

DPDgroup UK Ltd Response to the Draft London Plan Consultation

1.0 | Introduction

1 | DPDgroup UK Ltd is the wholly owned subsidiary of the French postal company La Poste.

2 | The UK group operate as DPD and DPD Local and has over 12,000 employees and self-employed Owner Driver Franchisees (ODF) operating in 56 locations with 7,000 vehicles. The company has nine final mile delivery depots within the M25.

3 | DPD carries parcels for a number of major retailers serving consumers and businesses throughout the UK and abroad.

4 | DPD will open its first all electric final mile delivery depot in quarter 3 of 2018 in London. The European group led CSR programme focus is on Smart Urban Logistics, working to reduce congestion and improve air quality for the benefit of communities.

5 | As an industry leading parcel carrier, DPD has won the Queen's Enterprise Award for Innovation for developing its 'Predict' service which provides customers with a one-hour delivery slot via SMS and email, meaning they do not have to wait in all day for a parcel.

6 | DPD takes a special interest in regulatory developments that impact on the parcel carrier sector and would like to thank the GLA for the opportunity to reply on this important issue.

2.0 | Consultation Response

DPD is largely supportive of the Draft London Plan. However, some key themes reoccur throughout our response that affect not just DPD but other stakeholders within general freight and the courier express parcel sector (CEP).

1. Freight in London cannot be generalised. Each industry sector operates differently and the CEP sector has unique differences in that demand is driven directly by the consumer (Londoners). As such the CEP sector should be handled differently reflecting the increase in online purchasing. RAC foundation research shows that the CEP sector represents 10% of vans on the road, yet in DPD's experience there

seems to be a disconnect between public sector perception and the actual operation. DPD is happy to support the GLA and TfL with data and information to help improve public sector knowledge and understanding of the CEP sector. This approach has proven to be mutually helpful across other UK local authorities.

2. The location and availability of B8 Storage and Distribution space is vital to satisfying London's consumer demand and achieving the strategic goals of TfL and the Mayor. To achieve on air quality goals, final mile depots very close to delivery areas allow the uptake of cleaner alternative and electric fuel vehicles. Vehicle technology is not at a point yet where long stem mileage routes are feasible. DPD has already lost sites in London to allow for residential developments, this area is now delivered from eight miles away which reduces the number of hours available for delivery and the viability of electric vehicles. This public sector planning decision has resulted in an increase in the number of vans on the road as the driver's daily productivity is reduced due to longer, less productive journeys. CEP companies can help to deliver strategic goals from the right location particularly in Central London. The Mayor's ambitious housing goals need to recognise, and be balanced with, the increased consumer demand that will be created by the residents. By locating delivery depots closer to central London the method of operation for CEP can change according to London's needs. No longer is a large van required that does not return to depot but smaller electric vans that load multiple times a day become operationally viable.
3. Co-location, alternative use of space and identifying spare capacity should be used as a method of increasing the total B8 space. Best practice examples of utilising change of use buildings exist within the DPD European Group. Quasi-planning status may be required for these buildings that allow classification as mixed use for residential and B8 storage and distribution. This will enable the uptake of alternative and electric fuel vehicles and will reduce the impact of logistics on residents.
4. To facilitate the uptake of electric vehicles, effective infrastructure needs to be mandated during the planning processes for developers to reinforce the electrical

grid. Security of supply is an absolute requirement for those intending to run electric vehicles in the city.

5. DPD and the CEP sector is already a consolidator of freight and should be recognised as such. DPD is strongly opposed to consolidation centres for parcel and courier deliveries due to the increased handling, reduced reliability and questionable ownership of the consignment. This has proven not to work in the CEP sector and is explored as a dedicated section within this consultation response.

3.0 | Addressing Individual Policies

3.1 | Policy SD4 – The Central Activities Zone (CAZ)

The thriving centre of London is undoubtedly of vital importance to the UK and London with a wide and diverse range of businesses and building types in a dense area. The business and residents of this area however require servicing by companies from within the CEP who supply both business to business (B to B) and business to consumer (B to C) deliveries. The percentage share of B to C is increasing year on year. It is vital that CEP sector operations are considered during design of both buildings and infrastructure to allow effective servicing of these locations with alternative fuel environmentally cleaner vehicles.

3.2 | Policy D1 - London's form and characteristics

Design needs to include the facility for mixed-use occupation that may require a quasi hybrid planning classification. Best practice effective examples of underground logistics operation exist in Paris operated by the Chronopost parcel company.

DPD is already working to allow recipients of parcel to retime deliveries to ensure first time delivery success through its iOS and Android app. The CEP sector has well developed extensive pick up shop locations that allow recipients to retime to suit them. Mandatory retiming could have a significant negative impact on the CEP sector and would remove flexibility within the operation.

