Transport for London

# Attitudes to TfL's freight operator recognition scheme (FORS)

**09078**
August 2010

MAYOR OF LONDON

Transport for London

**Confidentiality**



Research conducted by MVA Consultancy

1.1

# Contents



## Tables

## Figures



## Appendices

# Summary

## Introduction

The Freight Operators Recognition Scheme (FORS) is a unique, industry-led membership scheme that aims to transform freight delivery in London. As the capital's economy relies on the freight sector, TfL has developed the FORS to help road freight operators become safer, more efficient and more environmentally-friendly. The aim of the scheme is to drive up standards in London in an innovative way, by celebrating freight operators that provide an example of best practice in their operations.

The scheme has now been running successfully for a number of years and therefore TfL commissioned the research to understand how the FORS compares to other available schemes, the value that it provides to its existing members and potential ways to enhance the scheme in the future. The specific elements to the research were:

- Desk research in order to benchmark the performance and applicability of the FORS against other similar schemes;
- Primary research with members and non-members to gather their existing perceptions of the FORS and their reactions to introducing charges for particular aspects of the scheme in the future; and
- Development of a spreadsheet model, primarily using information from the research to estimate the likely impact on membership and generated revenue given the introduction of charges in the future.

## Desk Research Findings

The desk research concluded that FORS offers a unique product to the London freight industry through free membership, incorporating a site assessment as well as workshops and benchmarking tools. With the exception of benchmarking, other service providers charge for similar services, including site assessments (approximately £850) and workshops (between £75 - £285 + VAT for members for a one day course).

Therefore, assuming that the services offered by FORS are valued by freight operating companies to the same extent as those offered by other service providers, the desk research shows that there is potential for TfL to charge for specific aspects of the FORS.

Other services offered by other organisations not currently offered by the FORS include forum events for networking, a searchable database of members and driver training courses that support the CPC syllabus.

## Primary Research Findings

### Encouraging Non-Members to Join

Membership of the FORS is currently dominated by larger companies. From the research with non-FORS members, smaller companies tended to perceive the scheme as offering no real benefits to them and being for larger companies only.

TfL needs to address this perception in order to encourage smaller companies to join. As non-members currently provide most of their services in-house and at no cost, the existing scheme can be promoted through the on-line tools (including training) currently provided for free.

Fleet safety and safe operating practices were the most important services to non-members, but of the existing FORS services, non-members are most likely to use the fuel efficiency and on-line driver training. The benefits of these services should be promoted to non-members in order to increase membership.

### Willingness to Pay for Site Assessments and Workshops

There was consensus across all respondents that larger companies should pay more for services than smaller companies, if charges were introduced. For site assessments the suggested mean charges ranged from £40 for micro companies (0-10 employees) up to £360 for large companies (250 employees or more). The suggested mean charges were reasonably consistent across the members and non-members.

For workshops the mean charges ranged from £20 per person for micro companies to £130 for large companies. These values are in-line with the desk research prices of £75 - £285 per person for a one-day workshop.

71% of FORS members supported the idea of a £250 cancellation fee for site assessments and 69% supported the idea of a £50 cancellation fee per person for workshops. 76% respondents thought that cancellation fees would be effective in discouraging non-attendance. However, those opposing the introduction of cancellation fees thought that it would discourage people from joining the scheme and that ‘FORS is there to help not hinder and cost us money’.

Companies also saw the benefit of more frequent site assessments with the majority stating that one at least every two years would be beneficial.

### Scheme Improvements: Members

Currently FORS members are awarded silver and gold status after meeting or exceeding targets for key performance indicators in the benchmarking data. Just over half (51%) of members feel progression to silver and gold status should be based on additional achievements, such as reduced carbon emissions, improvements in health and safety and efficiency.

Members also highlighted the need for clarity about what companies are required to do in order to progress to silver and gold status. As well as better clarity, information and training on the process should also be provided, especially on the Internet. This was cited as being particularly useful for smaller companies who may not necessarily have the time to attend the workshops.

Of the existing and future services suggested for the FORS, the majority of members said that they would be likely to use the FORS website (91%) and the online benchmarking system (82%). The least favourable potential services included GreenRoad Driver profiling, How’s My Driving and Microlise (49%, 35% and 40% saying that they would be likely or very likely to use these services). The reasons for not using these services were mainly as companies already had the service or did not see it as being beneficial.

## Model Scenarios

Given the scenarios tested, assuming a constant charge for site assessments regardless of company size gave a similar estimate of future members compared with assuming a variable pricing structure (smaller companies pay less than larger companies). However, in order to encourage smaller companies to join, the pricing structure should be more favourable to the smaller companies.

Of the scenarios with a workshop charge, workshop attendance was greatest when a variable pricing structure was assumed (smaller companies pay less than larger companies). Charging for workshops does reduce the overall budget required from TfL with the constant charge of £75 per person regardless of fleet size generating the most amount of revenue despite the least number of attendees.

The impact of introducing a £50 cancellation fee had very little impact on the amount of revenue generated.

# 2 Introduction

## 2.1 Introduction

2.1.1 The Freight Operators Recognition Scheme (FORS) is a unique, industry-led membership scheme that aims to transform freight delivery in London. As the capital's economy relies on the freight sector, TfL has developed the FORS to help road freight operators become safer, more efficient and more environmentally-friendly. The aim of the scheme is to drive up standards in London in an innovative way, by celebrating freight operators that provide an example of best practice in their operations.

2.1.2 The scheme is currently free and aimed at all operators which are based and/or make deliveries in London. Membership levels are achieved through proving legal compliance and demonstration that appropriate policies are in place to meet standards in four areas: drivers and driver management; vehicle and fleet management; transport operations; and performance management.

2.1.3 In December 2008, the Mayor requested TfL to save at least £2.4bn over the next 10 years as part of a cost-cutting drive. As a result, the FORS Management team is seeking to identify actions that would contribute to improving the efficiency of the FORS programme whilst keeping costs down.

## 2.2 Research Objectives

2.2.1 Therefore the primary objectives for this research were to:

- identify current perceptions and awareness of the FORS amongst a representative sample of freight operating companies;
- benchmark the performance and applicability of the FORS against other similar schemes;
- establish the willingness to pay of members and non-members for existing and potential elements of the FORS which will most accurately support the business case(s) for the future of the scheme; and
- identify the potential changes and next steps for TfL regarding the future of the scheme.

2.2.2 Primary research was undertaken with existing members and non-members as well as undertaking desk research in order to benchmark the performance of the FORS against other similar schemes. Using the results from the research, a spreadsheet model was developed to assist TfL in understanding the potential impact on membership and revenue should charges be introduced for particular services operated through the scheme.

# 3 Desk Research

### 3.1 Overview of Methodology

3.1.1 As part of the process of benchmarking FORS against similar services a desk research exercise was undertaken. The aims of the desk research were to understand:

- Which schemes/organisations currently provide support services to the freight industry;
- What types of services these schemes/organisations offer (for example workshops, training courses and site assessments); and
- The approximate cost for these services.

3.1.2 Appendix A provides the complete output from the desk research of which a summary is provided in this chapter.

#### Companies

3.1.3 Three sources were used in order to identify companies that offer freight related services. These were:

- the services provided by partners of the FORS, which include: Chartered Institute of Logistics and Transport (CILT), Freight Transport Association (FTA), Health and Safety Executive (HSE), Road Haulage Association (RHA), Skills for Logistics and The Department for Transport (SAFED and Freight Best Practice (FBP));
- an internet search for companies providing freight services, identified five additional organisations: Association of Industrial Road Safety Officers (AIRSO), British International Freight Association (BIFA), Vehicle Operator and Services Agency (VOSA), Institute of Transport Administration (IoTA) and Despatch Association (DA; and
- the results from the research with freight operators identified further companies used by freight operators, particular in driver training, which included: DLT Training, Hargreaves, Wallace School of Transport, Hythe Transport Training and EOS Training.

#### Services/Benefits

3.1.4 As each service provider offers a range of different services to freight operators, it was important to establish a common inventory of services as a basis for comparison.

3.1.5 The initial list was based on the services included in the questionnaire being asked to existing FORS members and included:

- Support to improve their Operating Practices (site assessments and workshops);
- Benchmarking;
- Complementary advice on Fuel Efficiency / Fleet $CO_2$ / Fleet Safety (workshops, advice and site visits);
- Penalty Charge Notices (workshops, site visits);
- Driver Training Courses; and

- Best Practice Sharing, such as forum events.

3.1.6 Information about the services provided by these companies, together with associated costs, was generally sourced through the companies' websites. To supplement this information, telephone calls were made to selected organisations to clarify or expand on particular information.

## 3.2 Key Findings

3.2.1 For each of the identified services, a list of the schemes/organisations offering the services was established together with an approximate cost of the service. Schemes/organisations which do not provide specific services were omitted from the relevant section. A summary of the research findings under each service is provided below.

### Membership

3.2.2 From the research undertaken, it appears that FORS is the only organisation / scheme that requires companies to pass a site assessment prior to becoming a member. The majority of other schemes/organisations are paid for or are free to become a member. If paid for the cost can be in excess of £2,000 a year, depending on the membership and size of the company.

### Site Assessments

3.2.3 FORS is unique in offering site assessments and feedback as part of their membership process. Other companies offering site assessments (FTA, RHA) tend to be either for consultancy services (FTA, for example benchmarking) or as part of specific requirements (RHA and their health and safety assessments). No prices were available for the consultancy services as the price depends on the specific requirement; however, the RHA health and safety site assessments are approximately £850 + VAT.

### Workshops

3.2.4 Prices of workshops and training courses vary significantly by organisation, what is covered in the workshop and the length. From the research, the price of a typical one-day classroom training course can vary from between £75 - £285 + VAT for members and £150 - £328 + VAT for non-members.

### Benchmarking

3.2.5 FORS and Freight Best Practice (FBP) appear to be the only schemes that offer an on-line benchmarking service, enabling a comparison of a company's operations with other similar companies. Both are free services, however, the FBP is national as opposed to FORS, which is for London-based operators only. The FBP programme has 13 indicators for benchmarking compared to FORS 4. Other organisations recognise the importance of benchmarking: e.g. the FTA offers consultancy services on benchmarking and the RHA runs benchmarking workshops, though the workshops tend to be largely based on the FBP on-line tool.

### Fuel Efficiency, Fleet CO2, Fleet Safety Advice and Support

3.2.6 FORS offers its members a toolkit and workshops in order to help members reduce their fuel costs; improve efficiency and highlight areas where money could be saved. The only other organisation to provide these services free of charge is FBP. The FBP's numerous on-line toolkits include a fleet performance management tool, a 'Transport Operator's Pack' including support material for running a successful fuel management programme and a 'Fuel Ready Reckoner' which allows operators to assess the impact of introducing different fuel saving interventions.

3.2.7 The only other organisation to provide a guidance toolkit is the FTA. For an additional subscription price of £222 + VAT operators can access the carbon*fta* section of the FTA website which includes an 'emissions calculation' section. In addition to this the FTA offers site visits or further consultancy services to address specific requirements.

3.2.8 The RHA, SAFED and AIRSO provide workshops and training on these topics.

### Penalty Charge Notices

3.2.9 Only FORS and the FTA were found to offer specific advice on reducing penalty charge notices (PCNs). FORS provides its members with a PCN toolkit and workshops which are both aimed at helping to reduce the number of PCNs received and limit the effect of them.

3.2.10 The FTA provides a one day training course designed for managers. The aim of the course is to allow businesses to review and reduce their annual PCN bill by setting targets and creating a PCN action plan. The course fee (£1,285+ VAT members, £1,480 + VAT non-members) includes an audit three months after the completion of the course to assess the success of the action plan. Companies not attending the training course can also request site visits, which include a review of the systems and practices the company has in place to monitor PCNs and recommendations for improvements. Free supporting material / publications with advice for reducing PCNs are available to members.

### Driver Training Courses

3.2.11 Vocational drivers are bound by EU regulations to attend Driver CPC compulsory training to help improve road safety and fuel efficiency. All of the organisations except FORS provide training which supports the CPC syllabus.

3.2.12 Although FORS does not provide training which links to the CPC syllabus it does offer the London Freight Booster Training which on completion leads to a Level 2 National Vocational Qualification (NVQ). FORS is also the only organisation included in the desk research which offers a driver license checking service.

3.2.13 The research with freight operating companies described in subsequent chapters suggests that operators either carry out in-house training or use other organisations for driver training including DLT Training, Hargreaves, Wallace School of Transport and Hythe Transport Planning all of which provide training in line with the CPC syllabus. In addition EOS Training provides a training pack which includes all necessary material required to run successful National Freight CPC courses.

### Other Services

3.2.14 The majority of the companies included in the desk research cite one of the benefits of being a member of their organisation as being able to network with similar companies and attend forum events with the aim of sharing best practice. Companies explicitly citing this and offering forum events to attend include CILT, FTA, BIFA and AIRSO.

3.2.15 Several companies also offer a members database including the RHA (National Directory of Hauliers), the DA (on-line searchable database), FTA (on-line supplier directory) and BIFA (on-line searchable database). At present this facility is not offered by FORS.

### Summary

3.2.16 FORS offers a unique product to the London freight industry through free membership, incorporating a site assessment as well as workshops and benchmarking tools. With the exception of benchmarking, other service providers charge for similar services, including site assessments (approximately £850) and workshops (between £75 - £285 + VAT for members for a one day course).

3.2.17 Therefore, assuming that the services offered by FORS are valued by freight operating companies to the same extent as those offered by other service providers, the desk research shows that there is potential for TfL to charge for specific aspects of the FORS.

3.2.18 Other services offered by other organisations not currently offered by the FORS include forum events for networking, a searchable database of members and driver training courses that support the CPC syllabus.

