

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - ECONOMY

11 NOVEMBER 2004

PROGRESS ON DEVELOPMENT OF A CAR CLUB IN EXETER

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Members on the current progress of the Exeter car club.

2. BACKGROUND

- 2.1 A car club is a way of sharing car ownership that gives members the benefits of car use but without all the responsibilities of actually owning a car. Members pay an annual fee and then pay for their actual usage (time and mileage). This has the effect of reducing car dependency. For some members it reduces the need to own any car and in other cases avoids the need for a second car. It is particularly attractive in areas where car parking is limited. Car club members use the car for those journeys for which a car is appropriate, but for other journeys they may walk, cycle or catch the bus.
- 2.2 Whilst each car club is separate, they are supported by an umbrella organisation called Carplus. This organisation provides advice on a wide range of functions including vehicle acquisition (generally through leasing), booking systems, insurance etc.
- 2.3 In 2003, the City Council was approached by members of a community initiative in Topsham, where it was hoped to set up a car club, which could then expand across the whole of the city and perhaps to settlements further afield in Devon. The establishment of a car club in Exeter was discussed at a meeting of this committee in September 2003, where it was agreed the initiative should be supported. The City Council agreed to provide funding of £10,000 a year over 3 years to help with the development of the car club. Members also asked Officers to:
- draw up supplementary planning guidance to support the establishment of car clubs especially in car free developments
 - facilitate the identification and dedication of car parking spaces for car club vehicles in residential and workplace areas in the city
 - ask Devon County Council to support the Exe Car Club through its Local Transport Plan and facilitate the provision of on street parking places where appropriate.
- 2.4 Experience elsewhere shows that car clubs grow slowly at first and require subsidy until they reach a size that means they can be self supporting. The £10,000 a year from the City Council is intended to go some way towards the

subsidy required in the early stages. Exe Car (as it was then known) was always expected to seek contributions from other sources in its early years.

3. CURRENT POSITION

- 3.1 Exe Co-Cars (the new name for Exe Cars – see paragraph 3.2 below) now has 11 full members and in February this year leased its first car, which is parked in a reserved space at Topsham library. This has resulted in four cars being taken off the road. Local area groups have also been set up in Alphington, Heavitree, St Leonards and the city centre west quarter. The scheme has been promoted at various events across the city and leaflets aimed at particular areas have been circulated, which allow people to express an interest. As a result 40 expressions of interest were received. These individuals are being asked to pledge a small sum to show their commitment to the car club and help finance some of the running costs. A number of articles have appeared in the press and in particular in local publications like Alphington News, Heavitree News etc.
- 3.2 The service in Exeter has now been rebranded as **Exe Co-Cars** and a new web site has been designed and established (see www.co-cars.co.uk). The website has been enabled to facilitate downloading and printing of membership contracts and other forms. The website also enables on-line submission of expressions of interest.
- 3.3 The Car Club Co-op has been established and incorporated as a company limited by guarantee on 15 September 2004. This company will act as service provider for Exe Co-Cars in the city. Public liability insurance is currently being negotiated through Co-operative Insurance Services.
- 3.4 A new Exe Co-Cars booking system has been set up with the details of all members inputted. All members now have Driver IDs and Passwords and car and car station details have also been added. Instructions sheet have been produced for new members on how to use the system. Preliminary work has been carried out to put in place arrangements for administrative functions, together with preparation of draft contracts and agreements. A car club membership database has been established.
- 3.5 None of the £10,000 per year for three years promised by the City Council has yet been paid, as we have not yet received a claim. An invoice is expected shortly to cover some of the development costs carried out this year, in particular the preparation of a Business Plan (see section 4 below) and the setting up of booking and other systems. Implementation of these systems means that the Exe Co-Cars club is now ready to expand into other areas of the city – the background work having been completed.
- 3.6 The costs of developing the systems and working up the business plan will be itemised and are expected to be between £5,000 to £6,000. Much of the expenditure has been incurred by the employment of Car Plus to develop systems and prepare a Business Plan. The cost of this time is expected to be

reclaimed from Exe Co-Cars. Copies of invoices and records of other expenditure will be supplied to the City Council to justify all the expenditure.

