

## **Committee: Sustainable Communities Scrutiny Panel**

**Date: 12<sup>th</sup> January 2017**

Agenda item:

Wards: Borough wide

## **Subject: Floating Car Club Report**

Lead officer: James McGinlay

Lead member: Councillor Abigail Jones

Ross Garrod Cabinet Member for Environmental Cleanliness and Parking

Contact officer: Chris Chowns

### **Recommendations:**

A. That Scrutiny considers the report and comments as it wishes

---

### **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 Within a CPZ the council seeks to reach a balance between the needs of residents, businesses and other road users. This includes setting aside or sharing spaces for specific classes of user, including car clubs, blue badge holder's and short stay shoppers.
- 1.2 Underpinning this approach are a number of strategic and local priorities. These can broadly be described under the cross cutting themes of accommodating growth, improving the environment and reducing congestion. Car Clubs have an increasing role to play in achieving these objectives.
- 1.3 Residents and businesses in London are resigned to the high cost of travel. It therefore has a major influence in determining travel choices. Car clubs can provide convenient means of access to a car for those journeys not easily undertaken by public transport walking and cycling or as a reserve backup.
- 1.4 This report sets out proposals for the introduction of a new borough wide car club parking permit and accompanying non-exclusive operator legal agreement to facilitate the introduction floating car clubs. Schemes are currently being promoted by DriveNow and Zip Car, although other operators are expected to start up schemes in the near future as the market matures.
- 1.5 The new permit would allow a floating car club vehicles to park in Permit Holder, Shared Used Pay & Display and Resident Only Bays across the borough, although specific locations of concern can be excluded if other demand management options, such as real time pricing do not achieve the desire outcome.
- 1.6 The legal agreement would run for a period of 3 years and describes how the scheme would operate, including annual fees, operator's obligations and overall monitoring regime.

- 1.7 It is anticipated that pre-launch marketing could probably commence in early 2017 following the statutory consultation process for the new permit.
- 1.8 Both DriveNow and Zip Car are anticipated to commence their operations with around 300 vehicles each. Typically around 70 vehicles from each operator (140 in total) would be present in Merton at any one time.
- 1.9 Subject to the statutory Traffic Order amendment process the final decision to approve the new “floating Car Club “ parking permit will be made by the Cabinet Member for Regeneration, Environment and Housing in March 2017.
- 1.10 The Director for Environmental Services has delegated powers to approve the signing of the legal contract setting out the terms and conditions for the issue of the agreed float car club permit to operators

## **2 Details**

- 2.1 London’s population is projected to grow by around 70,000 people per year to around 10.5 million by 2041 or an average 40,000 extra households per year. By 2040 Londoners will also make an extra 6 million more trips every day.
- 2.2 Car Clubs and other shared car models have an increasing role to play in accommodating this growth and could represent 15% of cars on the road by 2030. The floating Car Club model is expected to assist in meeting demand.
- 2.3 DriveNow/Zip Car are looking to operate a so called one-way car or free floating sharing scheme in Merton. Both schemes would like to launch simultaneously across Merton, Wandsworth and Lambeth in spring 2017.
- 2.4 Car Club members would be able to park in Residents, Permit Holder, Pay & Display, and Shared (mixed use) parking bays across each borough. Users would utilise an app to find a car, drive it and then drop it off in another location within the business area.
- 2.5 Backroom management systems can allow the borough to request for specific bays to be barred to prevent users from parking e.g. in locations where more pro-active management is required e.g. adjacent to Wimbledon Theatre. However, these barred locations need to be kept to an absolute minimum to avoid compromising wider scheme viability and customer understanding.
- 2.6 Scheme users would be able to drive and park across the entire business area comprising Merton, Lambeth and Wandsworth borough boundaries. Operations would be managed in accordance within the context of a legal agreement (this has been excluded for commercial confidentiality but could be made available outside this Committee). This includes a formula to compensate the borough for operational variations in car numbers and monitoring regime.
- 2.7 Whilst it is not in the operators’ interest to allow clustering to occur, should this occur then low rental tariffs can be applied to encourage users to move the vehicles or if necessary car club staff will relocate the vehicles. Based on operational experience of a similar scheme in Hackney this has not been an issue to date.