# 4 Market Research Methodology

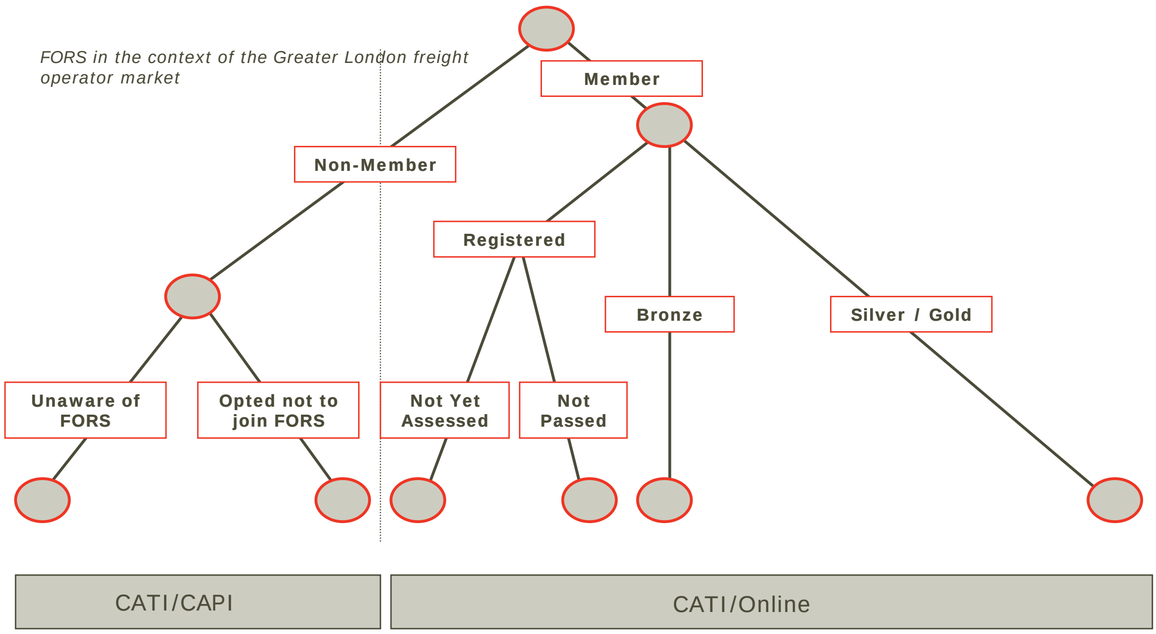
## 4.1 Introduction

4.1.1 In order to understand the services that are important to freight operators and the potential to charge for existing FORS services, research was undertaken across the freight industry. To ensure representative views on the FORS were obtained, both FORS and non-FORS members were included in the research. The questionnaire and fieldwork methodology were tailored to each to ensure that the responses received were robust.

## 4.2 Fieldwork Methodology

4.2.1 Figure 3.1 shows an overview of the sample of potential freight companies regarding their knowledge and awareness of the FORS together with the fieldwork methodology adopted for each.

**Figure 3.1 Overview of Sample**




4.2.2 FORS members were asked to complete an on-line survey or telephone survey. This ensured that members' surveys were cost effective. Due to non-FORS members not necessarily being aware of FORS, a more interactive approach was required and therefore interviews with non-FORS were conducted by telephone or face-to-face. This ensured that:

- interviewers were able to ensure that the information provided to the respondents and questions being asked were understood and answered correctly;
- an ability for the interviewer to probe further if the respondent raised particular points of interest regarding the FORS and its potential elements; and
- reductions in the time spent cleaning and processing the data.

### Recruitment

4.2.3 Members contact details were obtained from TfL using the contact information submitted when they joined the scheme. Non-members were required to operate vans or lorries into / out of London in order to be in scope for the survey. Contact details were obtained through a variety of sources, including those provided by TfL, business directories and through contacts developed by MVA Consultancy through running Freight Quality Partnerships.

### Pilot Fieldwork

4.2.4 Prior to the main fieldwork, two pilot surveys were undertaken: one for the members and one for the non-members. The aim of the pilot surveys was to test the intended methodology, in particular to:

- Test all aspects of the logistics of the survey methodology;
- Assess response rates;
- Assess the length of the questionnaire; and
- Identify any further changes to the questionnaire or recruitment process, to ensure all questions were understood by all respondents.

4.2.5 The results from the pilot surveys are included in Appendix B. Overall, both pilots went reasonably well, with the only changes to the main fieldwork and questionnaires being:

- Minor changes to the FORS members questionnaire, particular whether the respondent had knowingly received a membership pack; and
- A more integrated fieldwork approach for the non-FORS members questionnaire, who were more difficult to recruit than the members. Non members were given the option of completing the questionnaire either by telephone, on-line or face-to-face[1].

## 4.3 Overview of Questionnaires

4.3.1 Our approach combined qualitative, quantitative and Stated Intentions (SI) research that gathered data on attitudes to, take-up and awareness of, and participation in potential variations of the FORS. Separate questionnaires were developed to test the stated intentions of current FORS members and non-members. Both questionnaires can be found in Appendix C.

4.3.2 The questionnaires asked respondents to provide details of the providers they use to receive various services, including:

- Operating practices;
- Benchmarking;
- Fleet efficiency/fleet $CO_2$;
- Fleet safety;
- Penalty charge notices;

[1] Although non-FORS members were given the option of completing the questionnaire on-line, no on-line questionnaires were received..

- Driver training; and
- Best practice sharing.

4.3.3 All respondents were also asked to state how they currently pay for these services, while non-members were additionally asked how important they regard these services for their company.

4.3.4 The questionnaire for members included questions which asked for their perspective on:

- Potential charges for site assessments and workshops;
- Penalty fees for cancelled workshops and site assessments;
- The benefits of different features of the FORS membership pack and its monetary value;
- Use of potential new FORS services; and
- Expansion of FORS nationally.

4.3.5 The questionnaire for non-FORS members was shorter and focused on the reasons why they had not joined the scheme and the features which they would be most likely to use if they were to join. For respondents who expressed an interest in joining FORS, perceptions of charging for workshops and site assessments were gathered together with the impact of them joining the scheme given charges for the site assessments.

4.3.6 The final section of the questionnaire gathered information on the company; in particular company size by number of employees and vehicles, the location of their head office and the predominant industry the company operates in.

# 5 Market Research Results

## 5.1 Introduction

5.1.1 This chapter presents the main findings from the market research, based on analysis of data from the survey of FORS members and non-members, which took place between the 28th May and 16th June 2010. A total of 55 FORS members and 65[2] non-members were surveyed, with a detailed breakdown of the sample provided in Table 4.1.

**Table 4.1 Target quota and actual achieved**

| Questionnaire Group | Interview Target | Sample Group | Minimum | Actual |
|---|---|---|---|---|
| FORS Member | 40 On-line, 10 Telephone | 250+ employees (large) | 5 | 27 |
| | | between 51 and 250 employees (medium) | 5 | 12 |
| | | between 11 and 50 employees (small) | 5 | 9 |
| | | between 0 and 10 employees (micro) | 5 | 7 |
| | | **Total** | **n/a** | **55** |
| Non-FORS Member (aware or unaware of FORS) | 50 Telephone, 15 F-2-F | 250+ employees (large) | 5 | 5 |
| | | between 51 and 250 employees (medium) | 5 | 6 |
| | | between 11 and 50 employees (small) | 5 | 26 |
| | | between 0 and 10 employees (micro) | 5 | 27 |
| | | **Total** | **n/a** | **64** |
| | | **Overall Total[3]** | **115** | **119** |

5.1.2 The following sections provide findings on:

- Sample profile;
- Use of existing services;
- FORS membership for non-members;
- Willingness to pay for FORS services;
- Gold and silver membership;
- Membership pack; and
- Use of new services.

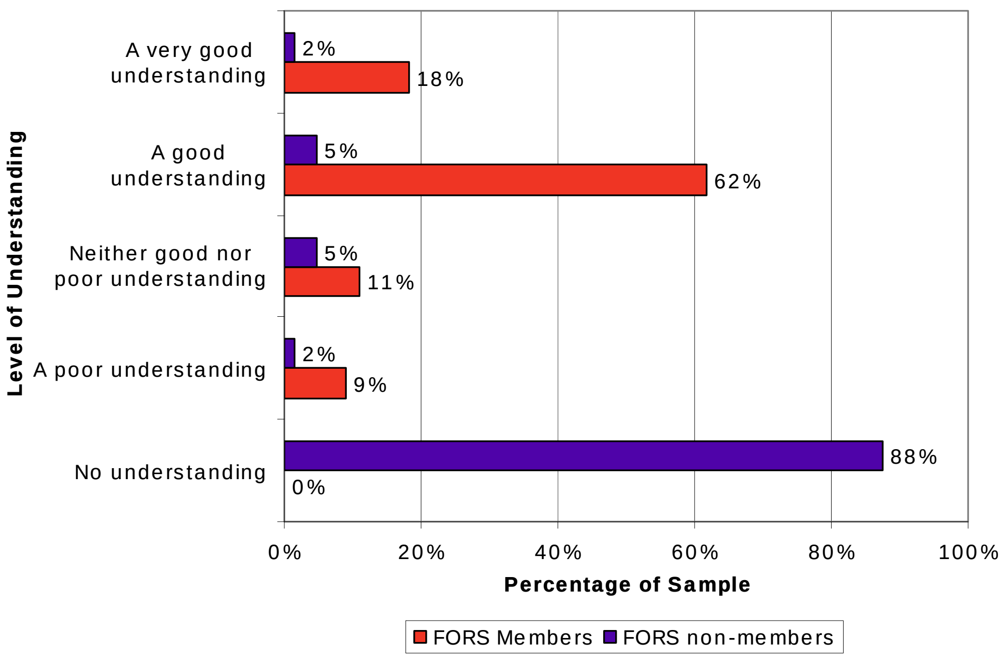
[2] These results include the pilot and main interviews. 65 non-members were interviewed as part of the research; however, the results for one of the interviewers did not seem realistic and hence were excluded from the analysis.

[3] 115 was the overall target number of interviews

## 5.2 Sample Profile

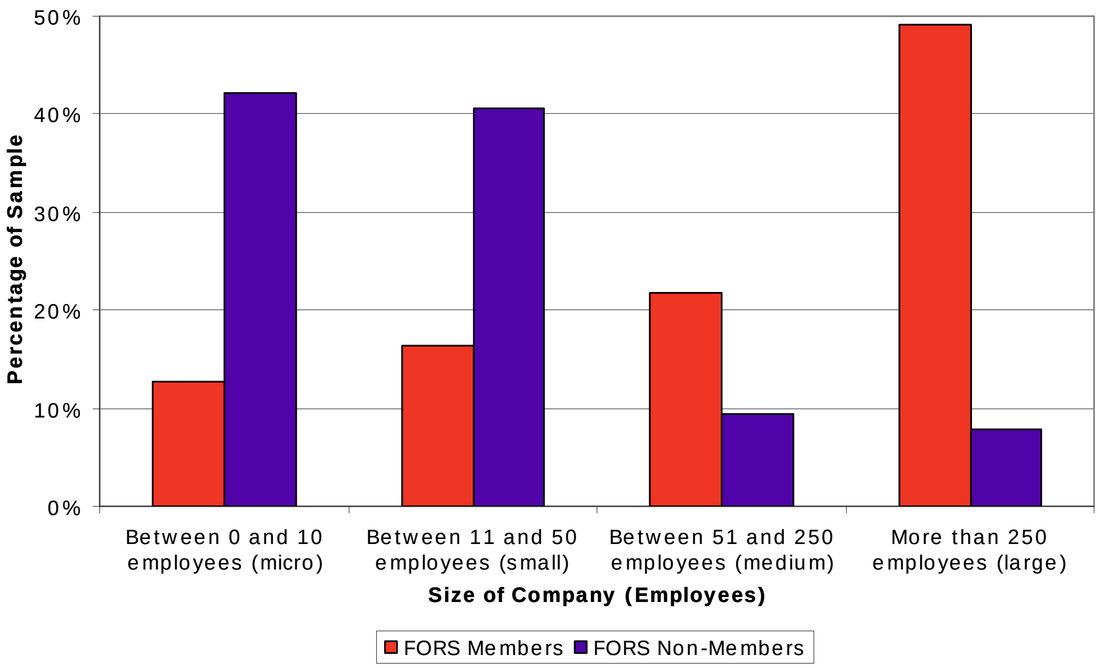
5.2.1 This section provides details of the sample of members and non-members interviewed in the research. There are distinct differences in the level of understanding of FORS between members and non-members, as shown in Figure 4.1. 80% of FORS members said they have a good or very good understanding of the scheme, compared to only 7% of non-members. Conversely, 88% of non-members have no understanding of FORS.

**Figure 4.1 Level of understanding of FORS (N= 55 members; 64 non-members)**



5.2.2 Respondents from companies who were FORS members tended to be from larger organisations than the non-FORS respondents. Nearly half (49%) of FORS members interviewed were in companies with more than 250 employees, compared to only 8% of non-members. The majority of non-members are companies with 50 employees or less, with 42% of all non-members employing no more than 10 people. Figures for the freight industry in London as a whole show that the vast majority (87%) of companies employ 10 or fewer staff, while less than 1% employ more than 200 staff[4]. This indicates that FORS members are generally overrepresented by large companies, while the sample of non-members although slightly more representative of the wider freight market than the members is still under representing the number of companies with ten employees or less.

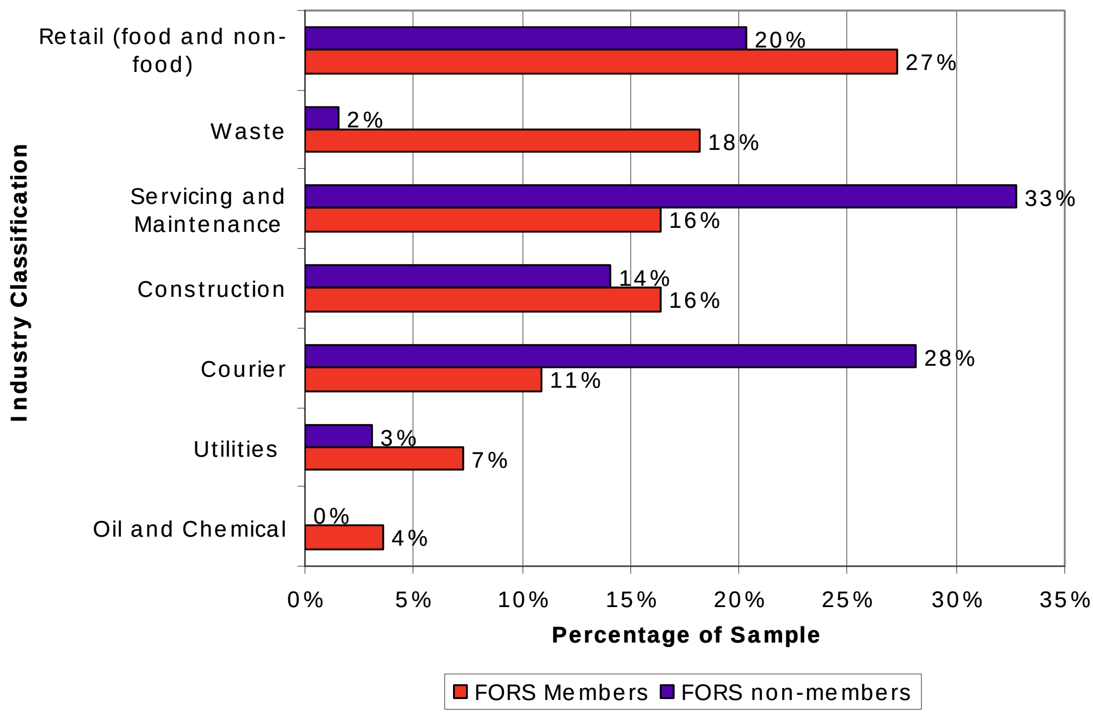
**Figure 4.2 Size of Organisation (number of employees) (N= 55 members; 64 non-members)**




[4] London Freight Data Report 2009, page 9 – using figures for wholesaling, freight transport by road and courier activities (similar to FORS members and non-members sample).

