

A photograph of two men standing outdoors. The man on the left is wearing a dark grey polo shirt and has a beard. The man on the right is wearing a dark blue suit, white shirt, and striped tie. They are both looking down at a smartphone held by the man in the suit. The background is blurred, showing what appears to be a parking lot with cars.

# Learn how car clubs can improve your organisation's efficiency



Department  
for Transport

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## 1.1 Introduction

Choosing the right car club for your business can deliver significant financial savings. A car club can deliver a lower cost per mile than the equivalent grey fleet or pool car journey as well as significant time and cost savings arising from a reduction in business mileage. Additionally, shifting from grey fleet to a car club can contribute towards meeting duty of care requirements and reduce your organisation's environmental impact.

This guide aims to help you decide if joining or setting up a car club may be beneficial for your organisation, and which type of car club best meets your needs. The car club market is growing rapidly in the UK and this growth is stimulating different types of provision, ranging from commercial public-access operators to volunteer run community solutions. Additionally, there are closed user group car clubs where vehicles are dedicated to one organisation or site.

## What is a car club?

There are many different types of car club but all involve the shared use of vehicles. Every car club has a booking system, ranging from a sophisticated online database linked to in-vehicle telemetry to a Google-shared calendar, together with a place to pick up the keys.

For most businesses, the preferred solution is at the more sophisticated end of the spectrum, allowing them to operate a car club alongside, or instead of, a pool fleet, and usually with the aim of reducing, or even eliminating, grey fleet mileage.

Although some car clubs use donor cars (loaned to the club by members in exchange for bookable time), most use new or nearly new vehicles. This means the vehicles will:

- be fewer than six years old (Carplus accreditation normally limits operators to four years old)
- meet high emission (Euro) and safety (NCAP) standards
- have relatively low carbon dioxide emissions (under 140 g/km and often under 120 g/km).

Importantly for employers, car club vehicles are insured for business use, well-maintained, roadworthy and fit for purpose. Car club vehicles are of comparable standard to pool, hire or company cars.

Car club vehicles compare favourably with grey fleet cars, which are typically older, with lower safety standards and higher carbon dioxide (CO<sub>2</sub>), nitrogen oxide and particulate emissions. Additionally, the car club removes the employer's obligation to check that grey fleet vehicles are insured for business, roadworthy, and fit for purpose, which can be time consuming and easily overlooked.

With sophisticated online booking systems, your organisation can use a vehicle during the day for business and local residents and staff can use it in the evenings and at weekends. This spreads the cost over a larger group of users and utilisation is maximised. Even with an employee-only car club, it is possible to allow private use by staff – they simply need to create a different user identity to book, access the vehicle and be billed for its use.

### Summary of key information / highlights

Car clubs offer self-service access to a range of vehicles parked in dedicated bays nearby, or in your own car park. In the UK, car clubs have proven to be successful using different models on varying scales, providing pay by the hour access in locations as diverse as London and Llanidloes.

### How does a car club work?

At the top end of the market, car clubs use in-vehicle telemetry and online booking to provide a fully integrated solution:

1. **Book:** by telephone or internet, for as long as needed, in advance or with a few minutes' notice.
2. **Unlock:** cars are located at designated parking bays and accessed with the member's smart card.
3. **Drive:** by swiping a smart card or entering a pin. Extend bookings as you drive.
4. **Finance:** pay-as-you-go charges include fuel and maintenance, with fuel cards provided in the vehicle.

### What are the benefits of a car club?

- Potential benefits include improved efficiency, reduced risk and fewer administrative burdens, lower vehicle particulate emissions (Euro four or five), increased safety (NCAP four or five) and lower carbon emissions (usually under 140 g/km, often under 120 g/km). Vehicle standards are likely to improve further over time; the above estimates are applicable at the time of publication (November 2012).
- Itemised account statements provide detailed information on usage including your internal job codes so that you can track travel costs and easily attribute charges to departments or projects.
- Staff can book cars themselves using the online system provided, or longer term agreements can be made. In addition, you can use any car from the club's network, not just those assigned to you on working days.
- By giving your staff access to a car during the day, some may be able to commute by public transport, freeing up valuable parking space and reducing congestion.
- By supporting a car club in your area you can bring a benefit to the local community that would otherwise not have been available.

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Car clubs use in-vehicle telemetry and online booking systems.

## What type of organisation can use a car club?

Current car club members include SMEs, some large corporate organisations, local authorities, NHS trusts, housing associations and universities.

## Where can I get more information on car clubs?

Carplus is the national charity supporting the development of car clubs. The Carplus website [www.carplus.org.uk](http://www.carplus.org.uk) hosts useful resources including case studies, guidance documents and events.

### How can EST help?

For more information, please visit [www.energysavingtrust.org.uk/fleet](http://www.energysavingtrust.org.uk/fleet), call the Energy Saving Trust Advice Line on **0845 602 1425** or email [transportadvice@est.org.uk](mailto:transportadvice@est.org.uk).

