

Running an Informal Car Club

Guidance Note

May 2012

Guidance Note: Running an informal car club

Published by Carplus, May 2012

Contents

About Carplus	3
This document	3
Running an informal Car Club	4
People	4
Sustainability	4
Vehicle(s).....	4
Vehicle location.....	4
Work-mates and employers	5
Calculating costs and charges	5
Payment arrangements and charging method.....	5
All-inclusive charges per mile.	6
Charges and Payment arrangements	7
Booking the car	7
Cancellations	7
Returning the car after dark and personal security.....	8
Paying for fuel	8
Legal requirements	8
Insurance.....	8
The Registered Keeper	9
The Trip Record Book.....	9
Further information	10

About Carplus

Carplus is a not-for-profit, environmental transport NGO that promotes accessible, affordable and low-carbon alternatives to traditional car use in the UK. We provide support to community groups, the public sector, transport professionals and others working to improve the way we travel.

While recognising the benefits that cars can bring to society, Carplus believes that a new approach to car use and ownership is needed to mitigate the financial, environmental, social and health costs of motoring today.

Carplus aims to challenge out dated perspectives on cars and the way we use them. Working with others to integrate transport, we explore ways to embrace new technology and support behavioural change to create a healthy transport system that works for everyone.

Carplus is a registered charity, no. 1093980.

This document

This document is designed to provide guidance on establishing and operating an informal car club, including setting up a payment system, calculating costs and charges, vehicle locations, booking the car and legal requirements. Further information on car clubs can be found on our website – www.carplus.org.uk.

Car clubs help to make low emission vehicles available to members who don't need access to a car very often. This might include:

- People who just need a car occasionally and don't want the expense and hassle of owning and running one.
- People who currently run a car and are doing a medium to low mileage – e.g. less than 8,000 miles per year
- People who don't own a car, but would like to have access to one for occasional use.
- Two-car families, who wouldn't need their second car if they could sometimes hire one for an hour or two.
- Businesses which use pool cars or staff's own vehicles for business trips could use car club vehicles instead.

This is the second version of 'Guidance note: Running an informal car club', based on an original produced by Smart Moved Ltd in 2002.

Comments on this document are welcome and should be sent to info@carplus.org.uk.

Running an informal Car Club

Setting up and running an informal Car Club isn't that complicated and shouldn't involve much more work than goes with being an individual car owner. After all, informal Car Clubs already exist within many families that have several drivers who share the use of one or more cars. The only difference is that money may not change hands.

An important point to remember is that your Car Club is exactly that: yours. So set it up in a way that suits your group of drivers and try to keep things as simple as possible. By taking some time over planning your Car Club it will be more likely to run smoothly. Listed below are some of the issues you will want to consider as you plan.

People

Despite the name, Car Clubs are really about people rather than cars. Sharing car use in this way works best if there are alternative ways for members to make some of their journeys. For example, it will be easier to establish a Car Club among drivers who don't rely on a car to get to and from work every day. A Car Club with a mixture of trip-makers, such as some who are mainly daytime users and others who are predominantly evening users or weekday along with weekend users, will have fewer conflicting needs.

Most Car Clubs will need some form of booking system for the vehicle(s) and should have a way of establishing priorities in case of clashing needs. If you think about it, there are often alternative ways of making many trips. And, as money will be saved through Car Club membership on car ownership costs, some can be spent on public transport, occasional use of taxis or conventional car hire, especially for longer trips such as holidays.

Sustainability

As with buying a car, a Car Club should be seen as a reasonably long-term commitment. Items such as insurance, tax and MoT are normally renewed annually so the aim should be to have a Car Club that will last a minimum of one year. It would be wise to start your club with people who are committed to living in a certain area and will not be changing jobs or moving house in a few months, unless you're confident they can be replaced. A Car Club made up of people who know each other quite well already and have an existing level of trust is more likely to last.