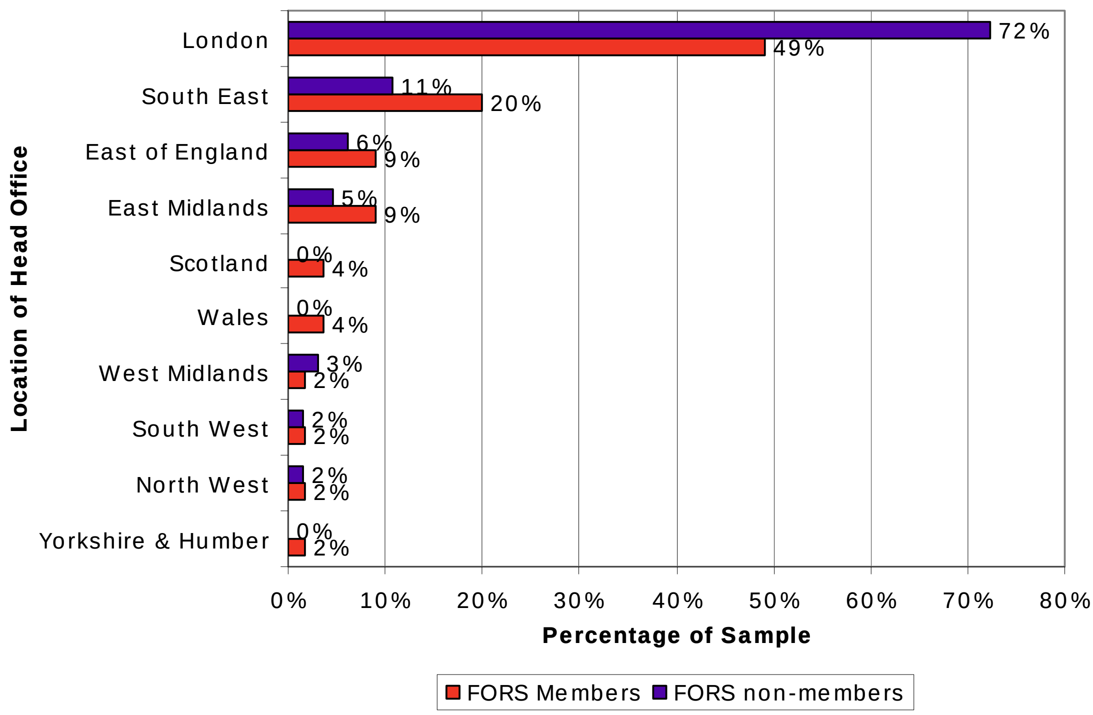
5.2.3 The industries also differed across members and non-members with a higher proportion of members in the retail and waste sectors compared with the non-members that had a higher proportion of respondents operating in the courier and servicing and maintenance sectors.

**Figure 4.3 Industry Classification (N= 55 members; 64 non-members)**



5.2.4 The location of the head office also differed with more non-members locating their head office in London (72%) compared with members (49%). This could be potentially linked to company size, as the majority of non-members were smaller than the members.

**Figure 4.4 Location of Head Office (N= 55 members; 64 non-members)**



5.2.5 Three quarters of FORS members own light or medium vehicles, while over 92% of non-members own light vehicles, as shown in Figure 4.5. Just under half (45%) of members own heavy vehicles. A quarter of non-members own medium vehicles, while only 16% own heavy vehicles.

5.2.6 Table 4.2 shows the range of fleet sizes for members and non-members. While the range in fleet size for light vehicles is the same, FORS members have considerably larger medium and heavy vehicle fleet sizes.

**Figure 4.5 Vehicle Ownership by Size (N= 55 members; 64 non-members)**

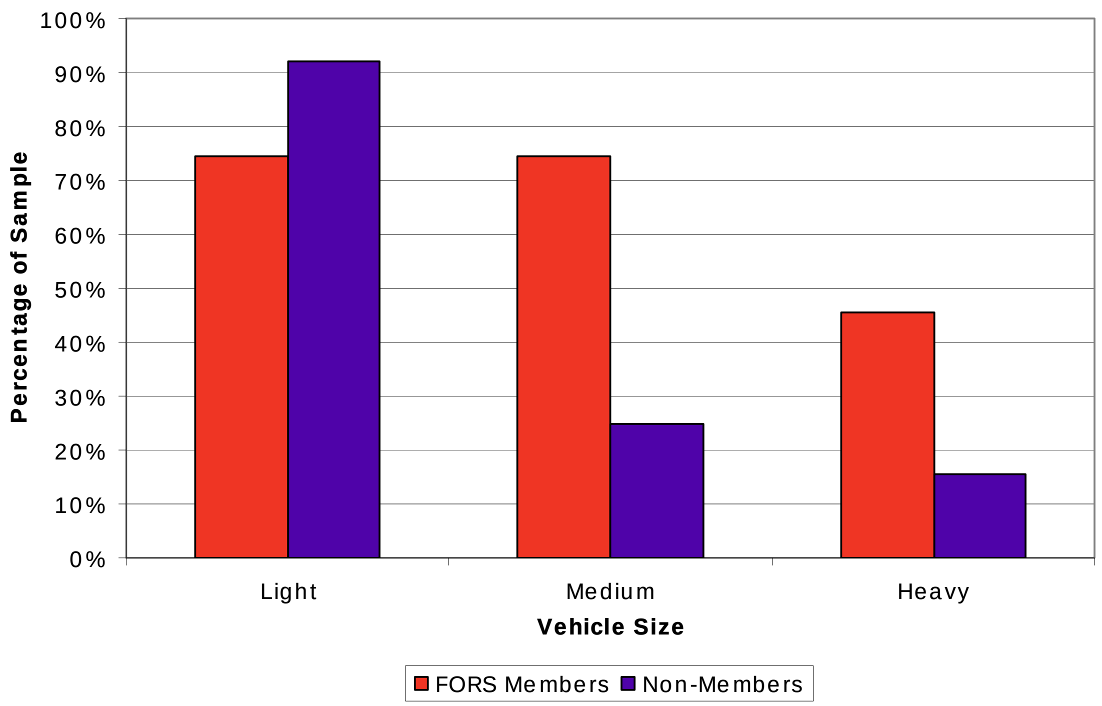
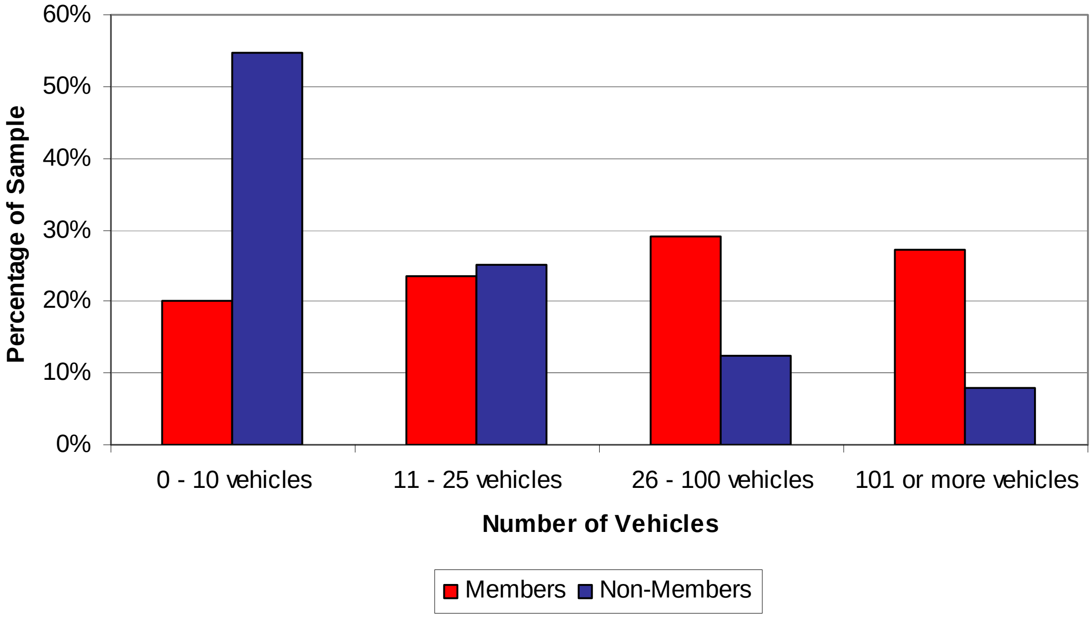



**Table 4.2 Fleet size range (number of vehicles) (N= 55 members; 64 non-members)**

| | Members | Non-members |
|---|---|---|
| Light | 1-600 | 1-600 |
| Medium | 1-2,000 | 1-700 |
| Heavy | 1-400 | 1-60 |

5.2.7 Considerably more non-members had smaller fleets, with 63% holding 10 or fewer vehicles compared to 29% of FORS members, as shown in Figure 4.6. This is likely to be related to the size of the company, as non-FORS members included in the sample tended to be smaller than the FORS members.

**Figure 4.6 Fleet Size (N= 55 members; 64 non-members)**




**Summary**

5.2.8 The sample of FORS members and non-members differed significantly. The FORS members tended to be larger companies and therefore operating a large fleet with heavier vehicles. The FORS sample also included a larger proportion of companies who had a head office outside the London area and were more likely to be operating in the retail and waste industry sectors compared with the non-members who were more likely to be operating in the couriering and servicing and maintenance industry sectors.

## 5.3 Existing Services

5.3.1 The questionnaires asked respondents to provide details of the providers they use to receive various services, including:

- Operating practices;
- Benchmarking;
- Fleet efficiency/fleet $CO_2$;
- Fleet safety;
- Penalty charge notices;
- Driver training; and
- Best practice sharing.

5.3.2 All respondents were also asked to state how they currently pay for these services, while non-members were additionally asked how important they regard these services for their company.

5.3.3 Table 4.3 shows the services important to non-members rated as quite or very important in the questionnaire. Fleet safety and operating practices at the depot were seen as the most important at 97% and 94% respectively. Benchmarking and best practice sharing were seen as the least important (61% and 69% respectively).

**Table 4.3 Importance of Services to Non-FORS Members**

| How important is it for your company to…. | Very & quite important |
|---|---|
| Ensure safe & accident free fleet operating practices? | 97% |
| Maintain safe operating practices at your depot? | 94% |
| Reduce number of PCNs? | 85% |
| Be fuel efficient & reduce your CO2 emissions | 83% |
| Undertake continual training for drivers? | 77% |
| Have best practice sharing? | 69% |
| Compare performance with other organisations | 61% |

5.3.4 Table D.1 in Appendix D shows the proportion of FORS members and non-members using different service providers for a range of services. It also shows how organisations pay for these services. The key findings from this table include:

- Across all of the services a high proportion of respondents either did not receive the service or provide it in-house. For FORS members 39% did not receive the service with 27% of them providing it in-house. For the non-members this was considerably higher at 59% and 35% respectively;
- FORS is the main provider of benchmarking services to members, with 53% using benchmarking advice workshops and 38% using a benchmarking system to compare intra and inter fleet performance for lorry and van fuel-use, collisions, CO2 and fines/charges. FORS was also the main provider of PCN workshops with 42% of members attending workshops;
- FTA is the service provider with the widest use beyond FORS by members, with 24% of members using FTA for VRQ (NVQ equivalent) Transport Manager CPC compliant training for urban freight operations, and 20% using FTA for fleet safety advice workshops;
- The majority of services were currently received for free, particularly for the non-members. Excluding respondents who did not know the cost, over 70% of members (71%) and non-members (75%) receive the services for free. Of the services they pay for, these tend to be paid for on a cost per service basis, which generally includes driver training.

### 5.4 FORS Membership for non-FORS members

5.4.1 This section discusses the factors which currently prevent some freight operators from becoming FORS members. Only 30% of non-members interviewed said they were likely or very likely to join FORS, as shown in Figure 4.7. However, potential membership of the scheme varies greatly by company size. Large companies were the most likely to join FORS, (with 80% stating that they are likely or very likely to join), compared to 22% of micro companies, as shown in Figure 4.8.