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Car club vehicles meet high emission (Euro) and safety (NCAP) standards.

## 1.2 Would a car club work for you?

Factor	Pool Vehicle	Car Club Vehicle
Investment	Capital or lease cost	Annual membership
Management	Administrative staff	Fully managed
Bookings	Booking & key management	On line booking, in-car keys
Availability	When "reception" available	24/7 availability
Monthly cost	Fixed costs plus fuel	Pay as you go includes fuel
Keeping it clean	Organise valeting	Cleaned monthly or fortnightly
Roadworthiness	Organise checks	Checked monthly or fortnightly
User complaints	Complaints system	Immediate response
Paying for fuel	Fuel cards	Fuel cards included
High cost	Low annual mileage	Long (time) and short (miles)
Low cost	High annual mileage	Short (time) and long (miles)
Full utilisation	No evening/weekend use	Available for private use

The table above compares various aspects of operating a pool fleet with using a car club.

This comparison shows that the car club can reduce financial commitment, remove most of the administrative burden of running a pool fleet and has the added benefit of vehicle availability 24/7. If the car club vehicle is equipped with full telemetry then the system records driver details and when and where the vehicle is driven – important in the event of a collision or traffic offence. This is a more comprehensive level of monitoring than that achieved by most pool car fleets.

Most commercial car clubs will check a new member's driving licence with the DVLA when they join and annually thereafter (or more frequently if the driver is on their penalty point threshold). This provides a better level of driver management than that achieved by typical pool and grey fleets.



## 1.3 Cost comparisons

Mileage	Miles/hour	£/hour	£/mile	Cost	£/mile	Saving/(Cost)
Low	8	£4.00	£0.20	£5.60	£0.70	(£2.00)
Breakeven	16	£4.00	£0.20	£7.20	£0.45	£0.00
High	32	£4.00	£0.20	£10.40	£0.33	£4.00
Maximum	64	£4.00	£0.20	£16.80	£0.26	£12.00

A wide range of reimbursement rates are used for grey fleet mileage across the public sector. These include HMRC approved allowances of 45 pence per mile up to 10,000 miles and then 25 pence per mile thereafter, and the NJC Scheme, consisting of 12 different rates up to 65 pence per mile. In the private sector, where grey fleet mileage exists but is less common, the HMRC rates are often applied, because they have no tax implications for either employer or employee. So for most organisations, 45 pence per mile is the benchmark operating cost to equal or improve upon.

To achieve this, both car club and pool vehicle operators must optimise utilisation. A typical pool car, for example a Vauxhall Corsa or Ford Fiesta, needs to cover about 12,000 miles per year to break even with the HMRC rate. For organisations with a small operational area such as an urban unitary council, it can be hard to achieve this mileage in daily business use.

Most car clubs charge an hourly rate (typically £4 to £5 per hour) and a mileage rate to cover fuel, maintenance and repairs (around 20 pence per mile), and some include an element of mileage in the hourly rate. At £4 per hour and 20 pence per mile, journeys that average more than 16 miles per hour (distance travelled) will be cheaper than the HMRC rate.

The table above shows that on medium and long journeys, money is “saved” compared to the HMRC rate and this can offset the “costs” from shorter, more expensive journeys. In the model above, one journey of 32 miles each way would offset the losses incurred by six, low mileage journeys.

Most car clubs charge an hourly rate of between £4 and £5.

An understanding of your organisation's travel profile is required to calculate how this might work for you. Unfortunately the systems for recording grey fleet mileage claims tend to record only gross mileage and don't capture the detailed information staff provide when making a claim such as the journey duration and purpose. Establishing the mileage profile therefore requires detailed analysis of claim forms over a given period (e.g. one month).

At least one car club provider has avoided this complexity by charging the HMRC approved rate of 45 pence per mile for car club vehicles.

**Case study: Go-Low, Bristol  
(Commonwheels and partners)**

Go-Low, a Community Interest Company (CIC), was formed following a two year project undertaken within the Avon & Wiltshire Partnership NHS Trust (AWP) supported by Bristol City Council. With funding from the Department for Transport, the Local Sustainable Transport Fund recently supported Go-Low's creation as an independent social enterprise in partnership with Commonwheels Car Club. This enabled the service to be offered to NHS Trusts and Local Authorities in the West of England and across the UK.

To address the concern that the car club solution may cost more than using mileage reimbursement rates, Go-Low works with organisations to maximise efficiency of vehicle assets. Go-Low is not strictly a car club; it is technically a fleet management service which seeks to create wider benefits for organisations and communities. A pilot scheme demonstrated that their approach could meet the transport needs of a mental health trust, overcoming concerns that service delivery in a demand responsive environment might be compromised. The car pilot scheme was expanded, with the help of grants, to include an electric bike pool fleet. The Ebikes have proved popular with staff, and have demonstrated that they can be a very effective way to deliver community services in urban areas.



