



A report by Keith Prince AM

Cutting Congestion

The Case for Car Clubs

Given London's expanding population and the difficulty in terms of both financing and feasibility of increasing London's road space, there is a clear need to make more efficient use of existing road space.

To achieve this, this reports advocates the significant expansion of the membership, usage and availability of car clubs in London. We offer a range of ways the Mayor could achieve this goal.

Contents

Cutting Congestion: The Case for Car Clubs	1
Executive Summary	1
Introduction	2
The case to expand car clubs	4
Why do car club members tend to drive less often than car owners?	6
What can the Mayor do to facilitate the expansion of car clubs?	6
Recommendations	8

Cutting Congestion: The Case for Car Clubs

Executive Summary

Given London's expanding population and the difficulty in terms of both financing and feasibility of increasing London's road space, there is a clear need to make more efficient use of existing road space. Although there are a number of ways in which this might be done, many of those options involve trying to price people out of their cars – which is both illiberal and likely to lead to a great many unintended consequences.

An alternative approach is to seek to significantly expand the membership, usage and availability of car clubs in London. Although there are many strong arguments for doing so, under the current Mayor of London expansion seems to have stalled. This is in spite of the fact that ahead of the 2016 Mayoral election, all the major Mayoral candidates had promised to boost car clubs in London.

There are a number of solutions that the Mayor could and should follow. Whilst there are limited levers that the Mayor can just pull, there are some. In addition, the Mayor should act to help facilitate expansion, working with London's boroughs and London's car clubs to significantly expand the numbers of car club parking spaces available. Secondly, the Mayor could also play an important role in driving forward the setting up of an open access approach to car club parking spaces. In so doing he should encourage car clubs to allow point-to-point car club journeys.

Thirdly, The Mayor should use the funds raised by the T-charge to offer transport credits, which could be used to pay for car club membership and trips. Finally, the Mayor should ensure, via his London Plan, that every new development has access to car club provision.

Introduction

In his Transport Manifesto, Sadiq Khan promised to:

“Support Car Clubs as a means of reducing congestion and demand for parking.”¹

There is plenty of evidence that this was an excellent idea and a very sensible promise. It should have been eminently achievable. It’s worth noting that Sadiq Khan’s primary opponent, the Conservative candidate Zac Goldsmith, also promised to expand car clubs. His manifesto read:

“I will introduce an ambitious Boris Bike equivalent for electric cars. Electric vehicles must become a mass movement in the capital. Drawing on Paris’s successful Autolib scheme – which has over 220,000 registered users – I will create a point-to-point electric car sharing scheme for London. Currently, local authorities have deals with specific car club operators, renting out their electric car parking bays only to those car clubs. But often each car must be returned to the bay from where it was rented, making a point-to-point scheme difficult. So I will negotiate with local authorities to support an ‘open access’ approach to electric car charging points, enabling private Londoners or rival car clubs to use those spaces, provided they pay the existing franchise owner a set fee. I will also work with the industry to develop a single online reservation and payment system for car charging spaces across London. These changes will allow car club companies to develop a point-to-point electric car sharing model which would allow consumers to hire an electric car in one part of London and drop it off in another.”²

Caroline Pidgeon, the Liberal Democrat candidate for Mayor, was also a supporter of expanding car clubs. Her manifesto promised she would:

¹ http://www.sadiq.london/a_modern_and_affordable_transport_network

² https://issuu.com/conservativeparty/docs/zac_transport_manifesto/16

“Raise awareness of car clubs as a mainstream travel choice, by fully integrating car clubs into the TfL Oyster account and data platforms; and actively communicating and promoting smart travel.”³

Finally Sian Berry, the Green candidate, promised to:

“Work with boroughs to increase car club parking to match the potential for these services. We will aim for one million car club members by 2020.”⁴

Londoners reading these manifestos would have been clear that, whilst there were some differences of approach, whoever was elected Mayor of London in May 2016 would be seeking to facilitate the expansion of car clubs in London.

Cross-party agreement on this was important. London’s population continues to rise and is projected to be 11 million people by 2039.⁵ Although the opening of the Elizabeth Line will increase London’s Underground capacity by 10% and, it is hoped, that London might build Crossrail 2 and several new East London river crossings over the coming decades, nevertheless there is a limit to how much more road space and public transport capacity London will achieve in that time.

This being the case it is fortunate that there is, more or less, cross-party agreement that London and Londoners would benefit if fewer people chose to drive. Simultaneously, there is huge disagreement about how this might be achieved. I would argue that any policies to reduce driving need to be based on reducing demand. Unfortunately, far too many left-wing politicians are all too keen to seek to constrict supply. In practice this means that they advance policy prescriptions that seek to significantly increase the cost of driving such as road pricing or expanding the Congestion Charge Zone, instead of more preferable policy solutions that make it easier to avoid driving. The former will force many poorer Londoners off the road, whereas the latter works by preserving and improving people’s entirely legitimate choices.