**Figure 4.7 Likelihood of joining FORS (N = 64)**

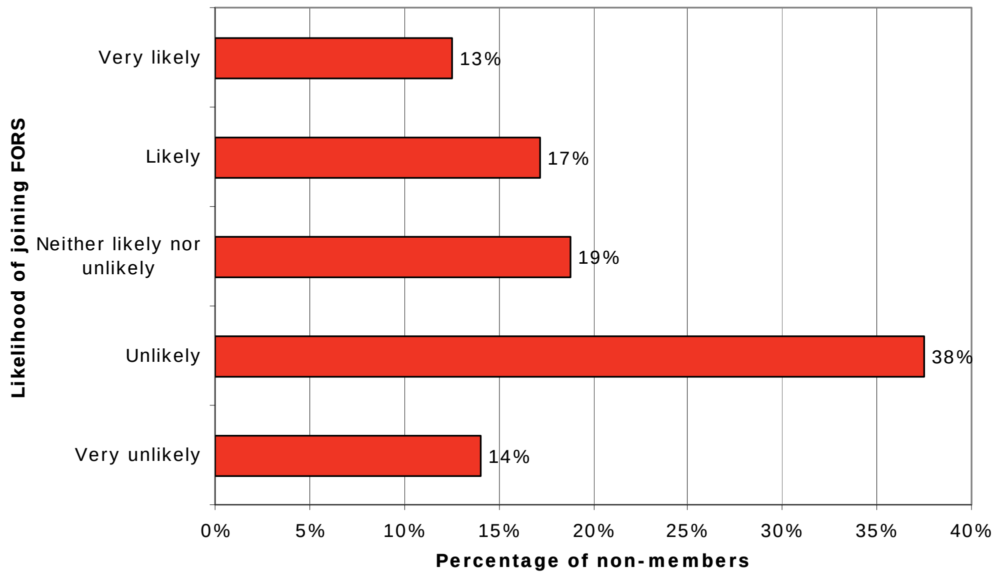
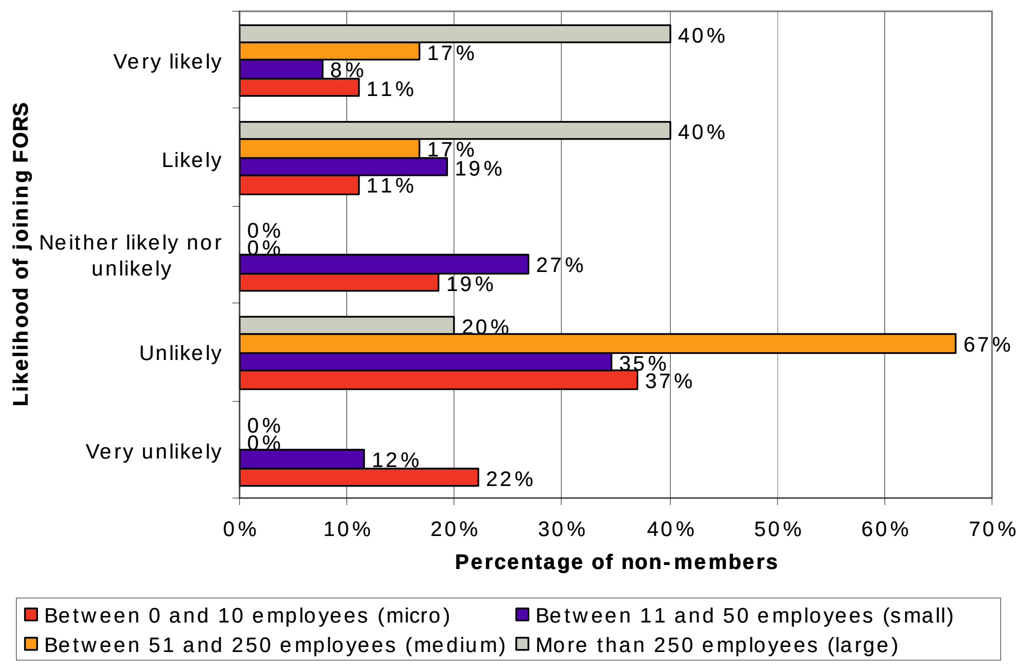
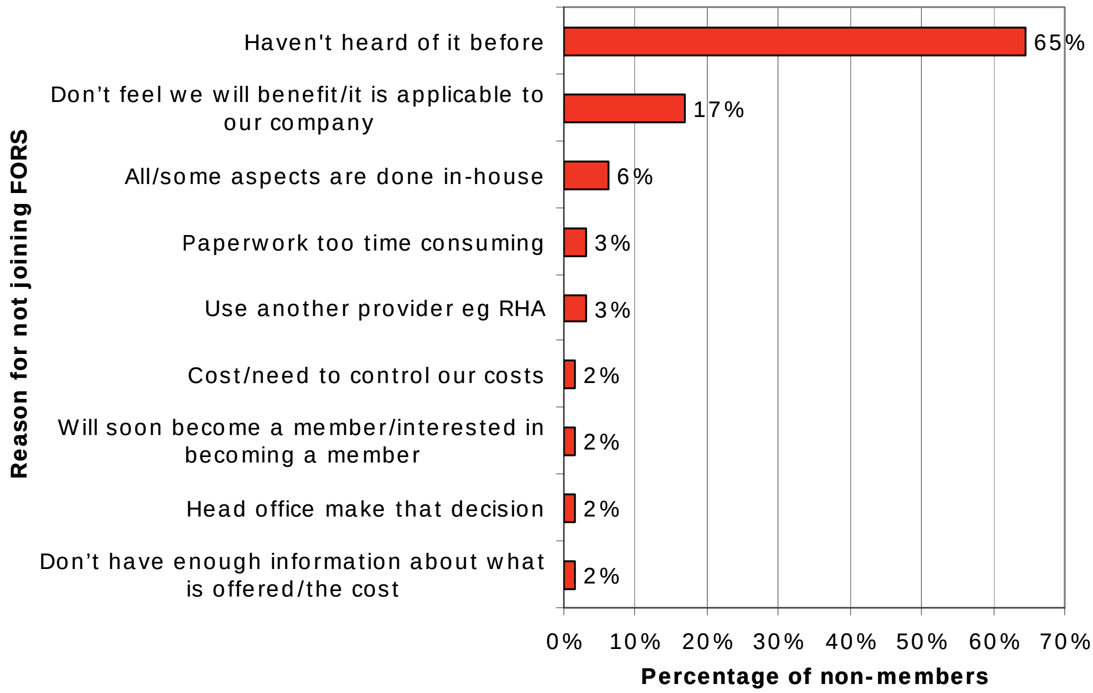



**Figure 4.8 Likelihood of joining FORS by company size (N= 64)**




5.4.2 Figure 4.9 shows the reasons why companies have not joined FORS. Nearly two thirds (65%) said they have not joined because they have never heard of the scheme prior to the interview. A further 17% said that they did not feel FORS would benefit their company, of which the vast majority were small or micro companies.

**Figure 4.9 Main reason for not joining FORS (N= 31)**



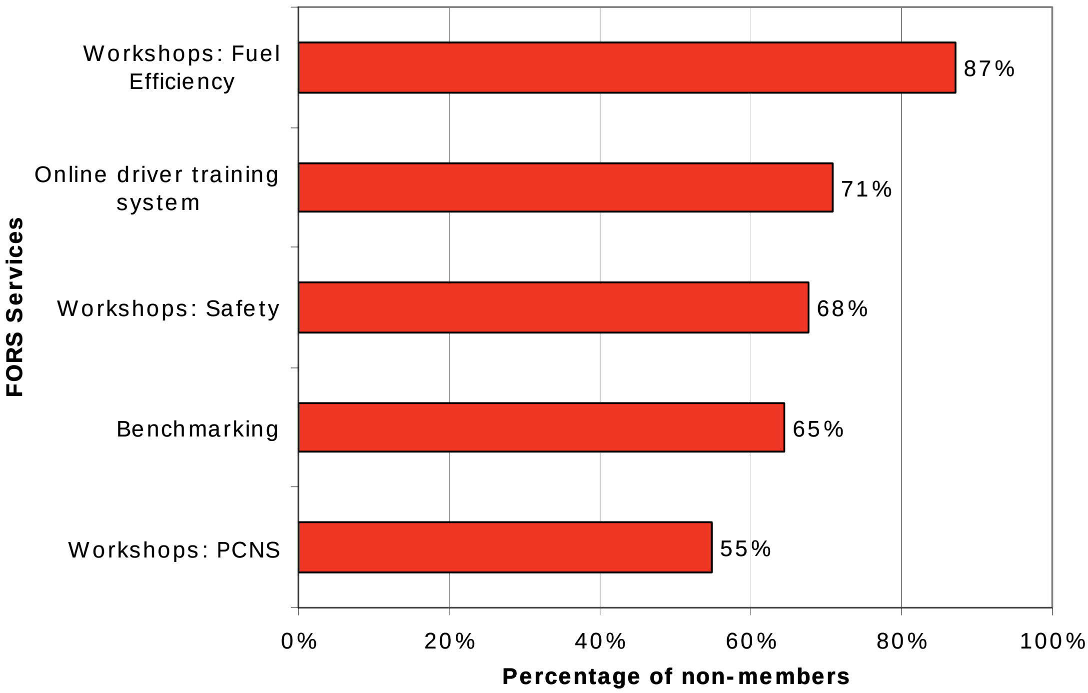

"I don't feel we will benefit financially from the scheme since we only have one vehicle. If we expand our organisation and increase the number of vehicles operating in London we may consider joining FORS".

"Aspects of vehicles maintenance are currently done externally. The rest is monitored in house but [I am] particularly interested in reducing PCNs and that is handled in house currently so would considering outsourcing to improve this".

"We are too small a company for that I think".

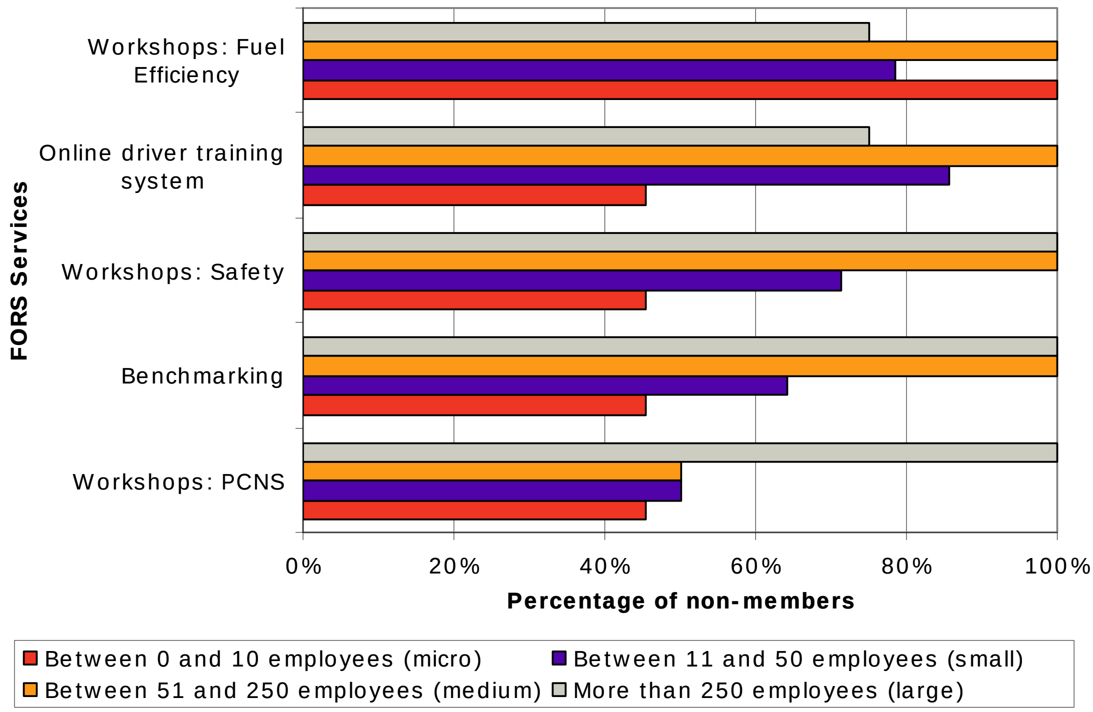
5.4.3 Of the existing services provided by FORS, the majority of the potential members said that they would use fuel efficiency workshops (87%), while 71% said they would use the online driver training system (Figure 4.10). Around two thirds said they would use safety workshops and benchmarking services. The lowest percentage (55%) were interested in PCN workshops.

**Figure 4.10 Services used if became a FORS member (N = 31)**




5.4.4 When comparing the potential use of the services by company size, the results show that small and micro companies would be more likely to use fuel efficiency workshops, while medium and large companies would be more likely to use safety workshops and benchmarking services (Figure 4.11). Larger companies were more interested in the PCN workshops compared with the smaller companies.

**Figure 4.11 Services used if became a FORS member – by company size (N = 31)**




5.4.5 Non-members were also asked if TfL could do anything to encourage them to join; however, no real consistent messages were received. This could partly be due to the fact that a large proportion of respondents were unaware of the scheme prior to the interview and therefore could not identify any additional barriers to joining.

**Summary: Encouraging Non-Members to Join**

5.4.6 Membership of the FORS is currently dominated by larger companies. From the research with non-FORS members, smaller companies tended to perceive the scheme as offering no real benefits to them and being for larger companies only.

5.4.7 TfL needs to address this perception in order to encourage smaller companies to join. As non-members currently provide most of their services in-house and at no cost, the existing scheme can be promoted as having on-line tools (including training) currently provided for free.

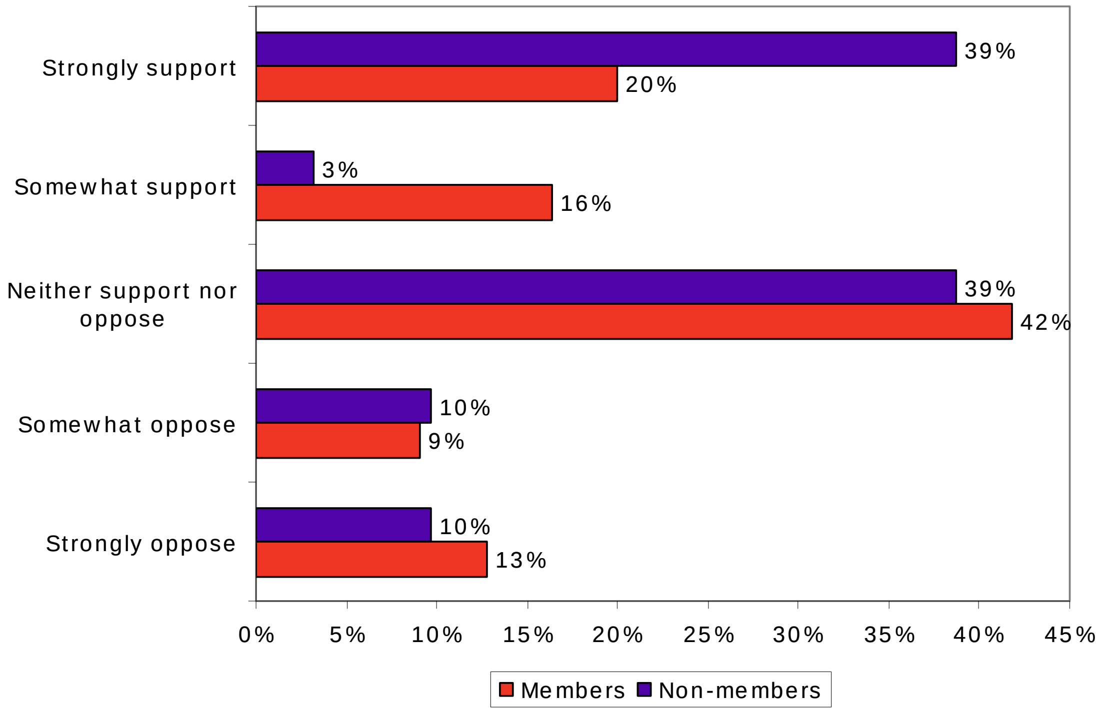
5.4.8 Fleet safety and safe operating practices were the most important services to non-members, but of the existing FORS services, non-members are most likely to use the fuel efficiency and on-line driver training. The benefits of these services should be promoted to non-members in order to increase membership.