Pierre Fox, Manager of Go-Low, believes that the large volume of travel undertaken by NHS Trusts makes it easier for the service to work. However, because most people still drive to work, they are more likely to use their private car for business journeys, not least because it may be seen by some as supplementing their income. Removing this additional mileage contributes to the cost savings and reduces commuting in private cars, and employees using the Go-Low service report a high level of satisfaction. The pilot scheme was subject to academic research undertaken by the University of the West of England, and the positive results can be seen in the recently published paper, *"Alternatives to private car use by mobile NHS professionals"*.

Go-Low will soon become a self-sustaining social enterprise that can help public sector organisations save money. While this is itself an important benefit, Fox notes that insufficient attention is given by the NHS to the impact on air quality associated with older grey fleet vehicles. "Emissions are harmful to health and this should be taken into account when selecting travel options, especially in urban areas like Bristol and Bath where plug-in vehicles and electric bikes can work well. The club can also make people more productive by reducing parking issues and encouraging them to plan their day ahead."

**Features of interest:** social enterprise (CIC); mix of cars and electric bikes; fixed mileage rate; no hourly charge; Local Authority and NHS involvement.

The comparison between grey fleet and alternative modes of transport often comes down to cost per mile. However, that doesn't take into account the administrative cost of grey fleet claims, the time spent submitting mileage claims, and the reputational risk that arises from poor grey fleet management. Tasks such as driving licence checks, insurance checks, and vehicle assessment all take time, and therefore have a cost implication.

## Mileage reduction

Additionally, when pool cars or car clubs are introduced to replace grey fleet travel, total business mileage is reduced, achieving further cost savings. This mileage reduction provides an additional financial and environmental benefit and occurs for two reasons:

- There is no journey inflation because all mileage is electronically recorded.
- There is no incentive to travel to supplement income.

Item	Value	Units
Mileage	500,000	Miles/annum
-12% Inflation in mileage claims	60,000	Miles/annum
-10% Incentive to drive additional miles*	50,000	Miles/annum
Residual Mileage	390,000	Miles/annum
Original Cost	£225,000	£/annum
New Cost	£175,500	£/annum
<b>Saving</b>	<b>£49,500</b>	<b>£/annum</b>

<b>Time Saving</b>		
Average Speed	40	mph
Hours saved*	1,250	hours
Average Cost	£30	£/hour
<b>Time Saved</b>	<b>£37,500</b>	<b>£/annum</b>
<b>Total Saving</b>	<b>£87,000</b>	<b>£/annum</b>

\*Note: Time saved based on 10% reduction due to reduced financial incentive to make a journey.

Journey inflation is often little more than staff rounding up claims: from 4.2 miles to 5 miles is a 20% increase. While this can be controlled for regular trips (for example between office sites), it's more difficult for ad-hoc visits. There are varying estimates regarding the scale of journey inflation with some mileage capture companies claiming rates as high as 27% while others suggest 8-12% is more typical.

The savings achieved by removing the financial incentive to drive depends on the current remuneration system. If staff are reimbursed at the highest NJC rate of 65 pence per mile then a move to a car club – or even a pool fleet – should result in a significant reduction in total mileage. Even at the HMRC rate of 45 pence per mile, mileage reductions of over 10% have been observed and at one local authority a drop of only seven pence per mile resulted in 9% fewer miles claimed.

The saving arising from overall mileage reduction is the most significant because it not only saves 100% of the mileage rate, but it also saves staff time which, at a typical payroll cost of £30 per hour, can mean significant cost savings. The table above illustrates the financial impact of transferring 500,000 miles from the grey fleet reimbursed at 45 pence per mile to a car club with an average recharge (after VAT) of 45 pence per mile:

**Case study: Woking Borough Council  
(Enterprise WeCar)**

Following an Energy Saving Trust Green Fleet Review, Woking Borough Council decided to tackle low utilisation of its pool fleet and high grey fleet mileage by introducing a car club. The scheme they selected, WeCar, is membership-based car sharing run by Enterprise Rent-A-Car. Since this initiative began, WeCar has been adopted by a number of other councils and Norfolk Community Health and Care NHS Trust.

Woking Council's pool car had already achieved a significant reduction in grey fleet mileage. However, in order to eliminate it entirely, the pool car was replaced by two WeCar vehicles for short journeys, supported by Enterprise hire cars to be used for longer journeys (over four hours) and at periods of peak demand. Grey fleet mileage - at that time a residual 30,000 miles per annum - was then banned.

The Council has achieved high levels of vehicle utilisation (about 4.5 days per week) and saved money compared with the combined cost of the pool car and grey fleet. There has been a modest reduction in carbon emissions of 1.2 tonnes per annum because WeCar operates lower carbon

vehicles than the grey fleet. According to Enterprise the scheme has reduced mileage by about 30% and fewer drivers use the cars than previously claimed for grey fleet mileage.

