A Public Sector Perspective on Consolidation.

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London Borough of Camden
What is the Consolidation Centre

- A new method of doing Last Mile deliveries in London.

- Managing many deliveries into a few deliveries.

- LBCC opened on 13th January 2014 for 9 months. Now extended to April 2015.

- *Started with* 4 supplier partners, 2 product lines – stationery and cleaning products. £1m of business per annum across 3 Boroughs.

- *Now* up to 41 suppliers that have used the CC.
Supply Chain Model

Camden
End Users

Enfield

Waltham
Forest
The Infrastructure

Operating Facility
- Handled 30,400 cartons so far, in 5627 orders
- Ideally located just off the North Circular Rd
- 2,000sq ft warehouse space room for expansion
- Suppliers deliver into the LBCC between 0630-1800hrs
- 5-20min turnaround time for suppliers’ vehicles
- Goods are delivered to Camden & Waltham Forest buildings x3 days p/wk, Enfield x2

Vehicles
- Two 7.5t Euro 5 emissions standard
- 2 vehicles in use Mon-Fri
- Deliveries occur between 0930 -1600
- Serves 300 council building across 3 London Boroughs.
- 143km2 area covered, 10% of London
- DHL fully meets the requirements for the FORS and WRRR
Why Consolidate? The benefits are...
Financial Benefits

Supply Chain Savings
- Discounts from suppliers for reduced logistics
- In range of 3%-7% could be possible

Income Generation
- Selling the consolidation service to other customers
- Pay as you Go/Annual Subscription Fee based on volume
- Partners to share the operational costs and commit for 3 years +

Bulk Purchase Discounts
- Some suppliers already offer a small discount (2%). Example quote received for printer paper suggests a 17% discount vs current prices

Charging Options
- Added value services. E.g. Storage (£3.50 p/pallet p/wk) & Delivery charges (£20 per pallet, or £15 per roll cage).
## Environmental Benefits Achieved

<table>
<thead>
<tr>
<th>Summary Emissions Reduction</th>
<th>No of Veh Trips</th>
<th>KM</th>
<th>CO2 (g)</th>
<th>NOX (g)</th>
<th>PM (g)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-trial Supply Chain Model (Jun13)</td>
<td>64</td>
<td>3139</td>
<td>1650</td>
<td>844</td>
<td>66</td>
</tr>
<tr>
<td>Forecast Trial LBCC Supply Chain Model -</td>
<td>26</td>
<td>987</td>
<td>612</td>
<td>233</td>
<td>6</td>
</tr>
<tr>
<td><strong>Actual LBCC Supply Chain (Jun14)</strong></td>
<td><strong>35</strong></td>
<td><strong>1720</strong></td>
<td><strong>966</strong></td>
<td><strong>413</strong></td>
<td><strong>21</strong></td>
</tr>
<tr>
<td>Forecast % Reduction LBCC</td>
<td>59%</td>
<td>69%</td>
<td>63%</td>
<td>72%</td>
<td>90%</td>
</tr>
<tr>
<td><strong>Actual % Reduction LBCC</strong></td>
<td><strong>46%</strong></td>
<td><strong>45%</strong></td>
<td><strong>41%</strong></td>
<td><strong>51%</strong></td>
<td><strong>69%</strong></td>
</tr>
</tbody>
</table>

- Vehicle utilisation running at over 70% vs the national freight average of 60%
- Vehicles are running with cargo 85% of the time vs national freight average of 70%
Operational Benefits

- Efficient Last Mile Deliveries
- Fewer delivery days
- No Personal items delivered at work
- Fewer no of Suppliers
- Fewer orders being placed
Behvioureal Change seen.

- **Procurement Staff**: Procurement Policy led. Change tender documents to understand delivery options and prices for reduced logistics.

- **Ordering Staff**: Think more carefully about stock levels and ordering. Need to get used to a reduced service offering. 30% of ordering staff have changed their ordering behaviour. 87% of staff surveyed said they would like fewer deliveries.

- **Facilities Staff**: Support changes in process with regards to receiving goods. 200+ plus personal deliveries into main council buildings per month stopped.

- **Suppliers**: Be prepared to offer more delivery options. LCSG framework tender docs amended to reflect the new supply chain arrangements.

- **Logistics Companies**: Support local & regional transport strategies.
Learning so far.

- Consolidation must **Save** or at least **Break-Even**, (ideally generate **Income**).
- Savings expected to come from **primarily Delivery Time** savings by suppliers.
- Wider opportunities exist for Savings.
- Environmental benefits have been demonstrated.
- Consolidation model likely to have a greater overall positive impact than converting existing fleet to zero emissions.
- Positive customer experience of consolidation. Now 1 delivery per day, not 20.
- Consolidation model should be procurement policy-led and in tender documents.
- Staff behaviour change is critically important – to grow understanding & for behaviour change to stick.
- ‘Logistics’ does not have a strong presence with local government compared to procurement.
- **Collaboration with other Partners is working very well.**
Next Steps & Key Timeline

- **Sept**: Finalising Business Case
- **Oct**: Present business case to Camden & Borough partner senior management
- **Nov**: Onboard partners & finalise specification
- **Dec**: Procurement exercise to select a long term logistics partner
- **Jan/Mar**: Mobilisation with partner Boroughs, suppliers & appointed logistics contractor
- **April**: Launch of long term consolidation centre scheme
Onboarding Partners

**LB Partners**
Enfield & Waltham Forest

**Recruit** neighbours: Islington, Westminster, City.

**Fill** the gaps in between e.g. Haringey, Hackney, Barnet

**BIDS**
Within Camden & any partner Borough

**Other Organisations**
eg TfL, universities, hospitals.

**Private Sector**
Eg Pancras Sq development, suppliers other customers

**Other Projects**
Enable other schemes to link in with the CC.
Thank you.

Comments/Questions.
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