## 5.5 Willingness to pay for FORS services

5.5.1 Both FORS members and non-members were asked a series of questions regarding their willingness to pay for site assessments and workshops. While all FORS members were asked these questions, only non-members who indicated that they were likely or very likely to join the scheme (31 respondents) completed this section of the questionnaire[5].

5.5.2 Operators were asked to what extent they supported the idea that companies with more than fifty employees should pay the full cost of site assessments, site visits and workshops, while companies with less than fifty employees should receive them for free. Figure 4.12 shows that 6% more non-members support the idea, with 39% saying they strongly supported the idea compared with 20% of FORS members.

**Figure 4.12 Extent to which operators support the idea that companies with 50+ employees should pay the full cost for FORS services (N= 55 members; 31 non-members)**




5.5.3 Of the companies that did not support this statement, 47% said that all of the services should be provided for free and 35% thought that all companies should pay the same.

"I believe that many companies especially the larger ones would not take part in the FORS programme if there was a charge, as many *[companies]* have systems already in place to achieve the benefits given by FORS this would reduce the networking potential that FORS gives all members and lessen the impact that FORS is achieving in the industry".

### Site Assessments/Visits

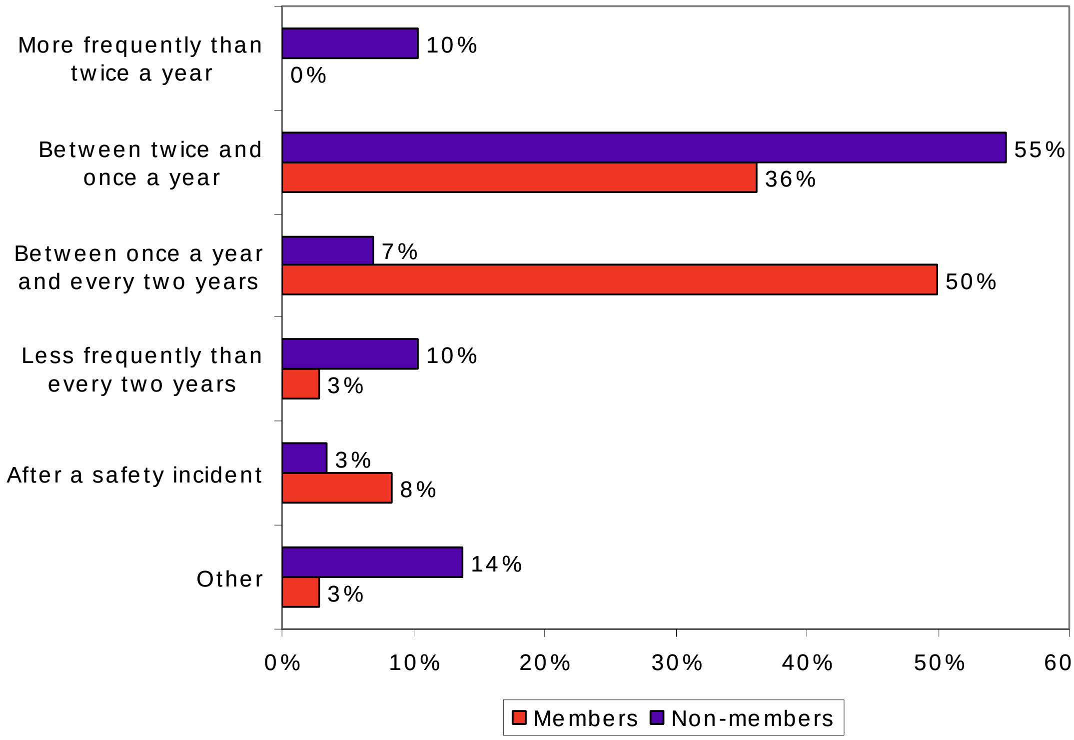
5.5.4 Currently FORS members are only assessed once, when they join the scheme. However, the majority of members and non-members felt that a reassessment would be worthwhile,

[5] Non-members not expressing an interest in joining FORS were not asked these questions as the results were to be reflective of potential members.

whether annually, biannually or after a safety incident. More non-members felt this would be beneficial (94%) compared to FORS members (65%).

5.5.5 A greater proportion of non-members also felt that reassessments should be carried out more frequently, as shown in Figure 4.13. Over half (55%) thought reassessments should be conducted between twice and once a year, compared to 36% of FORS members. A further 10% of non-members think reassessments should be conducted more frequently than twice a year, while no members agreed with this. However, it should be noted that members have a greater appreciation of FORS site assessments and are likely to have a more pragmatic view of reassessments.

**Figure 4.13 How frequently should organisations be reassessed? (N= 55 members, 31 non-members)**




5.5.6 Table 4.4 compares the average value which members and non-members, irrespective of their company size, felt different sized organisations should pay for site assessments. Both thought that larger companies should pay more than smaller companies. There is little difference in the value between members and non-members, with prices ranging from around £350 for large companies to £45 for micro companies.

**Table 4.4 Average value of site assessment prices across all company sizes (N= 54[6] members; 14 non-members[7])**

| Company Size | Members | | Non-members | |
|---|---|---|---|---|
| | Range (min - max)[8] | Mean Response | Range (min - max) | Mean Response |
| Large (251+ employees) | £0-£1,000 | £356 | £0-£1,000 | £335 |
| Medium (51-250 employees) | £0-£750 | £244 | £0-£1,000 | £286 |
| Small (11-50 employees) | £0-£500 | £109 | £0-£500 | £69 |
| Micro (0-10 employees) | £0-£500 | £40 | £0-£500 | £48 |

5.5.7 As the mean responses for members and non-members are very similar, this indicates that even though the sample size for non-members is very small (n=14) the responses are plausible.

5.5.8 Figures E.1-E.6 in Appendix E compare the amount which FORS members and non-members feel companies of different sizes should pay for site assessment by different sample segments: company size, fleet size and the industry which they work in. In all segments there was a consensus that larger companies (based on number of employees) should pay more than smaller companies. The following observations were noted by segment, however, it should be noted that these are indicative only as the individual sample sizes are relatively low:

- *Company Size: h*alf of non-members think all companies, irrespective of their size, should be charged the same amount for site assessments, compared to 29% of FORS members (Figures E.1. and E.2.);
- *Industry:* There is some variation in the prices mentioned by operators from different industries. A greater proportion of FORS members from the utilities and construction industries stated higher values for site assessments, as shown in Figure E.3. More non-members from the couriering and retail industries stated higher values for site assessments, as shown in Figure E.4;
- *Fleet Size:* members with smaller fleets (50 or fewer vehicles) think larger companies should pay more for site assessments, compared to those with larger fleets, as shown in Figure E.5. On the other hand, non-members with large fleets (more than 50

[6] One member was excluded from the site assessment analysis as their responses were extremely inconsistent with the rest of the sample and would significantly influence the mean response.

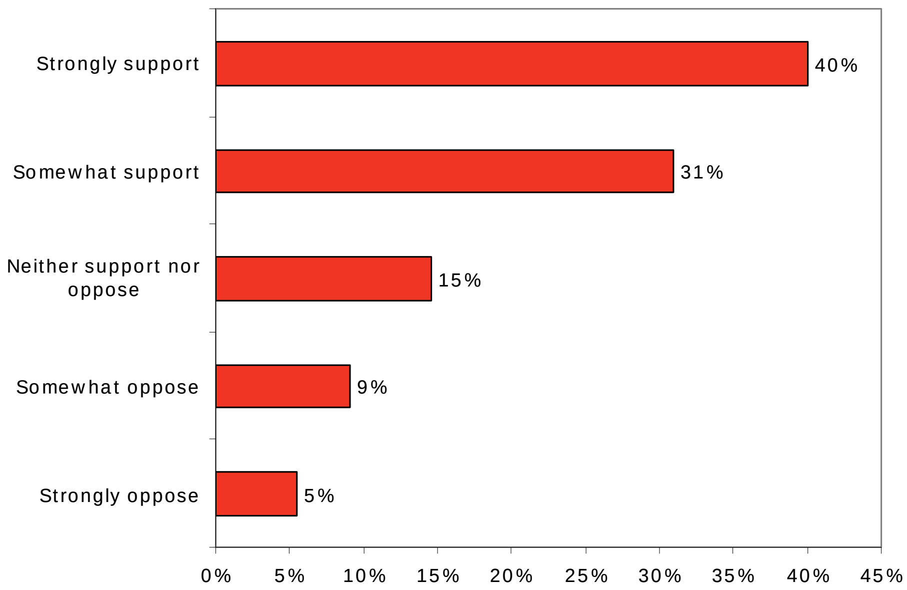
[7] Several respondents failed to complete the question.

[8] The range shows the minimum and maximum values provided in the questionnaire. Note that companies were told that site assessments cost TfL £500 and therefore this is likely to have influenced the maximum values given.

vehicles) think larger companies should pay considerably more for site assessments, as shown in Figure E.6.

5.5.9 Currently a small percentage of FORS site assessments are cancelled with less than 24 hours notice. FORS members were asked to what extent they support or oppose the idea of a £250 penalty fee for site assessments when they are cancelled in this manner. The majority (71%) are in support, with 40% stating that they strongly support the idea, as shown in Figure 4.14.

**Figure 4.14 Extent to which operators support the idea of a £250 penalty fee for site assessment visits that are cancelled with less than 24 hours notice (N = 55)**




5.5.10 Members opposed to the introduction of penalty fees for the site assessments thought that it could potentially put companies off joining the scheme and that some cancellations are inevitable.

"I think you won't get people joining the scheme and will put companies off with all the rules you put in"

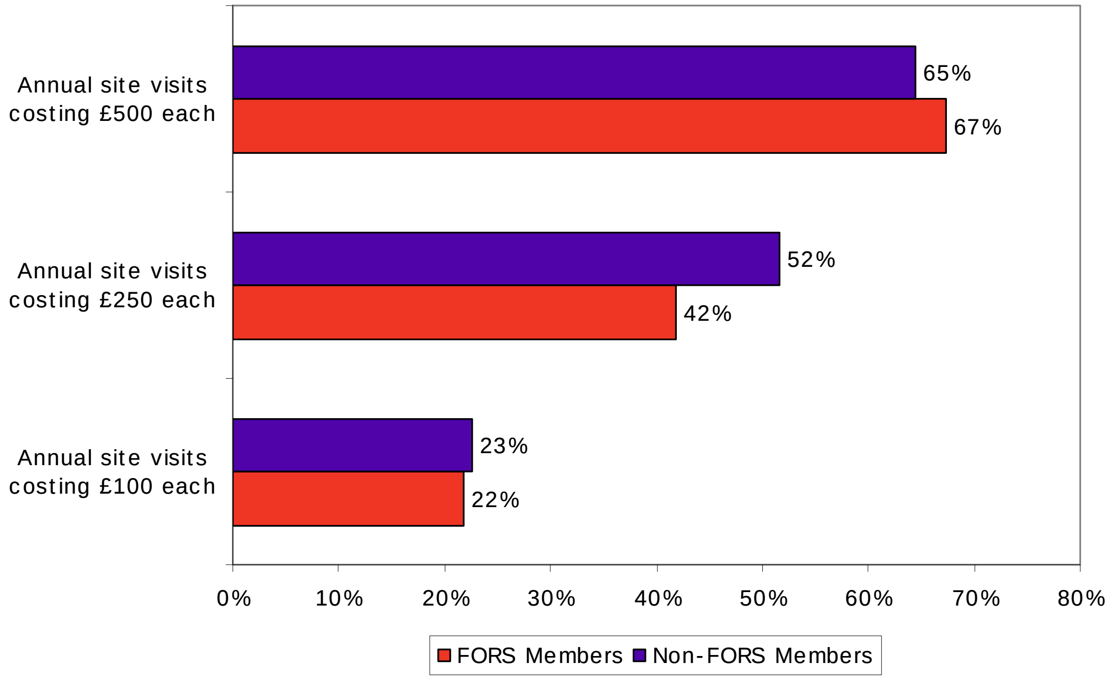
"We are busy people and FORS is there to help not hinder and cost us money"

"Running a busy transport fleet means that it is always possible that operational requirements require last minute changes to plans. These are often required 'at the drop of a hat' and must be the focus at the time in question!"

5.5.11 Operators were asked how likely they would be to continue their FORS membership (sign up to FORS if they were a non-member) if charges were introduced for annual site visits. There was little difference between members and non-members, as shown in Figures 4.15.

5.5.12 Around two thirds stated that they would be unlikely or very unlikely to continue their membership/sign up to FORS if a £500 fee was introduced. Over half of non-members (52%) would be unlikely or very unlikely to join FORS if a £250 fee was introduced, compared to 42% of members who would be unlikely or very unlikely to continue their FORS membership. However, 65% of members said they would be likely or very likely to continue their FORS membership if a £100 fee was introduced, while around half of non-members said they would be likely or very likely to join the scheme.

**Figure 4.15 Proportion unlikely/very unlikely to continue FORS membership / join FORS with charges for site (N = 55 members, N = 31, non-members)**



### Workshops

5.5.13 Non-members tended to place a higher value on workshops compared to FORS members, as shown in Table 4.5. However, it should be noted that the non-member sample size is relatively small. As with site assessments, the respondents believe that larger companies should pay more for attending workshops compared with smaller companies.