3.3 | Policy D6 - Optimising housing density and Policy H1 – increasing Housing Supply

DPD recognise the challenges London faces in housing its growing population as supply and demand lead to price increases. This growth however increases demand and the number of parcels needing to be delivered to an area. This change subsequently leads to an increase in number of vehicles on the road, and a change in the vehicle route delivery profile. Increased density reduces the ‘in-patch’ delivery area but the ‘stem mileage’ from the depot remains the same. Moving B8 space further away from these locations reduces productivity and therefore increases the number of vans on the road.

3.4 | Policy D12 - Agent of Change

DPD is very supportive of the agent of change principle and has numerous examples available where, due to planning decisions, a new final mile depot has been constructed and subsequent residential development has led to difficult to handle and potentially reputational damaging complaints.

A holistic approach to planning needs to be adopted. Rather than assessing applications as individual entities the interrelationship between occupiers and residents has to be assessed. The agent of change principle also needs to be extended to cover light pollution, vehicle movements and vibrations rather than just noise.

3.5 | Policy E4 - Land for industry, logistics and services to support London’s economic function

The principle of ‘no net loss’ does not go far enough. Rents on the few B8 properties available close to central London are simply uneconomical for logistics companies. DPD has first hand example of losing a central London site to residential development that increased stem mileage, which causes reduced productivity and increased vans on the road. The policy should be amended to set a targeted increase in logistics and industrial building floor space to achieve more efficient logistics and reduce, congestion, air quality and road risk

This policy also needs to recognise that mixed use space should be considered when measuring floor space.

The categorisation of industrial floor space does not correlate to our experience which is driven through a lack of understanding of a CEP operation. All industrial spaces are not equal and the requirements of CEP companies are different to a traditional freight and logistics operation due to the direct demand from consumers/residents. This is why the CEP sector should be handled differently. DPD has worked with some London boroughs to help them to understand the CEP sector and the eCommerce market. It is becoming clear that a number of boroughs do not understand this sector well enough.

Please see point 2 in the consolidation response section that shows how B8 space in central London can help to deliver the Mayors strategic goals.

3.6 | Policies E5 & E6 - Strategic Industrial Locations and Locally Significant Industrial Site

DPD supports the protection of strategic land locations around London but is concerned at the lack of coverage in central London. All of the locations detailed require significant stem mileage to get into the city centre. This will increase vehicles on the road and move the externality to another area rather than addressing it directly.

The Boroughs of London need to protect B8 spaces to support neighbouring residential redevelopment through the planning process. It is natural that developers will bring industrial sites forward for residential redevelopment as the profitability of these sites is far in excess of industrial land. It is the role of the public sector to ensure B8 space is legally protected.

To meet consumer demand, DPD believes that well managed CEP operations should be considered as part of residential developments. By working with the CEP sector, this can be achieved without impacting upon the residents quality of life. Paris has best practice examples of a school and residential areas being located above a final mile delivery depot.

3.7 | Policy E7 Intensification, co-location and substitution of land for industry, logistics and services to support London's economic function

Co-location is something DPD is very keen to explore. There are best practice have examples from our European business units where this has been successful. Co-location would allow for increased number of logistics operations without increasing the industrial footprint required.

Boroughs need to work with logistics companies through development plan creation to help the feasibility of these sites and support through the planning process. We believe there is a disconnect between the perception and actual requirements of operators.

3.8 | Policy SI1 – Air Quality

DPD are fully committed to the introduction of electric and environmentally alternative fuel vehicles. The viability of these has two considerations; infrastructure covered in section 3.9 and the location of final mile delivery depots.

Technology is not developed to a point where long stem mileage is feasible and the reoccurring theme of protection of B8 space applies particularly to achieving this goal. Our testing shows that long distance, higher speed driving drains the vehicle battery quickly and therefore long distance range is very limited. The vehicles, combined with regenerative charge are designed for city centres and not for accessing these areas from long range.

3.9 | Policy SI3 Energy Infrastructure

The implementation of alternative fuel vehicles including electric final mile will place significant demands on the cities electrical infrastructure.

DPD are less concerned about on street charging as our delivery drivers are active throughout the day however supplies to buildings are costly, take a long time and are complex to install. Utilities installation is the greatest risk on any new build project.

Through our implementation of an expensive charging solution DPD are already working to reduce the load on the electrical grid but will need security of supply to be able to operate electric vehicles and provide the associated benefits.

It is vital that as developments are bought forward that the electrical installation is future proofed, any new development should have to make a contribution to this process.

The latest technology in larger vehicles is in CNG, LNG and hydrogen and these vehicles will only be feasible for operators if fuelling stations are also developed.

