

Cabinet Meeting Resolution

**Executive
Forward Plan
Reference**

E2694

Bath Freight Consolidation Contract

Date of Meeting	10-Sep-14
The Issue	<i>An urban freight consolidation centre was established to serve Bath in January 2011, with the aim of reducing the number of goods vehicle deliveries to businesses in the city. The contract and funding, jointly procured with Bristol City Council, ended on 31st July 2014. A joint competitive tendering exercise was undertaken for a new contract to run for 3 years with an option to terminate the contract after 2 years. A decision is now required to award the contract.</i>
The decision	<p>(1) To AWARD the new contract for three years, with an option to terminate after two years. If either authority took the decision to terminate the contract after two years, the other authority would have the option to continue for a further year; and</p> <p>(2) To ASK the Strategic Director of Place during the contract period to explore local options that would help to expand the service further.</p>
Rationale for decision	<p>Urban freight consolidation centres reduce the number of delivery vehicles entering cities and make a significant impact on the city centre environment. In Bath a high percentage of journey reductions have been achieved for participating businesses, on average the number of deliveries to these businesses has been reduced by around 80%. However although the Council and operator DHL have worked hard to recruit businesses since 2011, only 34 mainly small retail businesses in Bath city centre have joined the scheme, therefore at its current scale the reduction in total deliveries across the city is small.</p> <p>The on-going subsidy required from the Council per annum if a new contract is awarded would be £124,000, funding is in place to continue the operation until March 2016. DHL's plan submitted for the business concludes that a break even volume can not be reached within the lifetime of a two or three year contract, but the operation could be close to a break-even position in 5 years if an increase in freight volumes of 375% can be achieved.</p>
Other options considered	<p>The options considered are:</p> <ul style="list-style-type: none"> (1) to award the new contract for two years (2) to award the new contract for three years (3) to give three months notice to end the operation
The Decision is subject to Call-In within 5 working days of publication of the decision	