The scheme allows local people to join and, although only a small group have done so, they account for 50 additional weekend hires each month. This is a useful contribution which offsets some of the fleet's operating costs.

In January 2012, a Peugeot iOn electric car was added to Woking's WeCar fleet. This has been part-funded by Woking Council for one year to trial it. According to Adrian Bewley from Enterprise, the plug-in vehicle presents some challenges. "It's limited by public charging points in the Borough which is 14 miles from side to side. At the moment it is not as cost effective as traditional vehicles but it does expose staff to the new technology which is an important step towards more widespread acceptance of EVs."

The Enterprise WeCar model is a business-focused car sharing programme, but it can incorporate both private and public use. Mr Bewley's view is that it is best to start with two to five vehicles and build as demand increases. "The aim is to have about 40 employees per vehicle but this will depend on the frequency of the bookings and the length of journeys. If you already have a pool fleet, our experience is that one WeCar can replace two or three pool cars. This is due to a more efficient online booking and management process so employees know when the vehicles are available and can schedule their meetings around that."

There is a fixed monthly charge for the WeCar vehicles and they are hired for a minimum of one year. Enterprise insures the vehicles and provides a fuel card. This model requires the employer to ensure that the vehicles are fully utilised but they are assisted in doing so with the additional data provided by the tracking system.

**Features of interest:** dedicated fleet; integrated with hire car use and a fixed monthly cost.

As already discussed, establishing the savings from introducing a car club is more complicated than just considering the cost per mile travelled. In-depth knowledge of your organisation's current mileage profile and an analysis of current journey lengths are also needed to determine which car club model would benefit you most:

1. Hourly rate combined with low mileage rate (typically about £4 to £5 per hour and 20 pence per mile).
2. Fixed mileage rate, possibly based on HMRC rates (currently 45 pence per mile).
3. Fixed monthly rate and unlimited mileage, and a fee for insurance and fuel costs.

There are variations on all three of these available and the impact of being able to reclaim VAT on car club costs also needs to be taken into account.

## 1.4 Establishing a car club – different models

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There are lots of car club options and some will only be open to larger organisations. However, forming a federation of companies on a business or trade park may be enough to persuade an operator to set up a scheme, or to persuade a local authority to support the establishment of a car club or van.

### Buy in to an existing service

For most SMEs, joining an existing club will be the only option; this is not ideal if you are based in a town or city without a car club, though membership may still be of interest if your staff regularly travel to a city with a club. The two big commercial operators in the UK are City Car Club and Zipcar. City Car Club has the widest geographical spread of the two firms, with clubs in 14 cities in England, Scotland and Wales. Zip Car provides vehicles in five urban areas in southern England. The most recently announced entry into the UK market is car2go which is owned by Daimler and has plans to put 250 Smart cars on Birmingham's streets.

### Case study: Birmingham City Council (car2go) launching in early 2013

Car2go, a joint venture between Daimler and Europcar, is a car sharing service with a difference: 250 smart fortwo vehicles 'free-float' around the city. Vehicle hire does not start from a fixed location and the vehicle can be left anywhere within the "home area" providing it is a legal parking place (including time limited parking bays). The service will make one-way rental trips possible for Birmingham's residents, business users and visitors. The service will launch in early 2013.

Drivers can find the nearest car online but experience elsewhere suggests most people will simply walk about, find one and pick it up. Booking in advance is possible, but there is no necessity to do so. Drivers are charged by the minute with a maximum hourly and daily charge, and there is no restriction on the journey length or time; the only requirement is that the rental is terminated within the designated "home area". Outside of this zone, the on-board telematics system will prevent termination of the rental and direct the driver to return before terminating the hire.

The smart fortwo car2go cars are all petrol powered and have official carbon dioxide emissions of less than 100g/km. They are equipped with stop-start “micro-hybrid drive” technology to eliminate unnecessary fuel consumption and emissions whilst idling. An eco-drive telemetric function is fitted to encourage fuel efficient driving.

Membership is secured by a one-off joining fee – no annual or monthly charges apply – and drivers pay for usage. Billing can be directed to a private or business account as nominated by the customer on the telematics screen when commencing a rental period.

There are plans to introduce this scheme to other UK cities in the near future.

**Features of interest:** no pre-booking; no annual fees; parking charges included; no dedicated bays; vehicle can be left in any legal parking place within the “home area”.

Co-wheels, a not-for-profit social enterprise company, provide a national booking and telemetry service to about 20 local car clubs throughout the UK. Co-wheels is a Community Interest Company (CIC) and has partnered with the local groups, some of whom are also CICs. Such schemes are often supported initially by the Local Authority or a national agency.

