

TRANSPORT FOR LONDON

SURFACE TRANSPORT PANEL

**SUBJECT: FREIGHT OPERATOR RECOGNITION SCHEME**

**DATE: 24 FEBRUARY 2009**

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**1 PURPOSE**

1.1 This paper informs the panel of the Freight Operator Recognition Scheme (FORS), one of the four key projects contained in TfL’s 2008 publication *Sustainable Freight Distribution: a plan for London*.

**2 BACKGROUND**

2.1 *Sustainable Freight Distribution: a plan for London* was published in January 2008 and uses incentives and market mechanisms to influence behaviour and help achieve desired sustainability outcomes without increasing regulations. The plan was developed in consultation with trade associations, operators, businesses, enforcement agencies and boroughs.

2.2 The Sustainable Freight Distribution Programme is TfL’s contribution to delivering the plan. It is funded at £4m per year to 2018 within the current TfL Business Plan. It achieves a monetised benefit cost ratio of 2.4:1 based on forecast journey time savings, CO<sub>2</sub> and injury reduction. Additionally, there will be significant financial benefits gained by freight operators when adopting the plan’s measures. These benefits are needed as incentives to achieve changes in operating practices without having to resort to introducing further regulations.

2.3 The plan has four key projects supported by three supporting workstreams, targeted to delivering the objective identified:

Projects	Supporting Workstreams
<ul style="list-style-type: none"> <li>• Freight Operator Recognition Scheme (FORS)</li> <li>• Delivery and Servicing Plans</li> <li>• Construction Logistics Plans</li> <li>• Freight Information Portal</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership Development</li> <li>• Major Projects</li> <li>• Data, modelling and best practice</li> </ul>

**3 FREIGHT OPERATOR RECOGNITION SCHEME**

**Objectives**

3.1 The objectives of FORS are to:

- (a) establish an effective engagement mechanism for collaboration;
- (b) increase legal compliance of freight operators;
- (c) increase use of best practice to reduce:
  - (i) collisions;

- (ii) fuel use;
  - (iii) CO<sub>2</sub>; and
  - (iv) fines/charges;
- (d) improve intelligence-led enforcement and reduce enforcement costs; and
- (e) to improve understanding of freight performance and impact.

### **How Does FORS Work?**

- 3.2 The scheme is free to join and uses incentives and help to increase legal compliance and the use of best practice. An overview of the scheme's process and benefits is included in Appendix A.
- 3.3 The "Bronze" FORS membership level uses a legal compliance standard, taken from existing legislative frameworks. FORS is asking for no additional material.
- 3.4 Once a Bronze member, online benchmarking is used to target training and provide advice to help operators improve their performance (collisions, fuel use/CO<sub>2</sub>, and fines/charges) and enables comparison with others in their sector.
- 3.5 Silver membership will be awarded to operators with benchmark scores above the lower 25 percentile, who are independently assessed to be using either the FORS Penalty Charge Notice (PCN) Toolkit approach, the FORS Quiet delivery approach (under development), or being an outstanding performer for collision and CO<sub>2</sub> reduction. Gold membership will require being in the top 50 percentile on all benchmarks and the use of both the PCN toolkit and Quiet delivery approaches.
- 3.6 To promote improvement, additional incentives in the form of regulatory relaxations are planned to match the use of the PCN Toolkit approach, the Quiet delivery approach, or being an outstanding performer for collision and CO<sub>2</sub> reduction.

### **FORS Uptake**

- 3.7 Surface Transport adopted FORS Membership as its freight Key Performance Indicator last year and set a 300 operator target for 2008/09 and 500 new operators for each subsequent year. Slow operator sign-up leading up to Christmas has reduced the forecast year-end membership to 220 operators.
- 3.8 Since the first presentation of Bronze awards in October 2008:
- (a) 134 companies have registered to become FORS Members, most of which have fleets based in London;
  - (b) 58 of these are now FORS Bronze Members with a further nine companies programmed in;
  - (c) The split of companies registered with FORS is as follows:
    - (i) 15 per cent have less than 10 vehicles;
    - (ii) 18 per cent have 11 to 25 vehicles;
    - (iii) 19 per cent have 26 to 50 vehicles;
    - (iv) 18 per cent have 51 to 100 vehicles; and
    - (v) 30 per cent have greater than 100 vehicles.
- 3.9 Over 18,900 registered commercial freight vehicles (equivalent to 15 per cent of London commercial freight vehicles) are now registered with FORS, with 13,100

vehicles in companies that have now achieved Bronze membership. Of these:

- (a) 42 per cent are vans
- (b) 44 per cent are rigid HGVs
- (c) 14 per cent are articulated HGVs.

