient fleet in the package airline sector and aggressively managing aircraft and air hub operations. As the operator of one of the world's largest airlines, UPS also leads the industry in deploying noise and emission reduction technologies. UPS's strategy for purchasing aircraft focuses on managing operational costs and ensuring landing rights around the world by flying a quiet, fuel efficient and low emission fleet. UPS is the only company in the package sector to bring 100 percent of its air fleet into full compliance with noise and emission reduction regulations established by the International Civil Aviation Organization (ICAO). All UPS's aircraft in Europe are 100% Chapter 4 compliant in regards to noise levels.

In summary, we would urge the continued recognition of the importance of air freight to the competitiveness of UK business and recognise that the growth of the economy will be dependent on goods being flown overnight.

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