- 3.7 Small sums (£130) have also been spent from other city council budgets in the early stages to provide help with printing of leaflets etc.
- 3.8 The City Council has not yet prepared any Supplementary Planning Guidance on the use of car clubs in car free or low car parking developments. A new planning system has now been introduced that requires the preparation of a Local Development Framework to replace the current local plans system. The priority is to bring forward the key documents that will make up the Local Development Framework for Exeter, in accordance with the work programme set out in the Local Development Scheme approved by Executive on 14 September this year. Work in developing a Supplementary Planning Document to encourage the use of the Car club in car free developments or those with limited parking, cannot be accommodated in the next two years.
- 3.9 Devon County Council has agreed to process and fund the need for any Traffic Regulation Orders (TROs) in Exeter that may be required to provide on street parking spaces. They were also active in facilitating the provision of the existing car club space at Topsham library. (The cost of providing this space together with markings and signage is estimated to be £1,000). There is no provision for additional support within the existing 5 year Local Transport Plan. A new Local Transport Plan is currently in preparation for submission in July 2005. This will cover the next five year period (2006/2007 – 2010/2011) and its contents are currently under consideration.
- 3.10 The Exe Co-Car club is actively seeking other funding. Some funding (£4,995) was provided from the Social, Economic and Environmental Development (SEED) programme to provide the first car at Topsham. In order to gain further funding the organisation has prepared a Business Plan, which shows how it expects to grow. This Plan is described more fully below.
- 3.11 An agreement has been made between all the car clubs in the south west for interoperability. This means that Exe Co-Car club members will be able to use cars in Bristol, Bath, Stroud, Salisbury, St Austell, Totnes, Ashburton and Buckfastleigh and vice versa.

4. BUSINESS PLAN

- 4.1 The organisation is preparing a Business Plan showing two possible growth scenarios. The first scenario depends on obtaining substantial funding for the first four years so that the supply of vehicles can be increased rapidly and the organisation can grow quickly. The second scenario depends on a slower organic growth through encouraging local interest and growing demand at a sustainable rate, incurring only marginal costs.
- 4.2 The Business Plan will set out the expenditure and income for the organisation over the next 5 years for both scenarios. It includes the costs of:

- Vehicles, including tax, insurance and maintenance
 - Booking systems – set up costs, software licences, key safes or smartcards, telephones
 - Back office systems – invoicing, admin and fund management
 - Marketing and PR – leaflets, posters, staff time, events, advertising, website
 - Staffing – membership recruitment and development officer (part time)
- 4.3 Income will come from membership fees and charges for usage of the vehicles by time and mileage.
- 4.4 The costs incurred will depend on the number of vehicles available, the level of sophistication introduced into the office systems, the marketing methods and the continued use of volunteers to carry out certain tasks. The income will depend on the numbers of members, which in itself will be related to vehicle availability. In this chicken and egg situation it is likely that the car club will grow only slowly unless further injections of funding from external sources are forthcoming. Once the car club reaches a certain critical mass, growth will become easier and the business is expected to become financially viable. Some of the remaining City Council funding will be used to prepare those funding bids.
- 4.5 Given that much of the development work to set up appropriate systems and the marketing has identified a number of interested members in different areas of the city, the main restraint on growth is the acquisition of an additional vehicle. Exe Co-Car club has asked if the city council would agree to spend some of its promised funding on providing a second vehicle in another area of the city. The cost is likely to be around £4,000 to purchase a second-hand vehicle. This would be a different use of funding from that originally envisaged in September 2003, when the funding was expected to be spent on paying towards a development worker and associated office facilities. However, this is not the way in which the car club has chosen to develop the scheme. The Portfolio Holder for Planning & Transport has supported this request.

5. FINANCIAL IMPLICATIONS

- 5.1 Of the £10,000 a year for three years agreed by the City Council, Exe Co-Cars is expected to claim between £5,000- £6,000 in the near future to cover development costs, including the preparation of a business plan. Exe Co-Cars will be reimbursed on the production of invoices or other proof of expenditure.
- 5.2 Exe Co-Car club has asked if the remaining funding for this financial year could be used to cover the cost of purchasing an additional vehicle. This seems a sensible way forward to help the car club grow. They also expect to require some funding in future years to prepare funding bids to other organisations.
- 5.3 The funding for Exe Co-Cars will come from the Transportation Budget.

6. RECOMMENDATIONS

6.1 That Members note the progress made in establishing the car club scheme

**RUTH SANDERS
TRANSPORTATION STRATEGY OFFICER**

DIRECTORATE OF ECONOMY & DEVELOPMENT

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:-

None