Vehicle(s)

Obviously any Car Club needs at least one vehicle. If there is a car owner willing to join and put their car into the club - and it is the right type of car – then that will save time and effort. Otherwise a car can be bought.

When choosing a vehicle for your Car Club you will need to consider body type (2-door/ 4-door, saloon/ hatchback/ estate/ MPV), petrol or diesel engine, price and age. Issues such as child seats, roof/bike racks, tow bar and security devices should be discussed too. It might be helpful to think about the types of journeys that people are likely to make in the car – will it mainly be used for short trips, shopping or for family outings.

Vehicle location

Once you have decided on a suitable vehicle, you will need to establish where it will normally be kept. This may depend on the distance between members' houses or on which member has the most suitable garage or parking space. You may want to consider whether

and how to publicise the vehicle location amongst your members and people who may be interested in joining the car club.

Work-mates and employers

If the members of your Car Club happen to work at the same place such as a hospital, office or factory, you could exchange the car between members at work: *I have it half of the week; you have it the other half*. Also, you may be able to combine the Car Club form of car sharing with lift sharing to and from work. Further information on starting a lift sharing scheme in a workplace can be found in the best practice section of our website www.carplus.org.uk.

Alternative options

In some locations, Whipcar may be able to provide a method of sharing vehicles without the need for any administration by the owners. Car owners or those wishing to hire a car can register on their website www.whipcar.com and then hires can be arranged through their website. The advantage of this approach is that all the bookings are managed centrally via the Whipcar website and this reduces the amount of administration required for anyone wishing to use the service. Whipcar also has a comprehensive insurance arrangement that covers registered vehicles and reduces the risk to those offering cars for hire.

Case Study – Car sharing in Belgium (Autopia)

Sharing cars among neighbours in informal schemes is common in many European countries. Usually there is no formal collection of information on groups that share vehicles informally, apart from in Belgium where Autopia has been offering practical advice and support to neighbourhood car sharers since 2004. The services provided by Autopia include publishing a handbook for private car sharers, connecting car owners with those looking for a car to use, organising social events and negotiating preferential pricing agreements with manufacturers and insurance providers. Autopia now has 653 individual and 85 car sharing group members.

Calculating costs and charges

Each driver in a Car Club has to contribute to the vehicle's full operating costs, mainly in proportion to how far they drive it. That means doing some calculations to work out what those costs are and how much each driver should be charged. The following section includes examples of how to do these calculations for both newer and older cars. It is possible to set up a Car Club using a brand new car too but, as the average private car in the UK is 6 years old, doing so may not be that common an occurrence. How you work out your Car Club charges is up to your members. The important point is that no profit should be made by any member. Demonstrating this to the nearest pound isn't possible or necessary but it can be done within reason. Otherwise, rather than just saving you money, the club becomes a car hire business with consequences that are outside the scope of this guidance note.

Payment arrangements and charging method

Most Car Clubs will find a combination of an all-inclusive mileage charge and a deposit most appropriate. Setting the charges on the conservative side and refunding any excess in the account at the end of the year makes life easier. If unexpected costs do arise, such as a high repair bill, then members need to contribute more.

All-inclusive charges per mile.

The total estimated annual costs are divided by the estimated annual mileage to give the charge per mile. This has the advantage of simplicity and shows drivers how much each car trip will cost them.

In addition to the above, it is best to set a deposit or advance payment for each driver joining the club. This will start the club account off with a good opening balance which can pay for unexpected costs. By paying a deposit, members demonstrate their commitment to the club. For higher value cars, members of the group may make a loan (with or without interest) to fund the vehicle purchase costs. After 6 months or a year of operating, charges can be adjusted according to actual costs and miles done by each driver. Any overpayments should be refunded in proportion to the number of miles driven by each member.