### **Industry Support**

- 3.10 The scheme is now well received by the majority of the freight community. Initially the Freight Transport Association (FTA) and the Road Haulage Association (RHA) had reservations but following modifications the FTA now fully supports the scheme, recommends it to members, voiced support for it at the DfT's recent *Listening to Industry* event and is working with TfL in partnership to deliver the incentives to be triggered by Silver and Gold membership. 86 out of the current 134 FORS registrants are FTA members, including Travis Perkins, Carlsberg UK (Croydon), John Lewis Partnership, DHL International Express, Musgrave Retail Partners and Cemex.
- 3.11 TfL is engaged in an ongoing dialogue with the RHA to explore practical steps to meet the Association's concerns. Meanwhile, individual RHA members are signing up in increasing numbers, including Wincanton Comet, National Transport (Harlow), Carlsberg UK (Croydon), Hoyer UK and Bedfords.
- 3.12 The support from the larger businesses in the early stages is understandable as much of what FORS promotes has been developed from existing best practice. The provision of a consistent framework of incentives and market mechanisms, coupled with free help, is intended to make the adoption of FORS by these operators as easy and compelling as possible.

### **FORS Outcomes**

- 3.13 FORS is forecast to enable the uptake of best practice for driving, fuel efficiency and vehicle routing, above the level made possible by the national Freight Best Practice programme. Thereby enabling the 2015 London freight CO<sub>2</sub> reduction target, of 20 per cent from a 1990 baseline (0.47 million tonnes of CO<sub>2</sub> per annum), to be met. FORS uses the techniques identified by the Commission for Integrated Transport (CfIT) to be cost effective in delivering CO<sub>2</sub> reduction. FORS delivers further value by:
  - (a) enabling more cost-effective targeting of enforcement (TfL and others);
  - (b) enabling effective and cost efficient targeting of help and support; and
  - (c) enabling a constructive two-way dialogue and provides valuable data.
- 3.14 Monitoring the outcome of the FORS incentives is underway. The benchmark element of FORS has not been running long enough to demonstrate outcomes, but initial feedback from each incentive is set out in Appendix B.

## **4 CONCLUSION AND NEXT STEPS**

### **Conclusion**

- 4.1 FORS is a ground-breaking initiative that is widely regarded, both nationally and internationally, as a significant achievement and credit to TfL. It is in its final development and early roll-out stage where outcomes have yet to be fully proven. However, such changes take time before all benefits can be realised.

- 4.2 Resistance to change must also be expected when introducing such a new and innovative way to deliver in London.

### **Next Steps**

- 4.3 The scheme has to develop the Silver and Gold incentives linked to relaxations in regulations to unlock the benefits the freight industry needs. These relaxations may also offer operational enforcement cost savings. Additionally, by enabling out-of-hours deliveries and by further reducing illegal stopping at times and places that cause congestion and collisions, delays are reduced and thus the traffic smoothed.
- 4.4 The Freight Unit will continue to work collaboratively with other public bodies, enforcement agencies, trade associations and operators to ensure the approach is fit-for-purpose and offers value for money.