**Table 4.5 Average value of workshop prices across all company sizes (N= 54[9] members; 14 non-members)**

| Company Size | Members | | Non-members | |
|---|---|---|---|---|
| | Range (min - max)[10] | Mean Response | Range (min - max) | Mean Response |
| Large (251+ employees) | £0-£200 | £99 | £0-£250 | £129 |
| Medium (51-250 employees) | £0-£150 | £70 | £0-£150 | £93 |
| Small (11-50 employees) | £0-£150 | £38 | £0-£150 | £63 |
| Micro (0-10 employees) | £0-£150 | £24 | £0-£150 | £46 |

5.5.14 Figures E.7-E.12 in Appendix E compares the amount that members and non-members felt companies of different sizes should pay for workshops, segmented by respondent company size, fleet size and the industry which they work in. Across all segments there is a general trend that larger companies should pay more than smaller companies. The following observations were noted by segment, however, it should be noted that these are indicative only as the individual sample sizes are relatively low:

- *Company Size*: 46% of non-members think all companies, irrespective of their size, should be charged the same amount for workshops, compared to 33% of FORS members.
- *Industry*: Overall members from the oil and chemical industry placed the highest value on workshops, compared to non-members from the couriering industry, shown in Figures E.9 and E.10.
- *Fleet Size*: FORS members with the smallest and largest fleet sizes think larger companies should pay the most for workshops. However, overall members with large fleet sizes (over 50 vehicles) think workshop prices should be relatively greater than members with smaller fleets, as shown in Figure E.11. Non-members with medium

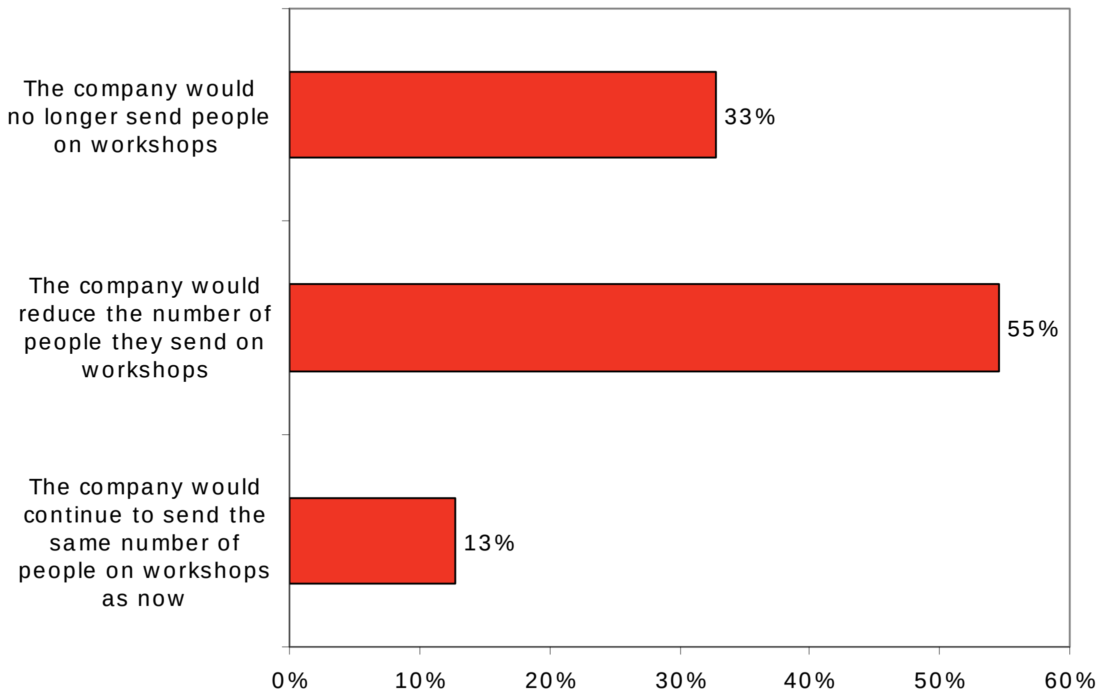
[9] Again, one FORS member was excluded from the site assessment analysis because their responses were extremely inconsistent with the rest of the sample and would make the mean response considerably higher

[10] The range shows the minimum and maximum values provided in the questionnaire. Note that companies were told that workshops cost TfL £150 and therefore this is likely to have influenced the maximum values given.

sized fleets think the largest companies (more than 250 employees) should pay considerably more for workshops, as shown in Figure E.12.

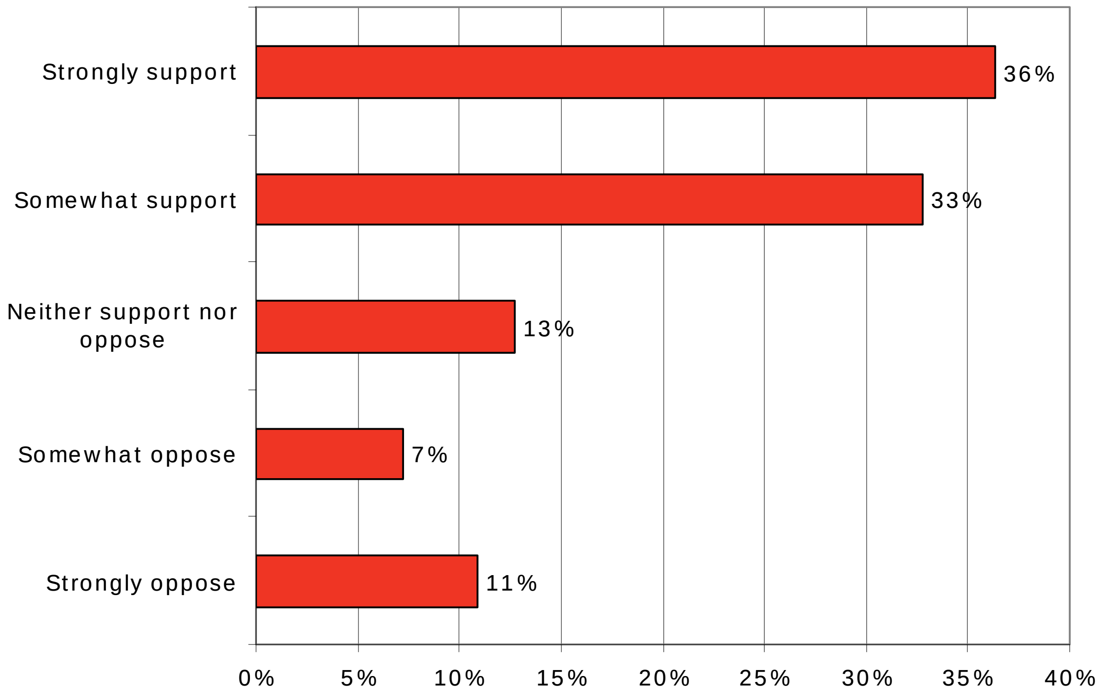
5.5.15 FORS members were asked what impact the introduction of a £150 per person workshop fee would have on the number of people they send to workshops. Only 13% said they would continue to send the same number of people, while a third said they would no longer send people to workshops. Just over half (55%) said they would send a reduced number of people to workshops.

**Figure 4.16 Impact of £150 per person workshop fee on attendance (members only) (N = 55)**



5.5.16 The majority of FORS members (69%) supported the idea of a £50 penalty fee for workshop places cancelled with less than 24 hours notice or for participants who do not turn up to the event. Furthermore, 76% of members said the penalty would be somewhat effective or very effective.

**Figure 4.17 Extent FORS members support idea of £50 24 hour cancellation fee for workshops penalty fee (N = 55)**




5.5.17 Of those opposing the idea, the following comments were mentioned:

> "This would be disincentive to not attend in the first place".
>
> "Because of the nature of the transport industry, there can be unforeseen circumstances that must be dealt with. I do not feel a company should be penalised for this".
>
> "If this was introduced very few people would cancel".

**Summary**

5.5.18 There was consensus across all of the respondents that larger companies should pay more for services than smaller companies, if charges were introduced. For site assessments the suggested mean charges ranged from £40 for micro companies up to £360 for larger companies (across both FORS members and non-members).

5.5.19 For workshops the mean charges ranged from £20 per person for micro companies to £130 for larger companies. These values are in-line with the desk research prices of £75 - £285 per person for a one-day workshop.

5.5.20 The introduction of cancellation fees for non-attendance at workshops and site assessments was generally supported with people thinking that they would be effective in discouraging non-attendance.

5.5.21 Companies also requested more frequent site assessments with the majority stating that one at least every two years would be beneficial.

## 5.6 Gold and Silver Membership

5.6.1 Currently FORS members are awarded silver and gold status after meeting or exceeding targets for key performance indicators in the benchmarking data. Just over half (51%) of members feel progression to silver and gold status should be based on additional achievements. Some ideas for additional achievements included:

- Reduction in carbon emissions or introduction of other environmental initiatives introduced;
- Improvements in health and safety; and
- Improvements in efficiency.

5.6.2 Other things that TfL could do in order to assist companies in progressing within the scheme included better clarity about what is required of companies in order to progress and better training / information available on the process.

> "A clear structure and path to follow with clearly indicated tangible goals"
>
> "It would help if we had benchmarking tools which are easier to use. Currently we are required to complete a lot of data entry which is difficult in a small office environment."
>
> "Training via the internet - especially for small companies for whom transport is not their main line of business".

## 5.7 Membership Pack

5.7.1 FORS members were asked to give their opinion of the FORS membership pack. On average, members placed a monetary value of £41[11] on the membership pack.

5.7.2 The membership pack includes various guides and accessories. Members were asked to rank these in order of the benefit they provide to their company, where 1 is the most beneficial and 5 the least beneficial. The results show that on average members ranked aspects of the membership pack in the following order: (1) Fresnel lenses, (2) Lorry/van guides, (3) Digifobs, (4) Cycle and HGV safety DVDs and (5)Stickers (cycle awareness).

[11] Outlier values from 3 respondents were excluded because they provided values of £150 or greater, which made the mean monetary value of the membership pack considerably higher.

## 5.8 New FORS Services

5.8.1 The majority of FORS members (69%) supported the idea of extending the scheme nationally. They believed it will be beneficial to the national transport industry, especially through improvements to road safety.

"Many companies have bases outside the M25 who deliver within the M25 on a daily basis. It is important that as many companies as possible are encouraged to conform to its standards, to try and improve the overall driving on the roads."

5.8.2 Table 4.6 outlines the likelihood of FORS members using new services provided through the scheme. The vast majority (80%-90%) said they would be likely or very likely to use the FORS website or the online benchmarking system. A smaller majority of members (60%-70%) said they would be likely or very likely to use advertising, a driver licence checking service, telephone hotline and a FORS members' database.

5.8.3 A large proportion of members said they would be unlikely or very unlikely to use certain services, including:

- GreenRoad driver profiling - 25% said they would be unlikely or very unlikely to use it, with half saying that they would not find it beneficial and a further 29% saying they already use it;
- Microlise – 45% said they would be unlikely or very unlikely to use it, with 64% saying they already use it and 20% saying it would not be beneficial; and
- How's my driving – 53% said they would be unlikely or very unlikely to use it, with 62% saying it would not be beneficial. However, only 29% of the smallest companies said they would be unlikely of very unlikely to use 'how's my driving' compared to 56% of the largest companies.

5.8.4 When comparing the use of new services by company size the results show that considerably more micro companies (10 or less employees) said they would be likely or very likely to use the telephone hotline or the FORS members' database (86% said they would be likely or very likely to use each, compared to an average of 75% and 65% for the hotline and database respectively).

5.8.5 Comparing the use of new services by the industry classification of operators also shows some differences. Considerably fewer:

- Couriers would be likely or very likely to use the online benchmarking system (67% compared to an average of 82%);
- Operators from the servicing and maintenance, and construction sectors would be likely or very likely to use GreenRoad driver profiling (22% compared to an average of 49%);
- Couriers and those from the construction sector would be likely or very likely to use the telephone hotline (50%/57% compared to an average of 75%);
- Operators from the construction and utilities sectors would be likely or very likely to use microlise (22%/0% compared to an average of 40%);

- Retail operators would be likely or very likely to use the FORS members' database (53% compared to an average of 65%); and
- Operators from the utilities sector would be likely of very likely to use advertising (25% compared to an average of 60%).

5.8.6 Considerably more:

- Operators from the waste sector would be likely or very likely to use 'how's my driving' (60% compared to an average of 35%).

**Table 4.6 Members' Use of Potential Services (N=55)**

| Service offered | Very Likely | Likely | Neither | Unlikely | Very Unlikely | For unlikely and very unlikely, please specify the main reason why you would not use these services: Already have | Too Expensive | Not beneficial | Other |
|---|---|---|---|---|---|---|---|---|---|
| **a. The FORS Website.** Provides information on the scheme, links to the benefits and details of forthcoming workshops and events. | 40% | 51% | 7% | 2% | -[12] | 100% | - | - | - |
| **b. Online Benchmarking.** The free benchmarking system allows you to record and compare your performance with similar operators in London. It can also help identify areas where you can improve and save money as well as allowing you to demonstrate your efficiency to your customers. | 40% | 42% | 13% | 2% | 4% | 67% | - | 33% | - |
| **c. GreenRoad Driver profiling.** Sensors are fitted to vehicles to analyse all aspects of the driver's driving, providing feedback on their performance. FORS members will be able to sign up to the scheme for a year, receiving a free 3 month trial, followed by 9 months at the normal price. | 16% | 33% | 25% | 18% | 7% | 29% | 7% | 50% | 14% |
| **d. Driver Licence Checking Service.** The FORS driver licence checking service will give you confidence that your drivers are on the road legally and reduce the time you spend checking drivers' credentials. Secure and comprehensive, the check uses information direct from the DVLA and is available to FORS members at a discounted rate of £4.95 per driver. | 38% | 25% | 20% | 7% | 9% | 67% | 11% | 11% | 11% |

[12] - indicates 0%

| Service offered | Very Likely | Likely | Neither | Unlikely | Very Unlikely | For unlikely and very unlikely, please specify the main reason why you would not use these services: Already have | Too Expensive | Not beneficial | Other |
|---|---|---|---|---|---|---|---|---|---|
| **e. Telephone Hotline.** bespoke advice and information on freight related issues available via a telephone hotline exclusive for FORS members, available free of charge. | 36% | 38% | 11% | 11% | 4% | 25% | - | 63% | 13% |
| **f. How's My Driving.** All lorries / vans have a visible telephone number that members of the public are invited to call to comment on the lorry / van driver's driving. Standard charge for this service costs £10 per vehicle per year. FORS will offer a discount of £2. | 11% | 24% | 13% | 35% | 18% | 7% | 14% | 62% | 17% |
| **g. Microlise.** A tracking device is fitted to vehicles, linking up to GPS as well as being connected to the vehicle's engine to provide a wealth of information about the driver's and vehicle's performance with automatic uploading of benchmark information. FORS intends to offer members a discounted installation fee. | 11% | 29% | 15% | 25% | 20% | 64% | 4% | 20% | 12% |
| **h. FORS members' database**. an on-line database open to the public / businesses to search for FORS members for freight and other services | 33% | 33% | 16% | 9% | 9% | - | 10% | 60% | 30% |
| **i. Advertising**. Advertising your company on the FORS website or FORS literature. | 36% | 24% | 20% | 13% | 7% | - | - | 73% | 27% |