Older car (80,000 miles) – Charged by mileage only

In the following example Maureen, the owner of a VW Golf (80,000 miles on the clock) and her friend Clare have decided to set up a two-person Car Club between them. Maureen did an average of 6,000 miles a year and estimates this will drop to 4,500 when the car is being shared in the Car Club. Clare thinks she will only do about 50 miles a week in the car which comes to about 2,500 miles per year.

They first estimate what the total costs for the year will be. The table shows what Maureen was paying as an individual owner with the estimated Car Club costs alongside. A nominal depreciation of £100 is entered in row A. The insurance cost increases due to adding Clare's name. Additional total miles increase the amount spent on petrol but are not estimated to affect maintenance costs very much.

	Item	Maureen	Car Club
A	Depreciation	£100	£100
B	Road tax	£150	£150
C	MOT test fee	£55	£55
D	Road rescue service (e.g. ETA)	£70	£70
E	Insurance	£270	£320
F	Amount spent on tyres, servicing and maintenance	£550	£600
G	Miles per year	6,000	7,000
H	Average fuel consumption in miles per gallon	38	38
K	Fuel price per gallon = pence per litre (133) X 4.55	£6.05	£6.05
	Amount spent on fuel per year = (G / H) x K	£955	£1,114
	TOTAL	£2,123	£2,382

The total cost of £2,382 for 7,000 miles means the cost per mile is 34p. The estimated amount paid by each driver is:

Maureen: 4,500 miles x 34p = £1,530 Clare: 2,500 miles x 34p = £850

Charges and payment arrangements

Maureen and Clare open a bank account for their Car Club. Maureen puts her car into the Car Club and Clare pays in a deposit of £200 to give her, roughly, a 50% share in it and to give the account a reasonable opening balance. If at any time unexpected costs arise, such as a high repair bill, they agree each will pay an additional lump sum into the account. Maureen agrees to be the treasurer.

To keep things simple, they decide on an all-inclusive charge of 35p per mile which is slightly higher than the estimated true cost per mile and so on the safe side. At the end of each month Maureen adds up the number of miles done by Clare and herself from the trip record book and multiplies the two totals by 35p. They each pay their due amounts into the bank account, less any money spent on petrol and similar running expenses. If they drive the estimated total of 7,000 miles between them in the year then they will pay a total of £2,450 into the account.

At the end of the first year of operating they will recalculate what the true cost per mile was depending on actual bills paid and exact number of miles done by each driver. If the true cost turns out to be less than 35p per mile then the excess can be refunded to each driver in proportion to the number of miles they did or carried forward towards the next year's operating costs. The deposits can be carried forward too.

Booking the car

Sharing the use of one or more cars isn't difficult. With a bit of planning ahead, most of the drivers should be able to use a car when they want to. Keeping a booking sheet in each car, or secure wall-mounted box, will enable each driver to reserve the car for when they want it or make other arrangements if it already booked. A simple diary sheet will do. An alternative would be to have fixed time slots during the week for each member that can be traded by agreement. An example is shown below with overnight being a single slot. The free slots are available for any of the drivers.

	8 - 12	12 - 4	4 - 8	8pm – 8am
Monday		Barry	Barry	
Tuesday	Janet	Mary		
Wednesday			Mary	Mary
Thursday	Sarah	Sarah		
Friday			Janet	Janet
Saturday	Barry	Barry	Barry	
Sunday	Sarah			Janet

Depending on the drivers in your Car Club, you might also decide on guaranteeing a certain number of full weekend uses per year and perhaps longer periods in the summer for holiday use.

Cancellations

If one person books to use a car and then changes their mind it is important that the other members are made aware of the change so they can make use of the car if they want to.

Returning the car after dark and personal security

If the car is normally kept at a fixed location some distance from certain driver's homes then they should be allowed to take it to their house if returning late at night and they are concerned about walking home. They should return it to the normal location first thing in the morning.