Finally there are community run clubs in several small towns and large villages throughout the country. One example is Moorcar (a Co-operative Social Enterprise) which started in Devon and allows other community car clubs across the UK to use its booking services. These smaller clubs do not usually use vehicle telemetry, most have simple online booking systems.

According to Keith Kelly of City Car Club, the majority of their private sector business users are SMEs who like having no commitment beyond the annual membership fee.

Mr Kelly highlighted two locations where SMEs make full use of the City Cars on offer: the Round Foundry Media Centre in Leeds and the Northern Quarter in Manchester. Both areas have a mix of small businesses and local residents - often young professionals - living in flats with limited parking; the ideal mix for establishing a successful car club.

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Membership is secured by a one-off joining fee and drivers pay for usage.



Joining the local club is straightforward and if its vehicles are located close to your business, the low joining fee makes signing up an easy decision. What may be more difficult is to persuade your staff to use the new service. Targeting a particular office or department and gaining buy-in from that team and its management can be a good way to start.

**Case study: Round Foundry Media Centre, Leeds (City Car Club)**

The Round Foundry Media Centre, located in Leeds city centre within a business and residential development, provides serviced office space specifically for creative, digital and media businesses.

16 businesses and 32 local residents make use of the City Car Club vehicle (a Ford Fiesta) located in the site's car park. There is a second vehicle about a five minute walk away and a total of 17 vehicles in and around the city centre.

Utilisation is split almost equally between the two groups (business and residential), and the user group includes IT companies, architects and consultancy businesses.

**Features of interest:** SME use of car club; success of mixed business and residential development in providing round-the-clock demand.

## Wider community benefit

For many large public sector organisations, especially local authorities and NHS Trusts, expenditure on grey fleet can be significant. Investing in the start-up of a local car club is one way of redirecting expenditure from grey fleet into the provision of a community resource. While this may not result in a saving in the first year or two of operation, it allows a car club to become established in an area that would otherwise be without one, and after the initial period of support, it can deliver long term savings and repay the initial investment.

A car club can be an effective way of addressing transport poverty where a lack of local public transport at evenings and weekends compels residents to operate a car even though they may be on a low income. Unlike fuel poverty, there is no definition of transport poverty but for many income groups one of the largest household expenses can be the cost of owning and operating a car.

Additionally, a car club can address the problem of limited parking in areas of high density housing; one car club vehicle has been shown by independent research carried out by TRL for Carplus to displace at least seven privately owned cars and, when taken with reduced use, is equivalent to a reduction of 20 cars.

Redirecting money previously spent on grey fleet payments to establishing a local car club can have wider community benefits but may require initial investment. For a local authority, supporting the start-up of a car club involves providing parking bays (on street or in council owned car parks), and sometimes covering the monthly operating cost for the first year while membership builds. That cost is in part off-set against staff use of the cars. This approach requires the vehicles to be positioned in locations that are convenient to council staff and accessible to members of the public and other businesses around the clock.

### **Case study: Kirklees Council (City Car Club)**

City Car Club has worked with Kirklees Council since May 2009 to develop a car club solution for the district. The development of a car club in Kirklees is part of the Council's strategy to reduce congestion through the provision of alternatives to private car ownership.

Kirklees Council supported the club through its own membership of the scheme; they effectively guaranteed the cost of provision for the first year. Additionally, the council provided parking spaces at key locations in Huddersfield, the principal town in Kirklees.

The car club now has over 300 members, making it one of the largest and most successful car clubs outside a city in the UK. The number of vehicles available has increased from five at two locations to nine vehicles at four locations in Huddersfield and one in Dewsbury. Over 8,200 bookings have been made in the last three years, totalling 30,400 hours and members have travelled over 164,000 miles using the vehicles. Most bookings are made by members on accounts set up by their employers.

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Car clubs can address the problem of limited parking in areas of high density housing.

Kirklees Council is currently the largest client, although use by other employers is growing. In 2010/11 Kirklees Council staff drove nearly 45,000 miles in the car club vehicles and this has led to the successful establishment of a car club in the area.

Cllr David Sheard, Kirklees Cabinet member for the Council's Streetscene department, said: "Car club membership brings benefits to private or residential members who are able to avoid expensive private car ownership whilst retaining access to car on a pay by the hour basis when they want one. It provides a flexible, convenient, green and easy to use way to get to business appointments that does not rely on commuting to work by private vehicle."

**Features of interest:** council support; rapid growth; high business use.

Over the longer term, financial support can be withdrawn as club membership grows to a self-sustaining level. This can take between one and two years, and requires 20 to 40 users per vehicle. The wide variation is because break even depends on hire frequency and journey length; clubs in dense urban areas tend to be used for shorter journeys and therefore need more members, similarly business based clubs depend on the nature of the business and its area of operation.

## Dedicated in-house 24/7 car club

For some organisations where staff may be on duty at all times it is essential that a fleet of cars is immediately available for use at any time of day or night, potentially providing an emergency response. Sharing the fleet with the public is not an acceptable option in such cases, but operating a pool fleet is often regarded as onerous because it lacks the sophisticated booking and user monitoring of a car club.