3.10 | Policy T2 Healthy Streets

DPD supports the healthy streets initiative and its objective to reduce KSIs, especially associated with transport and the logistics industry.

As the UK's leading parcel delivery company, we are actively working to reduce emissions and congestion. This is being achieved through major investment signed off by our owning board. This is a considerable expense to DPD and the Mayor should formally recognise private sector funding that helps achieve on London's goals.

In addition, the logistics industry and vehicle manufacturers are significantly committing financially to the healthy streets agenda. It is vital that any regional requirements, conditions and regulations introduced are pragmatic and achievable for all operators and provide a time frame that allows for a progressive rate of change.

It should be recognised that the freight industry and the CEP sector will continue to grow in importance as London strives to take cars off the street.

3.11 | Policy T3 Transport capacity, connectivity and safeguarding

The CEP industry continues to develop and change at phenomenal speed, driven by the shift to internet purchasing in the B to C market place. DPDs experience is that public sector perceptions of freight and deliveries appear to be outdated. Only through engaging with the logistics industry and the CEP operators will a clearer understanding be achieved.

3.12 | Policy T7 – Freight and Servicing

Policy section T7 highlights most clearly to DPD the GLA's lack of understanding of the CEP sector. This section presents a number of points that DPD is strongly opposed to. It is stressed that DPD has experience of successful alternative operating methods that should be considered. The freight industry cannot be generalised. This section needs to address as the freight industry in a sector specific way, with particular focus on the CEP sector. DPD's position on consolidation is covered a dedicated section.

In general, reducing freight trips to areas can only be achieved by final mile delivery depots close to final point of delivery that equally will increase the feasibility of alternative and electric fuel vehicles. The change to 24-hour operation has consequences on the local residents although the use of electric vehicles will reduce these consequences. If 24-hour operation is to be progressed then this has to go hand in hand with the agent of change policy to protect operators.

DPD has investigated the shift of mode from road to water or rail. The consumer demand and next day delivery expectations of London residents make this unworkable. DPD is currently running some deliveries from London City depot using bikes but as we strive to increase productivity capacity this becomes an issue. There is also currently a lack of mass produced cargo cycle that fits our need for remodelling to cycle delivery however DPD are working on a smaller final mile all electric delivery vehicle that will be launched in 2018.

DPD and the large CEP operators have a developed pick up shop network that increases the rate of first time delivery success. First time delivery is important to all CEP operators. Every reattempt affects productivity and increase van mileage and congestion. It also affects commercial viability as ultimately the operator gets paid for one delivery. Technology is delivering improvements through DPDs award winning app where consumers can schedule deliveries and receive advanced notification of delivery times. It is likely this technology will expand across the CEP sector. The parcel storage locations have also been discussed but security concerns arise and we believe that the best method of ensuring first time success is a delivery to the pick up shop network.

3.12.1 | Consolidation

DPD and other CEP operators already consolidate within the supply chain. Parcels are taken from many suppliers and deliver them in one vehicle to one locality – consolidation centres simply add a stage to this already efficient operation.

For already efficient CEP operations, consolidation does not reduce the number of vehicles on the road; it simply changes the profile of the delivery routes. If London has 1million cubic meters of parcels to be delivered and each van in the capital has 10cubic meter load space 100,000 vans are required. By consolidating these you simply increase the density of the delivery area but retain the same number of vans undertaking stem mileage from depot to first delivery.

Within the Draft London Plan is a reference to improving van load utilisation; in CEP operations it is wrong to assume load utilisation can be improved. Any operator not operating at 95%+ utilisation will not be in business for long. Delivery vans, by their nature will not be full for the entire day though. When they drive out of the depot they will be full but as the day progresses they deliver and start to empty before undertaking afternoon collections.

DPD has worked hard to establish itself as the UK number 1 for doorstep experience. Consolidation would remove a unique selling point that we have worked hard to achieve.

DPDs security, data streams, brand recognition and in flight app options would all be lost if consolidation became mandatory.

The 2012 Olympics consolidation project it was an incredibly poor experience. It was difficult to manage, costly and DPD lost both reputation and brand visibility throughout this process.

As a company we pride ourselves on our service levels, if we were to pass our parcels to another carrier who had exclusivity and they were to experience operational issues, whose parcels would be left in the depot? Equally commercial negotiations between carriers would be complex and difficult if exclusive arrangements were made – what were to happen if the consolidator refuses to carry your parcels? Or its dangerous and hazardous goods policies were not aligned?

There are many operational, commercial legal and quality issues that need to be considered before consolidation is forced upon the CEP sector. In short, the strategic goals if London can comfortably be achieved through effective measures that do not require consolidation in the CEP sector.

Ends

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