# 6 Model Development & Results

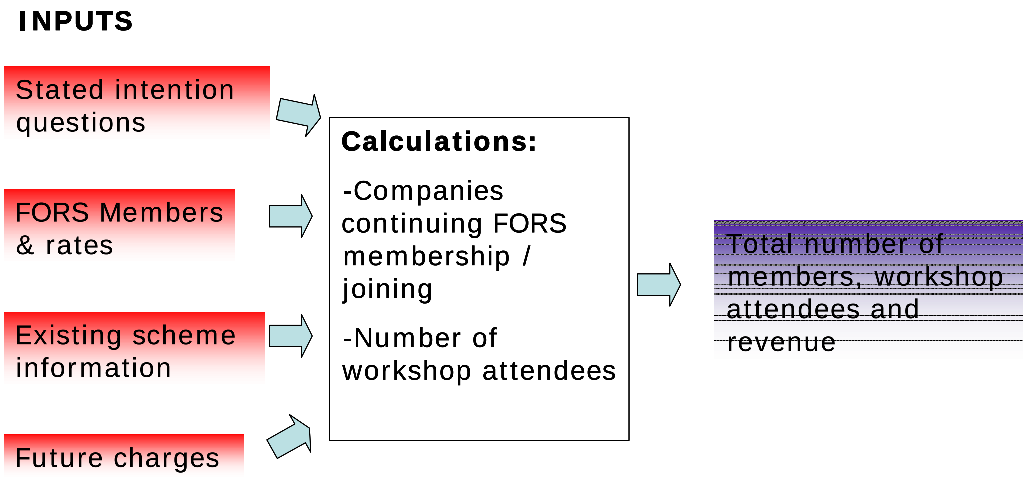
### 6.1 Introduction

6.1.1 A spreadsheet model was developed to estimate the impact of charging members for site assessments and workshops, both in terms of generated revenue as well as the number of anticipated members. This section outlines the model development, assumptions and potential outcomes given different scenarios. Further information about the development of the spreadsheet model is provided in Appendix F.

### 6.2 Model Development

6.2.1 Figure 5.1 shows an overview of the main inputs into the model and associated calculations.

**Figure 5.1 Overview of Spreadsheet Model**




6.2.2 The main inputs are as follows and are explained in more detail in Appendix F:

- Results from the research with FORS members and non-members. In particular the stated intention questions about the likelihood of cancelling membership or joining given the cost of a site assessment and the likelihood of reducing the number of workshop attendees given the introduction of workshop fees;
- Total number of FORS members and rate that future members are likely to join. This was based on the observed historical take-up rate;
- Information about how the scheme currently operates, in particular the number of people attending workshops, the average cancellation rate for site assessments and the number of vehicles and number of site assessments per company / contract registered with FORS; and
- User defined inputs about the potential charges, including the charge per site assessment and workshop place as well as any associated penalty fees for cancellations and the future forecast year.

6.2.3 The model calculates, for the user defined time period and associated charges, the number of members (both existing and future) by fleet size[13], the assumed number of site assessments (full assessments for new members and reassessments (either a reassessment should the company fail the initial site assessment or frequent assessments should these be introduced)) and workshop places required and the associated revenue generated from these together with the cost to TfL of providing these services.

6.2.4 The model is based on numerous assumptions and the following should be considered when interpreting the results:

- The stated intention results, particularly for the future FORS members are based on low sample sizes (the lowest is 4 responses for large fleet sizes). However, the distribution is very similar to the FORS members, so is assumed to be plausible;
- The number of future FORS members is based on the historical take-up rate for FORS. If the historical rate is assumed to be too ambitious, then the number of potential companies joining per year can be adjusted;
- The introduction of penalty fees for cancelling site assessments and workshop places does not adversely impact on the number of companies joining or attending the workshops; and
- The model assumes that every business will send the same number of people on workshops every year, regardless of when the company joins FORS.

6.2.5 The costs and FORS membership projections have been provided by TfL.

## 6.3 Model Results

6.3.1 Numerous scenarios were tested to determine the impact of site assessment and workshop charges on the potential up-take of the FORS.

### Site Assessment Scenario Tests

6.3.2 The aim of these tests was to determine the impact of site assessment charges and frequency of assessments on membership as well as revenue. Table 5.1 shows the user input data for each of the model numbers. Model 0 was assumed to be the base case, assuming that all new members would require a site assessment when they joined, but that no further frequent assessments would be required (unless the company failed the initial assessment and then one further assessment is required). For all model runs, the output year was assumed to be 2012.

6.3.3 As the charge for a site assessment impacts on the number of companies joining FORS and hence on the number of people attending the workshops, information about the workshops also needed to be included.

[13] Fleet size was used as this provided consistency between the samples obtained from the research and the information about existing FORS members. However, the impact of charges can therefore only be tested by fleet size rather than number of employees, which was used in the questionnaire.

**Table 5.1 Site Assessment Model Test Assumptions**

| Model Number | Site Cost: Micro 0-10 vehicles (£) | Site Cost: Small 11-25 vehicles (£) | Site Cost: Medium 26-100 vehicles (£) | Site Cost: Large 101+ vehicles (£) | Frequency Assessment (per Year) | TfL Full Assessment Cost (£)[14] | TfL Re-assessment Cost (£)[15] | Workshop Cost: All Companies (£) | TfL Workshop Cost (£)[16] | Site Cancellation Fee (£) |
|---|---|---|---|---|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 | 0 | 500 | 250 | 0 | 150 | 0 |
| 1 | 100 | 100 | 100 | 100 | 1 | 500 | 250 | 0 | 150 | 0 |
| 2 | 0 | 50 | 175 | 300 | 1 | 500 | 250 | 0 | 150 | 0 |
| 3 | 50 | 50 | 150 | 150 | 1 | 500 | 250 | 0 | 150 | 0 |
| 4 | 100 | 100 | 100 | 100 | 0.5 | 500 | 250 | 0 | 150 | 0 |
| 5 | 100 | 100 | 100 | 100 | 0.5 | 500 | 250 | 0 | 150 | 50 |

[14] Source TfL

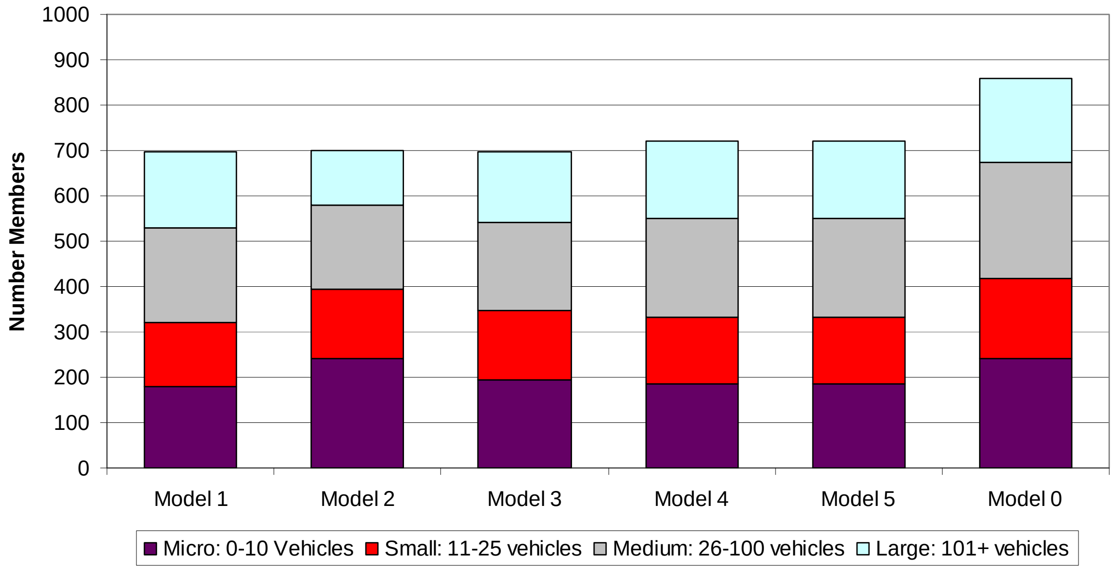
[15] The re-assessment cost only applies to companies who fail their initial full site assessment and is assumed to be cheaper than the initial full site assessment.

[16] Source TfL

6.3.4 Figure 5.2 shows the impact on FORS membership by fleet size given the different site assessment assumptions in Table 5.1. Assuming a fixed charge of £100 per site assessment per year, regardless of fleet size gives a similar number of total members as assuming a staged approach (Model 2). However, the types of company by fleet size differ slightly, with Model 2 encouraging smaller companies to join.

6.3.5 Reducing the frequency of site assessments from every year to every two years increases the number of estimated members by approximately 4% (Models 4 and 5 compared to 1).

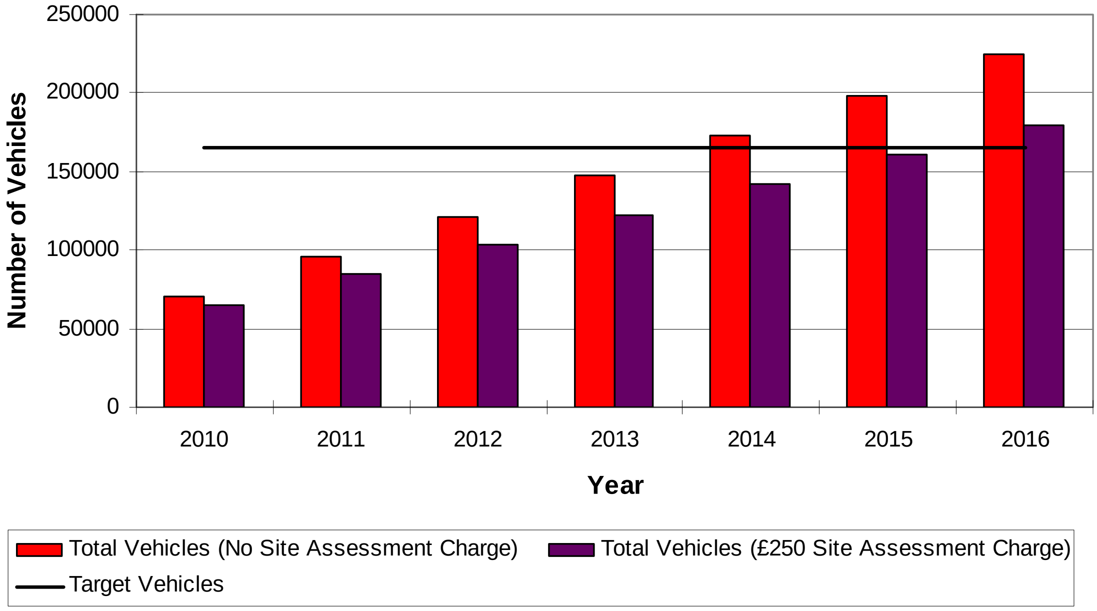
**Figure 5.2 Estimated Membership by Fleet Size Given Site Assessment Assumptions**




6.3.6 In terms of the number of vehicles, TfL has a target of achieving 165,000[17] vehicles registered with FORS by spring 2016. Assuming the historical take-up rate and existing number of vehicles per fleet size as well as free membership, this target should be achieved during 2014 as indicated in Figure 5.3. The model indicates that even with the introduction of a £250 initial site assessment fee for new members that the target of 165,000 vehicles is achievable in 2016.

[17] Source TfL

**Figure 5.3 Estimated Number of Vehicles Given Different Site Assessment Charges**



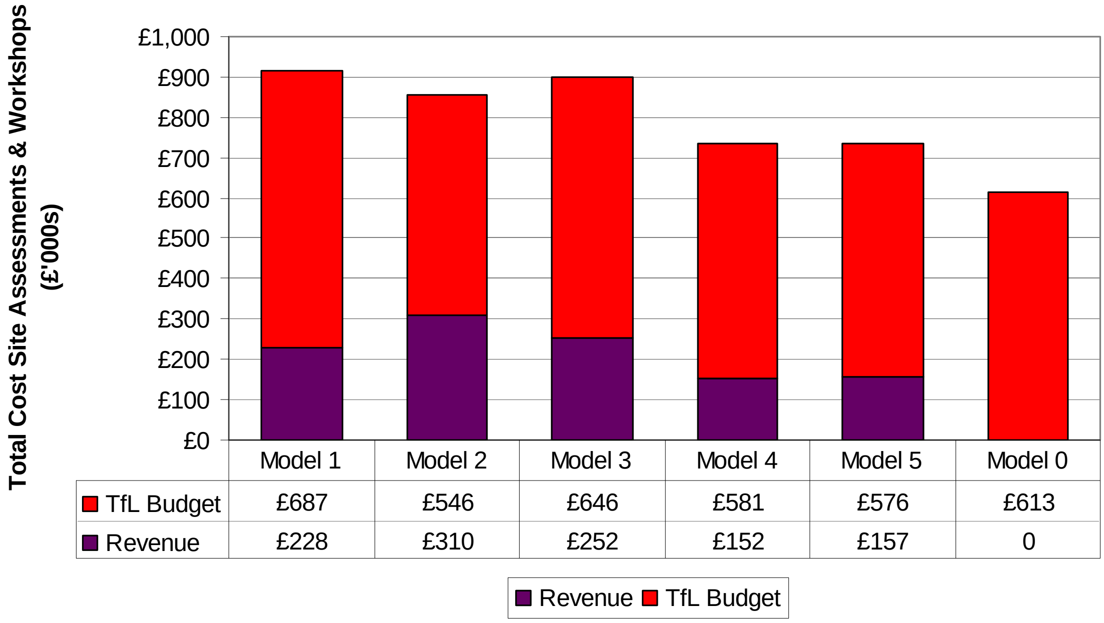

6.3.7 Figure 5.4 shows the impact on revenue gained and the budget required from TfL based on the assumptions in Table 5.1 The total figure includes the cost of the site assessment as well as the associated workshop costs.