For Paul Arnold at Hertz, the success of such schemes depends on two key factors: staff engagement and the company's willingness to remove incentives for employees to make journeys in private cars. The vehicles Hertz provide are exclusive to the customer. In return, the customer guarantees an agreed usage level; it is then up to the client to ensure their internal policies are changed to encourage use by employees.

### **Case study: British Airports Authority – Heathrow (Hertz)**

British Airports Authority operated a fleet of 12 pool cars “air-side” at Heathrow Airport and they were available for use 24/7. The online booking system used by BAA was not robust (for example, staff could delete entries); it was often inaccurate and did not identify incidents of staff booking and not using a vehicle. It also had no way of preventing someone accidentally taking car keys home.

When the 12 vehicles came to the end of their lease BAA decide to replace them with nine Hertz vehicles operated as a car club with online booking and in-car telemetry. The vehicles are now operated as a genuine pool; whereas previously four departments had three vehicles each, with the car club they share nine vehicles.

The booking engine (which shows availability in real time) has allowed BAA to significantly improve utilisation and reduce the fleet from 12 to nine vehicles. Mr Arnold explains “this level of reduction is not uncommon when we take over the operation of a pool fleet. We can identify people blocking the cars – booking them ‘just-in-case’ but not using them – and the in-car technology means lost keys are no longer an issue”.

For this project, Hertz developed a “Swipe and Go” facility. One vehicle must be on stand-by for emergencies, and in such cases, staff need quick access to the vehicle, without spending time booking the vehicle out online. With this feature, an employee with an authorised club card can walk up to the vehicle, swipe the screen access pad and the car is immediately unlocked and booked out to that driver.

**Features of interest:** improved utilisation allowed reduction in fleet size; swipe and go facility; vehicles are shared across departments that previously had their own.

Replacing the pool fleet with a car club improves utilisation and facilitates vehicle tracking. Staff can’t deny making a booking if they fail to use the vehicle at the allocated time, or make retrospective changes to bookings in the event of an accident. Fleet and risk management are both significantly improved.

In Mr Arnold's view, managing a retail car club such as Hertz On-Demand is much more difficult than managing a corporate fleet where the user group is more closely defined and the demand more predictable. He believes that the technology will adapt well to ensuring that drivers of specialist vehicles have the right qualifications. For example, a car club minibus could have a requirement that all drivers have completed MIDAS training and assessment and so prevent unqualified employees from accessing the vehicle.

### A low cost car club option

In-vehicle telemetry is expensive, adding about £1,200 to the cost of a vehicle, although it may be possible to transfer it to another car when a vehicle is taken off the fleet. There are also issues with interfacing the hardware with some makes and models and that should be taken into account when choosing vehicles. Where there are five or more cars in one location, a lower cost option is to use a telematics enabled key manager cabinet which releases the key for the booked vehicle.

Some smaller clubs use an online booking system and a key cupboard accessed with a pin number sent to the driver's phone. If more than one car is on-site the system relies on you taking the right keys, recording mileage using an in-car log book, and updating the booking system via text message. This can work well for start-ups in small communities but may not be suitable in the corporate environment.

Additionally, there are community solutions and these may be little more than a paper diary, a phone call and a meeting with the administrator to hand over the keys.

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A lower cost option is to use a telematics-enabled key manager cabinet.

### **Case study: Whipcar**

For over two years Whipcar has been offering an online car club that aims to use the “spare capacity” in the existing fleet of vehicles on the road. According to Whipcar, the average privately owned car costs about £5,000 per annum to run but is used for fewer than five hours per week. Private car owners can offer their vehicle for hire to members of the scheme using the website and come to their own financial arrangement with the hirer. Whipcar provides the online booking system, the insurance cover and takes a fee.

It has always been possible for a company to manage its fleet of pool cars using the Whipcar system, or even for a small business to setup a local car club. However the software was not set up for fleet use and did not originally meet the needs of a fleet manager.

Whipcar plans to launch Fleet Interface, software which will allow cars to be grouped and managed together. Vinay Gupta, Whipcar founder, explains “We had a new residential development asking us if it could use our system to provide cars for the residents. They wanted the residents to own the cars but needed a robust booking system with full insurance. By developing a Fleet Manager interface we can allow organisations to setup several vehicles on the system but manage them through one interface.”

For businesses wanting to trial online booking and benefit from wider pool fleet utilisation, Whipcar might be a viable option. It would also suit a small business or trade park wanting to share a car or van.

**Features of interest:** simple setup; sharing an existing resource; low technology (no in-car telemetry).



## 1.5 Benefits of business use of car clubs

When compared with a pool or grey fleet, a car club has a number of benefits.