## **5 RECOMMENDATION**

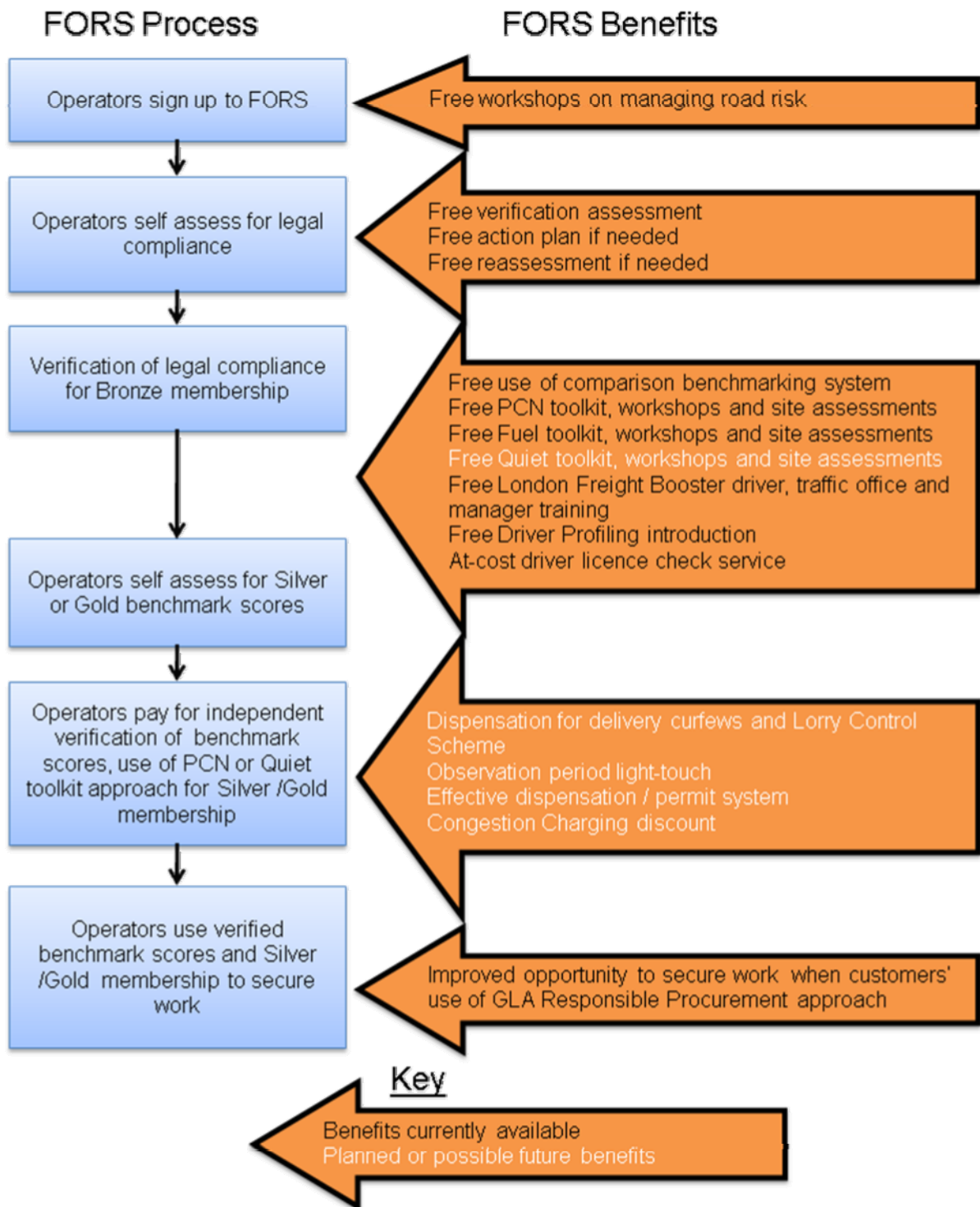
- 5.1 The Panel is asked to NOTE this report.

## **6 CONTACT**

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# APPENDIX A

## FORS Process and Benefits



## APPENDIX B

### FORS Benefits Initial Assessment

- 1 Management of Occupational Road Risk workshops** – The average workshop feedback score of 4.4 out of 5 shows this to be a valued FORS benefit. Data has been gathered from 97 attendees from some 64 companies.
- 2 Driver profiling** – This uses a GPS black box with accelerometers to transmit data on driving behaviour to the head office. Following a three week blind assessment, red, amber, green lights are uncovered in the cab, allowing the driver to see the feedback directly. The unit is funded by TfL for three months and supplied at a commercial rate if taken up on a yearly contract thereafter. Following the trial, PHS Datashred saw potential saving across their fleet of £1,500 per vehicle per year from crash and fuel reduction, replacement tyres, and reduced safety and incident management costs.
- 3 London Freight Booster (LFB)** – Developed with London Development Agency funds by Skills for Logistics and the Learning and Skills Council, this course, delivered free to TfL and operators through the national Train to Gain initiative, ends in a BTEC and NVQ2 award in Carry and Deliver Goods for drivers and includes eco-driving techniques. Evaluation concludes after 12 months (including the impact on the business bottom line) and so has yet to be completed for the 70 drivers from eight companies so far trained (including Carlsberg, Martek, F Dickson, ALD, Reid Transport, and DATALINK).

*“The training our drivers received through FORS is invaluable. We’re helping them put the theory into practice to gain their NVQ and make our vehicles even safer.”* Adam Bassant, Regional Distribution Centre Manager, Carlsberg UK.
- 4 Driver Licence Check Service** – Ensuring drivers have declared endorsements represents something the membership are increasingly asking for and seen as a major way to reduce risk. The service is due to go live in March 2009 and will be offered to members on an at-cost basis.
- 5 Fuel Advice programme** – Thirty eight people have attended the workshops to date. On site assessments have been carried out and a further 31 follow ups are to take place six months after the first assessment. Over 1,700 vehicles are currently covered by the programme. Results from the company Iron Mountain suggest up to a 15 per cent fuel (and CO<sub>2</sub>) reduction is possible.
- 6 Penalty Charge Notice (PCN) Advice Programme** – The FTA was commissioned to develop the PCN reduction toolkit. The RHA has acknowledged the initiative is required. 64 people have attended workshops to date. On site assessments have been carried out and a further 13 follow ups are to take place four months from the initial assessments. Over 1,600 vehicles are currently covered by the programme and results, again from Iron Mountain, show a 40 per cent reduction in charges from 2007 levels.

*“We see the improved process being the major part of the cost reduction along with driver education. Of the £60,000 reduction I would suggest that less than £5,000 is from appeal over the five months.”* Rory Morgan, Iron Mountain Ltd.