Paying for fuel

If a car needs more fuel putting in it then the driver should buy it as usual with their own money but remember to get a receipt from the petrol station. The driver makes a note in the trip record book of the amount bought and keeps the receipt safe. When the time comes to pay for using the car the amount paid for fuel is deducted from each member's bill.

Legal requirements

Insurance

You should not need special car insurance for a car that is in shared ownership. A Car Club can operate using normal car insurance so long as no profit is made by the keeper or any of the owners and you inform the insurance company.

So, on the insurance proposal form:

a) If applying for **named driver** cover, give the required details for each driver in the Car Club and include the following note in the comments section of the form -

"All named drivers are also owners of the vehicle."

b) If applying for **any driver** cover:

- specify the minimum age of driver (e.g. 25 years)
- state that only drivers with clean licences will drive the vehicle (if true!)

and include the following note in the comments section of the form –

"This vehicle is owned by _____ (insert keepers name) and others. All the owners will drive the vehicle."

c) Only if the insurance company questions the annual mileage, state the following, if true (or provide the anticipated annual mileage):

"The annual mileage of the vehicle is not anticipated to exceed normal household levels of use."

(This can be regarded as 8,000 – 10,000 miles a year)

For any car there has to be one driver who is "the insured" and in whose name the insurance policy is taken out. Having the oldest and most experienced driver as the insured will help keep the cost down. To avoid losing a no-claims bonus, possibly through another member's accident, it would be wise to have it protected which can be done quite cheaply. All drivers will have to declare any previous accidents or penalty points on their licences.

At present insurance policies only allow the insured to benefit from accumulating a no-claims bonus. If other drivers in your Car Club want to build up their own no-claims bonuses then the person being "the insured" can be rotated on an annual basis. Most companies will take into account a driver's accumulated no-claims bonus for 3 or 4 years after they cease to have their own policy so drivers joining Car Clubs shouldn't lose out if they decide, after a time, that being in a Car Club isn't for them.

The Registered Keeper

Every car on the roads in the UK **must** have an up to date **Vehicle Registration Document V5C**. This document is issued by the Driver and Vehicle Licensing Centre in Swansea (DVLC). It states who the **Registered Keeper** is and points out in block letters that "THE REGISTERED KEEPER IS NOT NECESSARILY THE LEGAL OWNER".

So for any Car Club there has to be one person who acts as the keeper of each vehicle and is responsible for it.

The keeper of any vehicle has certain legal obligations, which include being responsible for its use on public roads. This means the keeper must ensure the vehicle:

- is showing a valid tax disc;
- has an MOT certificate; and
- is in a roadworthy condition.

The keeper is the person whom the police and other law enforcement agencies normally wish to contact about the vehicle's use on the road. However, any Car Club member driving an untaxed, uninsured or "no MoT" vehicle will be committing an offence themselves also. So if a Car Club car is caught on a speed camera or gets a parking ticket on its windscreen the authorities will write to the keeper in the first instance. But it is the person who was driving when an event took place (which can be determined from the trip record book) who is responsible for paying the fine or ticket. The keeper is not responsible for an offence committed by another driver. To be doubly sure of this the trip record book (see below) must be rigorously kept.

The Trip Record Book

Every car in a Car Club should have its own trip record book that is signed by each driver at the start of every trip they make. By doing so, individual drivers take responsibility for the car while they are using it.

The trip record book can be simply a small notebook kept in the car with columns marked as shown in the example below. It is very important that the book is filled in at the start and end of every trip. It shows which member was driving at which time and is used to work out the bill for each driver.

Date	Start time	Start miles	Condition/ Initials	End time	End miles	Expenses	Signed
01/08/11	10:30	42541	OK P.W.	12:15	42570	-----	P.White

The "Expenses" column is used to record amounts spent on fuel or other items bought during a trip so they can be deducted from the driver's bill.

Further information

Further information can be found on the Carplus website – www.carplus.org.uk or you can contact us by email info@carplus.org.uk.