³https://d3n8a8pro7vhm.cloudfront.net/ldlondon/pages/863/attachments/original/1460394393/London_2016_Manifesto_Full.pdf

⁴https://london.greenparty.org.uk/assets/files/londonfiles/London_Green_Party_Manifesto_2016_Final_Web_Single_Pages.pdf

⁵ <https://www.standard.co.uk/news/uk/londons-population-could-soar-to-11-million-by-2039-as-uk-predicted-to-become-the-biggest-nation-in-a3102366.html>

The case to expand car clubs

TfL's website explains:

"In the coming years, London faces challenges of population growth, congestion and the environment. Car clubs provide a cost-effective and flexible alternative to owning a car, and can help tackle these challenges.

"Joining a car club provides the convenience of owning a car without the hassle or costs of repairs, servicing or parking. Members can book cars locally for just an hour, up to a whole weekend, or longer."¹

In fact the advantages are potentially even greater, given that car owners also need to pay for car tax and their MOT. The average London car is parked for 96% of the time and only being driven for the remaining 4% of the time.⁶ That equates to 2.5 minutes an hour when a car is being driven. Given some Londoners will drive for significantly more than 4% of the time, that statistic suggests that there are many Londoners who drive extremely rarely. For many of those drivers the benefits of joining a car club may well outweigh the benefits of owning a car.

To be absolutely clear, that is not an argument for forcing people to sell their car or to join a car club. It should go without saying that this would not work for everyone. There will always be people for whom owning and regularly driving a car is essential. A key problem of trying to force people off the road by hiking costs is that such a system does not take into account that there are those who really need to drive. However it does suggest that expanding the provision of car club cars might persuade a reasonable number of people to give up car ownership. Once again, the evidence supports this. It shows that for every additional car club car on the road, 13.4 cars are removed.⁷

Many Londoners, although certainly not all, would prefer to walk than cycle, would prefer to cycle than take a bus, would prefer to take a bus than take the Tube or a train and would prefer to do any of those than drive. Nevertheless those Londoners find they still need to drive sometimes. For some, certain journeys would just take too long or be too unpredictable via public transport.

⁶ <https://www.racfoundation.org/motoring-faqs/mobility#a5>

⁷ <https://www.carplusbikeplus.org.uk/wp-content/uploads/2017/03/Carplus-Infographics-2017-London-AW.pdf>

Sometimes people need to carry something that could not be easily transported via other means. And sometimes people would be happy to make a particular journey via bike or public transport the vast majority of the time, but find that for whatever reason driving is occasionally the best option.

It is for those Londoners that an expanded car clubs network would represent an opportunity.

It is very regrettable, therefore, that there is still such a long way to go. David Wong of the Society of Motor Manufacturers and Traders (SMMT) recently told the London Assembly Transport Committee:

“What is critical is what our vehicle manufacturing members have experienced in terms of running car sharing services. They have been telling us that, because of the fragmentation of the boroughs in London and sometimes conflicting priorities, they have run into various stumbling blocks in terms of deploying car sharing services. One of them exited the London market and exited the UK market altogether a few years ago for largely the same reasons: they just could not make car sharing work despite how promising car sharing services are because of the conflicting priorities of some of these London boroughs.”⁸

Precise estimates of the number of car club cars in London are difficult to find, precisely because of the fragmentation that David Wong mentioned. However in researching this report it was suggested to me that 3,500 cars would be a reasonable estimate. Given there are over 9 million Londoners, this is a tiny figure. It is little wonder that all the main London Mayoral candidates in 2016 saw the value of expanding car club provision.

The expansion of car clubs has several further advantages. First, it would help to improve London’s air quality. The strong majority of those who switched from car ownership to being a member of a car club would sell – or possibly scrap – their car. In so doing they would, given the average age of car club cars, almost certainly be switching to a vehicle with lower emissions than the car they owned. In addition, the evidence is that a great many of those who switch find that they choose to drive less. I will return to this point later.

A second advantage of car clubs is that they offer an improved choice to the user. If you own a car then that will, almost inevitably, be the car that you drive on a day-to-day basis. However car clubs offer the opportunity to drive a specific car or van as it is most useful. So if on one day

⁸ https://www.london.gov.uk/sites/default/files/future_transport_report_-_final.pdf

your priority is high fuel economy and on another day you need to collect some furniture then you can adapt your choice of car to your need.

A third advantage of car clubs is that they will increase in road space and parking space. Given that an expansion in the numbers of car club cars leads directly to a reduction in other cars on the road, the expansion of car clubs can benefit all road users. Even those drivers who prefer to continue to own a car would benefit if fewer of their neighbours were taking up car parking spaces in their road.

Why do car club members tend to drive less often than car owners?