Car club benefits in comparison with a pool fleet	
High utilisation	The online booking system ensures that the demand for a vehicle is very visible. Additionally, the link with in-car telemetry ensures that anyone booking a car or van and not using it is immediately highlighted. At least one car club company believes pool fleets can be reduced in size by a minimum of 25% by the introduction of a car club. The technology removes barriers between departments ensuring all vehicles are used efficiently.
Driver monitoring (risk management)	The system knows who is driving the car, so any penalty notice can be delivered to the right driver. It also ensures that accidents are reported accurately to the car club and to the driver. Car clubs check and valet vehicles monthly (though drivers still have a legal requirement to check the vehicle themselves). As a result car club vehicles should always be well presented and faults quickly identified.
Private use	Private use of a pool car, unless carefully documented, would result in a "Benefit in Kind" tax claim from HMRC. With a car club vehicle it is possible for staff (and members of the public) to have their own membership of the club and use the vehicles during evenings and at weekends with no tax implication. This use increases vehicle mileage and reduces the operating cost to the business as well as providing a small income stream.
Reduced investment	If the car club is already established in your area then the only costs will be a corporate membership fee and an additional fee for each employee member. Dedicated corporate car clubs cost more because you have to guarantee a monthly income or pay a monthly fee. This can be offset by some private use (by staff) which becomes a source of income. Where the business is underpinning the start-up of a public access car club the monthly income guarantee may only be needed for the first year or two.
Availability	A car club can be a better experience than a pool fleet with 24/7 availability of vehicles, easy access to online booking and no problems getting the keys, as they are in the car.
Car club benefits in comparison with a grey fleet	
Duty of care	A car club vehicle will be fit for purpose, insured for business use, well maintained and will meet recognised safety standards such as the European New Car Assessment Programme (NCAP) four or five star rating. The booking and in-car telemetry ensures there is a fully auditable trail to show who was driving the car at any time.
Reduced environmental impact	The average grey fleet car is almost seven years old but many will be much older. Their air quality (NOX and PM10) and carbon emissions will be poor in comparison to modern car club vehicles.
Better time planning	In researching this guide a number of interviewees commented that the car club has imposed better time management on staff who now plan trips out to fit with vehicle availability and optimise visits to ensure they make full use of the vehicle. This is hard to quantify but does result in more efficient and effective working.
Less administration	The paper trail of grey fleet mileage claims is eliminated as is the employer's obligation to ensure the cars in use are insured, fit for purpose and well maintained. The car club vehicle eliminates mileage inflation as the mileage recharged to departments is accurate. There are no tax and national insurance implications which arise if grey fleet drivers are reimbursed at rates higher than those approved by HMRC.
Reduced mileage	Making pool cars or car club vehicles the first choice for business travel results in a significant reduction in total business mileage. Some of the saving is from elimination of mileage inflation (rounding up mileage in claims) but some is from simply travelling less because there is no perceived financial benefit to the employee in making the journey.
Cost (£/mile)	This is a difficult case to evaluate. It depends on the current mileage rate being paid and for some journeys (such as where a vehicle is required for a short distance but a long period of time) it is likely the car club will be more expensive than other travel options. Businesses should focus on the average cost across all journeys. However if staff are allowed to cherry pick the use of car club and grey fleet – the club for short journeys from the office, the grey fleet car for longer ones from home – savings will not be achieved.

## 1.6 Disadvantages of car clubs

There are few disadvantages in the use of a car club over a pool car. The higher cost of establishing a car club system is off-set by simplified management, better utilisation, 24/7 availability and fewer cars. However, both car clubs and pool cars can have perceived disadvantages when compared with the grey fleet.

Car clubs: disadvantages in comparison with a grey fleet	
Convenience and the need to plan	<p>For some staff the ability to just walk down to the car park and drive off with no need to plan ahead is a convenience they are reluctant to give up. For those who believe they need to respond regularly to emergencies, that level of access cannot be met by a car club vehicle unless it is a dedicated emergency response vehicle. However, the degree of need for that level of service should be challenged and evidence requested.</p> <p>For most staff the car club requires a degree of organisation to which they may not be accustomed (and that may be a benefit, as discussed earlier). Clearly there is a need to plan, book ahead, and optimise the use of the vehicle. Whether this is an advantage or a disadvantage depends on your viewpoint.</p>
Cost	<p>For a two mile journey to a two hour meeting a car club vehicle is an expensive option when compared with the grey fleet journey. Indeed a taxi might even be cheaper. In cities, the use of public transport may be both quicker and cheaper for this type of journey.</p> <p>There will always be journey combinations that are more expensive in a club vehicle; but from a business perspective the consideration is whether the overall saving (cheaper longer journeys, accurate mileage recording and no financial incentive to travel) offsets these few expensive journeys.</p>
Risk of failure	<p>Good research is the key to success. The initial group of vehicles should be located where there is maximum potential demand (for example where there is high grey fleet use and restricted staff parking) then other locations can be added gradually. Some sites may not fully justify a car by themselves, but may be a necessary part of a network of provision and therefore cross-subsidy must be considered.</p> <p>Standardising vehicle types makes it possible to relocate vehicles from sites where demand is low to those where demand is not being met. Engaging with local managers and their teams is critical because the manager will be signing off grey fleet claims and should be encouraging staff to use the car club vehicles.</p>

## 1.7 Barriers to change and overcoming them

All the organisations contacted in preparing this guidance emphasised the importance of travel culture change and a shift in travel policy for successful implementation of a car club. Simply providing access to a club will not change the way the majority of people travel.