6.3.8 The TfL budget required to support the assumed services (site assessments and workshops) assuming a free site assessment on joining and no frequent site assessments is estimated to be £613,000 up until the end of 2012. Introducing frequent site assessments every two years at a cost of £100 or variable costs reduces the amount of budget required from TfL. This is largely driven by the assumption that a frequent site assessment will cost TfL half the cost of a full site assessment.

6.3.9 In terms of revenue generated, Model 2 (where a variable cost for site assessments by fleet size is introduced) generates the most amount of revenue and requires the least amount of TfL allowance of the options with frequent site assessments.

6.3.10 The impact of introducing a £50 site assessment cancellation fee is assumed to have no impact on the membership rate and generates a marginal increase in revenue, approximately £5,000 over the time period.

**Figure 5.4 Estimated Revenue and Required TfL Budget by Fleet Size Given Site Assessment Assumptions**




### Workshop Scenario Tests

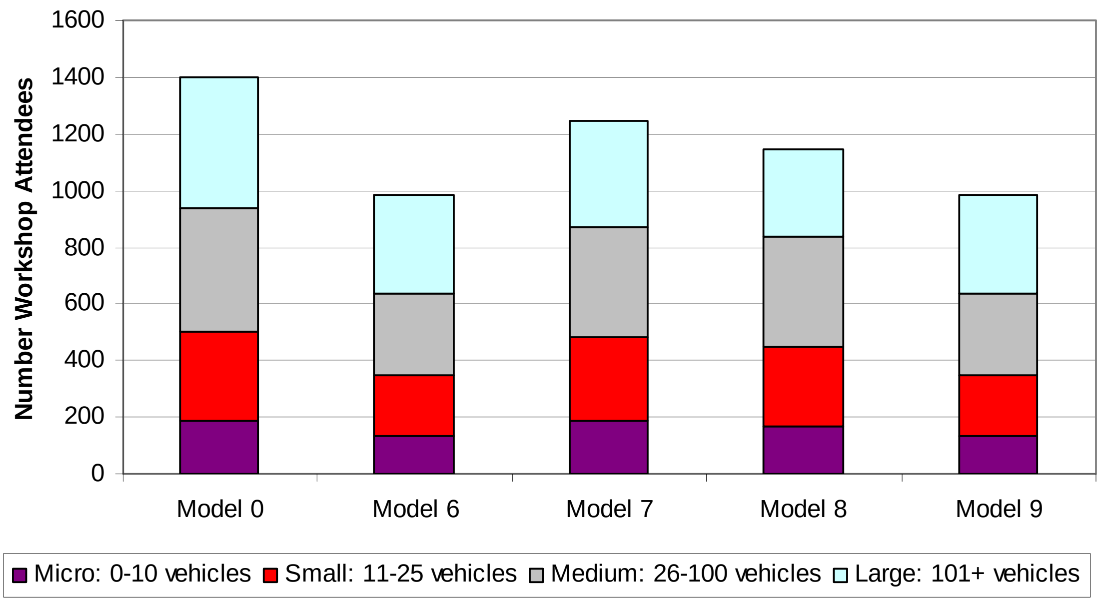
6.3.11 The aim of these tests was to determine the impact of workshop charges on attendance at workshops as well as revenue. Table 5.2 shows the user input data for each of the model numbers, which were compared with Model 0, assumed to be the base case. All new members were assumed that they would have to undergo a free site assessment in order to join the scheme at a cost of £500 to TfL. For all model runs, the output year was assumed to be 2012.

**Table 5.2 Workshop Model Test Assumptions**

| Model Number | Cost: Micro 0-10 vehicles (£) | Cost: Small 11-25 vehicles (£) | Cost: Medium 26-100 vehicles (£) | Cost: Large 101+ vehicles (£) | TfL Cost Workshop | Workshop Cancellation Fee |
|---|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | 75 | 75 | 75 | 75 | 150 | 0 |
| 7 | 0 | 25 | 50 | 100 | 150 | 0 |
| 8 | 25 | 25 | 25 | 100 | 150 | 0 |
| 9 | 75 | 75 | 75 | 75 | 150 | 25 |

6.3.12 Figure 5.5 shows the impact on the number of workshop attendees given the different workshop assumptions shown in Table 5.2. Overall, workshop attendance would be greatest under Model 0, where all members receive workshops for free. Workshop attendance would also be high under Model 7, where the cost per workshop increases for each company size. The lowest level of attendance is achieved under Models 6 and 9, where all members are required to pay £75 per workshop (the introduction of a penalty fee for non-attendance is assumed to have no impact on the number of workshop attendees).

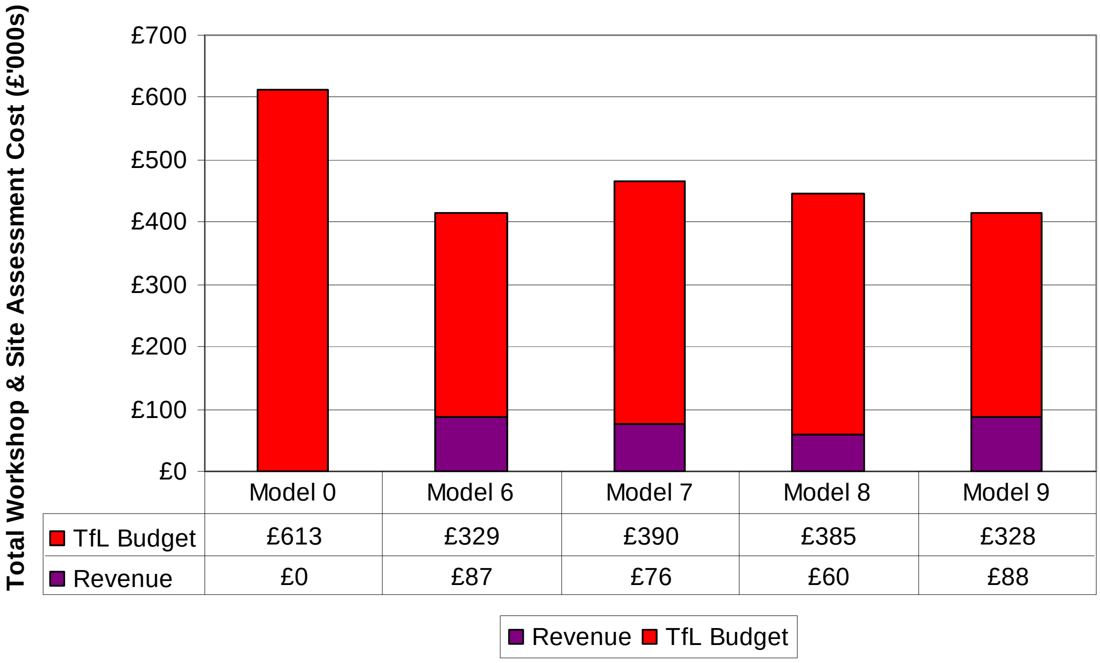
**Figure 5.5 Estimated Workshop Attendance by Fleet Size Given Site Workshop Assumptions**




6.3.13 Figure 5.6 shows the impact on revenue generated and the budget required from TfL based on the assumptions in Table 5.2. The total figure includes the cost of a site assessment on joining (for future members only) as well as the associated workshop cost.

6.3.14 Of the options tested, those with charges for the workshops require less funding from TfL, due to both fewer people attending the workshops as well as revenue being generated. Models 6 and 9 (with a £75 charge per person per workshop) generate the greatest revenue, despite having the least number of attendees. Model 9 generates slightly more revenue (approximately £1,000 over the time period) due to the introduction of a £25 cancellation fee.

**Figure 5.6 Estimated Revenue and TfL Budget Required Given Site Workshop Assumptions**




| | Model 0 | Model 6 | Model 7 | Model 8 | Model 9 |
|---|---|---|---|---|---|
| TfL Budget | £613 | £329 | £390 | £385 | £328 |
| Revenue | £0 | £87 | £76 | £60 | £88 |

# 7 Conclusions and Recommendations

## 7.1 Introduction

7.1.1 The final chapter outlines the conclusions of the research and suggested recommendations.

## 7.2 Conclusions

### Desk Research Findings

7.2.1 The desk research showed that FORS offers a unique product to the London freight industry through free membership, incorporating a site assessment as well as workshops and benchmarking tools. With the exception of benchmarking, other service providers charge for similar services, including site assessments (approximately £850) and workshops (between £75 - £285 plus VAT for members for a one day course).

7.2.2 Therefore, assuming that the services offered by FORS are valued by freight operating companies to the same extent as those offered by other service providers, the desk research shows that there is potential for TfL to charge for specific aspects of the FORS.

7.2.3 Other services offered by other organisations not currently offered by the FORS include forum events for networking, a searchable database of members and driver training courses that support the CPC syllabus.

### Primary Research Findings

7.2.4 Research was undertaken with members and non-members to determine existing perceptions of the scheme, potential improvements for the future and the opportunities for charging for particular aspects of the scheme.

#### Encouraging Non-Members to Join

7.2.5 A comparison of the sample profile of members and non-members taking part in the research showed that membership of the FORS is currently dominated by larger companies. From the research with non-FORS members, smaller companies tended to perceive the scheme as offering no real benefits to them and being for larger companies only.

7.2.6 TfL needs to address this perception in order to meet its objectives of encouraging smaller companies to join. As non-members currently provide most of their services in-house and at no cost, the existing scheme could be promoted as having on-line tools (including training) currently provided for free.

7.2.7 Fleet safety and safe operating practices were the most important services to non-members, but of the existing FORS services, non-members stated that they would be most likely to use the fuel efficiency and on-line driver training. The benefits of these services should be promoted to non-members in order to increase membership.

#### Willingness to Pay for Site Assessments and Workshops: Members and Non-Members

7.2.8 There was consensus across all respondents that larger companies should pay more for services than smaller companies, if charges were introduced. For site assessments the suggested mean charges ranged from £40 for micro companies (0-10 employees) up to £360 for large companies (250 employees or more). The suggested mean charges were reasonably consistent across the members and non-members.

7.2.9 For workshops the mean charges ranged from £20 per person for micro companies to £130 for large companies. These values are in-line with the desk research prices of £75 - £285 per person for a one-day workshop.

7.2.10 71% of FORS members supported the idea of a £250 cancellation fee for site assessments and 69% supported the idea of a £50 cancellation fee per person for workshops. 76% respondents thought that cancellation fees would be effective in discouraging non-attendance. However, those opposing the introduction of cancellation fees thought that it would discourage people from joining the scheme and that 'FORS is there to help not hinder and cost us money'.

7.2.11 Companies also saw the benefit of more frequent site assessments with the majority stating that one at least every two years would be beneficial.

7.2.12 Although respondents stated a value that they thought companies of different sizes should pay for site assessments and workshops, it should be noted that currently of the services that respondents receive over 70% of them were free of charge, suggesting that companies are looking for cost effective solutions.

### Scheme Improvements: Members

7.2.13 Currently FORS members are awarded silver and gold status after meeting or exceeding targets for key performance indicators in the benchmarking data. Just over half (51%) of members feel progression to silver and gold status should be based on additional achievements, such as reduced carbon emissions, improvements in health and safety and efficiency.

7.2.14 Members also highlighted the need for clarity about what companies are required to do in order to progress to silver and gold status. As well as better clarity, information and training on the process should also be provided, especially on the Internet. This was cited as being particularly useful for smaller companies who may not necessarily have the time to attend the workshops.

7.2.15 Of the existing and future services suggested for the FORS, the majority of members stated that they would be likely to use the FORS website (91%) and the online benchmarking system (82%). The least favourable potential services included GreenRoad Driver profiling, How's My Driving and Microlise (49%, 35% and 40% saying that they would be likely or very likely to use these services). The reasons for not using these services were mainly as companies already had the service or did not see it as being beneficial.

### Model Scenarios

7.2.16 A spreadsheet model was developed and a range of different scenarios were tested assuming different frequencies of site assessments as well as charges for site assessments and workshops. It should be noted that the results are indicative only and should be considered together with the caveats.

Site Assessment Charges and Frequency

7.2.17 Given the scenarios tested, assuming a constant charge for site assessments regardless of company size gave a similar estimate of future members compared with assuming a variable pricing structure (smaller companies pay less than larger companies). However, the distribution of members was different with a larger proportion of smaller companies joining with variable pricing. Therefore, in order to achieve a greater proportion of smaller companies, the pricing structure should be more favourable to the smaller companies.

7.2.18 In terms of revenue generated, of the scenarios tested, Model 2 (where a variable cost for site assessments by fleet size is introduced) generates the most amount of revenue and requires the least amount of TfL allowance of the options with frequent site assessments.

7.2.19 The model suggests that even with the introduction of a £250 charge for an initial site assessment, the target of 165,000 vehicles in 2016 will still be achieved.

7.2.20 The impact of introducing a £50 cancellation fee had very little impact on the amount of revenue generated.

Workshop Charges

7.2.21 Of the scenarios with a workshop charge, workshop attendance was greatest when a variable pricing structure was assumed (smaller companies pay less than larger companies).

7.2.22 Charging for workshops does reduce the overall budget required from TfL with the constant charge of £75 per person regardless of fleet size generating the most amount of revenue despite the least number of attendees.

## 7.3 Recommendations

7.3.1 The conclusions highlight the possibility that TfL could potentially charge to reduce costs for more frequent site assessments and attendance at workshops. However, there were numerous negative comments received from respondents expressing their concerns about the introduction of charges. The model results, while useful, should only be taken as indicative, given the assumptions surrounding the model inputs.

7.3.2 Therefore we would recommend that once a range of potential charges has been determined by TfL that the values are tested with a sample of existing members and non-members to refine the model estimations. In particular the research could:

- Enhance the estimation of the number of future members given a particular range of site assessment charges. This may be particularly useful for non-members where the sample size was lower than the members;
- Understand what the impact of introducing penalty fees will have on the membership rate (at the moment the model assumes this is negligible); and

- Understand the benefit of offering site assessments as an additional service rather than a compulsory frequent requirement. The scheme could then continue to assess each member as they join but offer the opportunity for members to request site assessments at an additional cost (perhaps higher than found in this research), to for example, assist them in progressing to silver or gold status.

7.3.3 Considering that the study conclusions from the modelling work undertaken assumes an increased FORS membership, it is important that the introduction of changes to FORS should give higher weighting to the responses obtained from non-FORS members. There is merit therefore in TfL undertaking more in-depth consultation with non-FORS members to derive more robust findings and to better understand on how these changes are likely to affect their perception of benefit in joining FORS.