As I explained earlier, many of those who switch from car ownership to car club membership choose to drive less than they did previously. The primary reason for this is the idea of sunk cost. Once you buy a car it is depreciating in value from the day that you drive it home. You have to tax and insure it and, once its three years old, you have to pay for its MOT test. This means that you have paid a significant amount of money even before you start driving the car and that money is a sunk cost. Having spent it, it can make a lot of sense to drive for as many of journeys that you take as possible. Even though those individual journeys will cost you more money as you need to pay for fuel, the amount of money that you have already spent on the car means that maximising the usage of that asset is often a rational choice.

If you are a car club member then you are much more likely to see a car as a service rather than an asset. Depending on the car club that you join and the package that you choose, you may or may not pay a monthly membership fee, but a fee of £6 or £7 a month is fairly typical. This means that the vast majority of what a driver pays is on a journey by journey basis and that alone means that a driver is much more likely to consider the cost of that journey in comparison to other options. Again, that is not to argue that relative or opportunity cost is the only consideration, but it makes weighing the cost of driving against other options more straightforward.

What can the Mayor do to facilitate the expansion of car clubs?

Currently there are two significant problems with car clubs. The first is a lack of provision. It is of little use that car clubs may offer so many potential benefits to Londoners if the provision of car clubs is so limited. This has a knock-on effect that it is often difficult to persuade Londoners to welcome or even begrudgingly accept car club spaces in their roads. If the immediate

consequence is that there are fewer car parking spaces than previously then it is understandable that the status quo will often prevail.

The second issue is the inability under the current model for a car club user to drive from A to B and not directly return. Currently a car club car must be taken from and returned to the same parking space. This may not be a problem for many journeys. If a car club user needs to go to buy or collect something and then return home then the current model is fine. However there is currently no provision for a user to drive from A to B and then leave their car in a different car club parking space. This means that, for example, a car club user could not drive themselves to an airport and then leave their car club car for another user to collect. Solving this issue would help to drive expansion and expansion will reinforce the solution.

If there are only 3,500 car club cars in London and they are split between different car clubs then it is unsurprising that there is no provision for one-way journeys. It would not be cost effective for car clubs to have to pay drivers to return a car to its initial space so enabling one-way journeys would rely on having enough journeys and users that there is sufficient churn. The way this could work can be seen with the Santander Cycle Hire Scheme.

A significant expansion of car club cars and car club members is therefore essential to making this whole model work more effectively. It is unlikely that there is a silver bullet to achieve this aim, but there are a number of options that would be worthy of consideration:

Car clubs are private sector organisations and the primary decision makers on where to allow car club parking spaces are London's boroughs. Despite this, there is a clear role for the Mayor of London in driving the expansion of car clubs forward. The Draft Mayor's Transport Strategy is timid on this, with Proposal 17 claiming "The Mayor, through TfL and the boroughs, will support the provision of car clubs for residents when paired with a reduction in the availability of private parking, to enable more Londoners to give up their cars while allowing for infrequent car travel in inner and outer London."⁹ The strategy should be clearer and the Mayor should commit to facilitating and driving forward this agenda.

In October 2017, Sadiq Khan launched the T-charge. My colleague Shaun Bailey explained how this scheme was a mistake that would cost drivers – including many of "London's poorest drivers" - £23 million per year. The T-Charge was launched in spite of the fact that TfL's own figures made clear that it would do very little to improve London's air quality.¹⁰ Given that the scheme has already been launched and there seems little hope of the Mayor acknowledging his error, there is an opportunity for him to commit to spend the money it raises on a scrappage scheme with a difference.

⁹ https://consultations.tfl.gov.uk/policy/mayors-transport-strategy/user_uploads/pub16_001_mts_online-2.pdf

¹⁰ <https://glaconservatives.co.uk/news/t-charge-launch-scheme-is-a-23million-attack-on-londons-small-businesses-and-poorest-drivers/>

Instead of a scrappage scheme that enables those scrapping their diesel vehicles to then use the funds raised to buy a new car, those who take part in this scheme would receive up to £3000 of transport credits that could be used to pay for Travelcards, car club membership and trips or a combination of both. £23 million would be enough to take over 7650 cars off the road. Such a scheme would have the potential to create a significant step-change in the use of car clubs in London and significantly improve London's air quality. For many users, this would cover their driving costs for several years.

A further simple commitment that the Mayor could make would be to ensure that every new development in London had access to car club provision. He could write this into his London Plan.

Finally the Mayor should take up Zac Goldsmith's idea of facilitating the setting up of an open access approach to car club parking spaces. This has the potential to make point-to-point trips a reality.

Recommendations

- The Mayor should act as a facilitator, working with London's boroughs and London's car clubs to significantly expand the numbers of car club parking spaces available.
- The Mayor should drive forward the setting up of an open access approach to car club parking spaces. In so doing he should encourage car clubs to allow point-to-point car club journeys.
- The Mayor should use the funds raised by his T-charge to offer transport credits, which could be used to pay for car club membership and trips.
- The Mayor should ensure, via his London Plan, that every new development has access to car club provision.