Overcoming the barriers to change	
Habit	<p>For many reasons, people are comfortable with their own car. It's tuned into their favourite radio stations, has their sunglasses in the glove box and they know how the ancillary equipment works.</p> <p>Alternative vehicles – pool cars or car club – must be attractive, well maintained, clean and not present any barriers to use (for example difficult booking or key pick-up systems).</p> <p>But the organisation must also make it clear that grey fleet is the last resort. First choice should be the non-travel option of teleconferencing (audio, video or web), next public transport and then the car club vehicles (supported by hire cars for longer journeys). The grey fleet should only be an option when all others prove unsuitable.</p>
Familiarity	<p>Some employees will be reluctant to use a vehicle with which they are unfamiliar. While many drivers are quite relaxed about driving different makes and models of vehicles others are less confident.</p> <p>Short familiarisation sessions can help, as can having a fleet of vehicles from one manufacturer so that controls are in a similar place and look the same across the range of vehicles.</p>
Financial benefit	<p>The continued use of high mileage reimbursement rates such as the NJC and NHS Annex L schemes is not compatible with increasing uptake of car club vehicles and reducing grey fleet mileage. Paying such rates encourages employees to use their own vehicles for business journeys.</p> <p>The average grey fleet car is almost seven years old. The depreciation associated with it is comparatively small and the financial benefit from a rate of 65 pence per mile or even 45 pence per mile can be significant. For many staff, mileage payments are perceived as supplementary income.</p> <p>Reimbursing employees at HMRC approved rates, and then only if grey fleet was the only practical option, can discourage un-necessary travel.</p> <p>Several public sector bodies now have a 25 pence per mile rate for journeys taken in a private car when a car club, pool or hire car was available. Staff have to prove the grey fleet car was the only viable option to get the full HMRC rate for the journey.</p>
Financial risk	<p>A car club may not work. Mitigating this risk is all about background research and travel policy. Make sure you have the right vehicles in the right place to meet demand with easy access. Drivers and managers must be engaged early on during policy development and understand why you are doing it. Financial incentives to use alternatives (e.g. high mileage rates) should be reduced if not completely removed. A robust travel hierarchy should be in place and enforced by managers.</p>

## 1.8 Action plan

Moving staff mileage to a car club can be a daunting task. An organised approach will build the evidence base and help you decide which option is best for you.

1. Understand how staff are currently travelling. Gather detail from claim forms and pool car bookings about the number of journeys, their length and their cost. Understand which of your business sites have the greatest travel needs.
2. If you have a pool fleet, work out its full cost and how much it costs per business hour, per hour used and per mile driven.
3. Research the car club options in your area – if none exist, look at clubs operating in comparable towns or cities.
4. Talk to other local employers who may be interested in reducing mileage and costs.
5. Shortlist the car club options that might work for you and then interview possible suppliers.
6. Review your own travel policy and make sure you do not have financial incentives in place to discourage use of a car club and encourage unnecessary journeys.
7. Establish a clear travel hierarchy with non-travel options at the top and grey fleet at the bottom.
8. Launch the car club in one department with at least two vehicles and a strong commitment from local managers and staff to ensure it is the first choice option.
9. Promote the club, monitor usage and review with the local users.

## 1.9 Appendix A: Glossary

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<b>Car club</b>	Members' club that permits access to shared vehicles.
<b>DfT</b>	Department for Transport.
<b>DVLA</b>	Driver and Vehicle Licensing Agency.
<b>EST</b>	Energy Saving Trust.
<b>Euro 1-5</b>	Euro Emission Standards. Regulate toxic emissions (NOX and PM10).
<b>GFR</b>	Green Fleet Review – Energy Saving Trust.
<b>Grey fleet</b>	Employee owned vehicles reimbursed by a mileage allowance.
<b>HMRC</b>	Her Majesty's Revenue and Customs.
<b>HSE</b>	Health and Safety Executive.
<b>NCAP</b>	New Car Assessment Programme – safety testing scheme.
<b>Pool Car</b>	Car available to a group of employees for business use.

**Energy Saving Trust**

21 Dartmouth Street,

London, SW1H 9BP

Phone: 0845 602 1425

[energysavingtrust.org.uk/fleet](http://energysavingtrust.org.uk/fleet)

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