2.8 DriveNow has produced a helpful detailed Frequently Asked Questions note attached as Appendix 1. Both schemes will operate in a similar manner. The note is therefore considered to be typical of this type of scheme.

### **Benefits of Car Clubs**

2.9 Air quality issues continue to rise up the political/health agenda with recent legal challenges to the government pointing the way towards increased and more stringent intervention. This move has been reinforced by the Mayor's Vision paper "A City for all Londoners".

2.10 Experts believe the combined death toll from nitrogen dioxide and PM2.5 pollution in London is more than 9,000 a year. In Merton Road transport contributes around 135,000 of Tonnes/year of CO2 and 478 Tonnes /year NOx to the atmosphere. Cars contribute a sizable 65% of CO2 and 41% NOx of these emissions. Car clubs offer a means to reduce the harmful impacts of cars as well as reducing congestion.

2.11 It is envisaged that 15% of the car club vehicles will be ultra-low emissions (Hybrid or electric) in year 1 rising to 20% in year 2 subject to a review of the available of charging infrastructure across the business area. The first batch of 21 charging spaces in Merton was installed in December 2016 with a further batch of charge points to follow in 2017. Both Wandsworth and Lambeth Councils are working with Bluepoint to increase the availability of charge point in their respective boroughs. The remaining vehicles would all be non-diesel.

2.12 Carplus Trust, the national body that promotes accessible shared transport including car clubs, shared bikes, and car sharing, has recently published extensive new research on Car Club operations. Relevant findings are detailed below.

2.13 Car club Membership across London has increased over the year from 155,000 to 186,000 (up 17 percent). This rate of growth falls slightly below the London Car Club Coalition Strategy target of 1 million uses by 2025.

### **Benefits of Car Clubs**

- **Free up parking spaces** – through members selling a car or deferring a planned purchase of a car.
- **Environmental benefits** – including improved air quality, reduced CO2/NO2/PM emissions through use of cleaner vehicles (particularly if electric vehicles are used in the fleet) and greater use of sustainable transport
- **Increased familiarity with electric vehicles** – making them more visible, desirable and accessible to a wider audience
- **Reduced costs of owning** – the true costs of owning a car (including upkeep, maintenance and depreciation) are often under-estimated by owners. Car club users can make significant savings when switching from private ownership.
- **Reduced costs of doing business** – car clubs can have financial benefits for businesses through rationalised business travel and reduced commuting by car.

- 2.14 The DriveNow FAQ note (Appendix 1) also picks up more specific issues from this research relating to their particular delivery model.
- For each round-trip car club vehicle, car club members sell or dispose of more than 10 private cars.
  - A third of round-trip car club members reported that they would have bought a private car if they had not joined a car club.
  - Joining a car club leads to lower levels of car ownership. 25% of new round-trip car club members and 22% of new flexible car club members had sold or disposed of a car in the last 12 months.
  - Round-trip members reported an average reduction in miles driven of 730 miles a year. Flexible members reported a reduction of 840 miles a year.
  - After joining a car club, new car club members often reduce their car use.
  - Car club member's cycle and use trains and the Underground more than the average Londoner.
  - 14% of round-trip members and 20% of flexible members have not used a car club vehicle in the last six months or have not yet made a car club journey. Membership is often seen as a backup option.
  - Car club cars are safer than the average car: 88% achieve NCAP 5+ Star or 5 Star standard.
  - Car clubs emit one tonne of carbon a year less than an average car for the same mileage and carbon emissions of London club cars are on average 20% lower than the typical UK private car.

### **3 ALTERNATIVE OPTIONS**

- 3.1 Should Merton choose not to be part of the Southwest London business area, it is expected that DriveNow/Zip Car would proceed with a modified business area that excludes Merton, possibly linking up with Richmond instead, thereby denying residents a flexible travel alternative to owning a private car.
- 3.2. New floating car club operators are expected to join the market in the near future as well as alternative operating models, each presenting a slightly different offer. The Council could therefore choose to defer a decision on the floating car model until the market choices expand.

### **4. CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1 Pre-launch DriveNow/Zip Car propose to undertake an extensive marketing campaign explaining the benefits of their respective schemes as well as recruiting new members.
- 4.2 Statutory consultation is required to advertise the new borough wide permit type.
- 4.3 The Head of Parking and CCTV Services has been kept fully informed of the proposals and comments have been incorporated within the proposals.

## **5. TIMETABLE**

- 5.1 Pre- launch marketing is expected to start in early 2017 with implementation following 2 -3 months later.
- 5.2 The operators will be encouraged to built-up their on-street presence over several months to enable an early operational issues to be picked up quickly.

## **6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1 It is anticipated that both operators would launch with around 300 vehicles each across the entire business area, approximately 140 of these would be sited in Merton on a daily basis. When compared to around 80,000 private vehicles in Merton (average of one per household and 20,000 CPZ bays) this represents a small increase in demand for existing parking spaces.
- 6.2 Based on an expected permit cost of £1,260 this would result in an income of £176,400 pa. However, some existing income could be lost from deferred resident permits and Pay & Display revenue, although it is difficult to quantify this with any accuracy.
- 6.3 The council would be indemnified for any PCN costs arising from users parking illegally. For clarity all “Pay and Display” only bays and other specially designated bays e.g. disabled parking bays would be excluded.
- 6.4 There would be some associated costs in modifying/advertising the revised Traffic Orders (Circa £4000) and staffing cost. It should be possible to meet initial on-going contract administration/monitoring costs from within the current parking services staff establishment. However, this will need to be kept under close scrutiny if operations grow as expected.

## **7. LEGAL AND STATUTORY IMPLICATIONS**

- 7.1 It will be necessary to modify the consolidated CPZ Traffic Management Orders to include a new one-way car club permit type. Modifications can be made using powers contained with Section 6 and Section 45 of the Road Traffic Regulation Act 1984 (as amended). The Council is required by the Local Authorities Traffic Order (Procedure) (England and Wales) Regulations 1996 to give notice of its intention to modify the Traffic Order (by publishing a draft traffic order). These regulations also require the Council to consider any representations received as a result of publishing the draft order.
- 7.2 The Council also has discretion as to whether or not to hold a public inquiry before deciding whether or not to make a traffic management Order or to modify the published draft Order. A public inquiry should be held where it would provide further information, which would assist the Council in reaching a decision.
- 7.3 Following the statutory order making process for the new floating car club permit the final decision on whether to approval the permit will be made by the Cabinet Member for Regeneration, Environment and Housing in March 2017.

7.4 The Director for Environmental Services has delegated powers to approve the signing of the legal contract setting out the terms and conditions for the issue of the agreed float car club permit to operators

## **8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

8.1 Car clubs provide opportunities for less affluent members of society to gain access to modern and safer cars, which might otherwise be unaffordable.

8.2 Zip Car members would also have the benefit of access to traditional back to base car club vehicles, thereby offering more versatile rental choices.

## **9. CRIME AND DISORDER IMPLICATIONS**

9.1 None for the purposes of this report.

## **10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

10.1 Car Clubs operate with newer and hence cleaner fleets, which will help to reduce air quality impacts.

10.2 There is a risk that in some high attractor locations clustering could occur. However, demand management tools are available to control this. As a last recourse locations can be excluded. This has not been an issue with the existing east London DriveNow Scheme

10.3 This is a fast evolving area and less managed car sharing operational models could fill a service vacuum.

## **11. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Appendix 1 - FAQ provided by DriveNow

## **12. BACKGROUND PAPERS**

- A Car Club Strategy for London “Growing car clubs to support London’s transport future”.
- Carplus Annual Survey of Car clubs 2016