

Report for Resolution

Report to Executive
4 March 2009

Report of Head of Transportation and Landscape

Subject Options for supporting a car club scheme in Norwich

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Purpose

The purpose of this report is to:

- Inform members of progress in the development of a car club scheme in the city
- Put forward options for how S106 funding may be used to ensure the continuation of a car club scheme in the city in anticipation of the end of the European funded Civitas programme which has kick-started the initiative.
- Delegate authority for the final decision on this to the Head of Transportation and Landscape in consultation with the Portfolio holder.

Recommendations

Members are recommended to agree to allocate up to a maximum of £30,888 of existing S106 funds collected from City developments for the purpose of providing sustainable transport initiatives to support the most sustainable option for the continuation of a car club scheme in the city and to delegate to the Head of Transportation and Landscape, in consultation with the Executive member for Sustainable City Development the agreement of an appropriate support package.

Financial Consequences

The financial consequences are detailed in the body of this report.

Risk Assessment

At this stage in its development, the car club in Norwich is not sustainable without further financial support once the Civitas programme has ended and would therefore cease to operate. Should this happen, the council would need to fund the removal of the existing infrastructure that has been put in place in the form of car Club bays along with the necessary legal procedures to facilitate that process at an estimated cost of £6000.

In an economic downturn there is a risk that a car club may experience lower levels of demand and take longer to become self financing without continuing financial support. However the converse is also true that in an economic downturn

the demand for occasional use of a vehicle in the city may increase and would provide a better alternative to car ownership.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority “Strong and prosperous city – working to improve quality of life for residents, visitors and those who work in the city now and in the future” and the service plan priority delivering sustainable transport options

Executive Member: Councillor Morrey - Sustainable City Development

Ward: The car club currently operates in Nelson, Town Close and Mancroft wards

Contact Officers

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Background Documents

None

Report

Background

1. The car club concept is relatively new in the UK, with only a few cities having operational clubs in their areas. Historically, these have been within major urban centres, but with the advent of the CIVITAS project (which commenced early in 2005, the opportunity presented itself to establish a car club in Norwich, supported by funding from the European Union. The current operator, 'City Car Club' became a partner in this European project, and has worked with the Council to establish the club here in Norwich
2. The Norwich car club has been operational since April 2006 when the first car was introduced at UEA. Subsequently in November 2006, the scheme was extended into the 'Golden Triangle' area of the City with 4 cars provided on-street in York Street and Gloucester Street. Although the UEA car was withdrawn in May 2007, further expansion took place in February 2008 with 4 additional sites (6 cars in total) in Portland Street, Neville Street, Essex Street, and Stafford Street, and in late November of last year the first cars were introduced into the City Centre in Fishers Lane, St Benedicts Street, Colegate, King Street and Recorder Road

Experience

3. The Norwich car club has grown steadily since its original launch and now has around 150 members. Surveys of Norwich members have shown that experience here in Norwich mirrors that elsewhere in the country, where typically one car club car can replace around 6 private vehicles, and members of the car club tend to walk, cycle and use public transport significantly more than an average car owner. Additionally, the car club enables access to a car for those who would otherwise be unable to afford it, and several of the cars are currently close to social housing developments.
4. However, when the car club was originally set up here in Norwich, it was aimed primarily at residential communities, and one of the conclusions, both from the project here, and the experience nationally, is that in order to be viable the club vehicles need to be used regularly throughout the week, and thus need to be focussed in mixed use areas where an element of business use can be achieved, and preferably where a large corporate user makes use of the service as part of their travel planning

Successes

5. Whilst the Norwich car club is not yet self sustaining, the success of the club to date should not be underestimated. From a standing start, the club has expanded to be one of the largest outside the major metropolitan areas, and experienced that largest rise in membership ever in January 2009, and growth of 200% in 2008. With cars now operating from the City Centre, the opportunity for greater commercial use by local businesses has been established. The club has received very substantial and positive press and television coverage.

Opportunities

6. As the club has only recently expanded into the City Centre, the potential for increasing membership has been substantially expanded, as has the potential catchment for business use and area that has yet to be exploited. In association with the Travel Planning unit at Norfolk County Council, the opportunities for corporate use of the club by a major employer are also being explored, and as travel planning has an increasingly high profile in many organisations there is a significant likelihood that this could be achieved within the next 12 months. The County Council will be seeking additional funding support to help to further establish these initiatives in the City

Current position

7. Officers have been discussing the way forward with both the current operation of the car club, and alternative operators with an aim of ensuring continuity in the operation of the club here in Norwich, and agreeing a business plan in order to maximise its established benefits, and progress over the next 12 months to be a fully self-sustaining operation.
8. It is clear that without financial support over this period, neither the current operator, nor any alternative provider would be able to operate in the City. There are no car clubs in the UK currently that are fully self sustaining, and the use of funding through the use of S106 funding is routine in supporting the growth and establishment of car clubs elsewhere. There are a number of developments within the City that are yet to commence construction which provide for the support and expansion of the Club, including the developments at the bus station, and the Football Club.

S106 Funding

9. Policy TRA11 of the City of Norwich Local Plan requires that all significant development in Norwich support sustainable transport initiatives. Whilst these are often specific works, such funding must be used to support the operation of sustainable transport provision such as a car club.
10. There is currently unallocated funding in the S106 account that could be spent supporting the car club to a maximum of £30,888 (identified in the Appendix to this report). Whilst it is possible that the level of support necessary could be less than this, members should be clear that officers believe that the level of support needed will be close to this figure. Removal of the Car Club bays, and the associated legal work could not be taken from this funding source, and would require revenue funding of around £6,000.

Way forward

11. Officers are currently confident that there is a way forward, both to retain a car club in the City in the short term, and to expand it to a position where it would be self sustaining over the next twelve months. However, as all the current Car Club operators are small businesses and current support from the European Union for the City car club has now ended, should members agree to the use of existing S106 funding to facilitate the consolidation and expansion of the Car Club, it will be necessary to move quickly, and any alternative source of funding

12. The current operator, City Car Club is a company limited by Guarantee, and officers are mindful of procurement issues. Where funds are made available, procedures under the Constitution, such as Standing Orders for Contracts will be followed to ensure probity and value for money
13. There are several outcomes of the process, and members should be aware that the current operator may not continue to operate within Norwich, and that the Norwich Car Club could be operated by an alternative provider. There are several other car club operators within the UK, and whilst these are mostly also Limited Companies, at least one is a not for profit organisation.
14. Executive is being asked to delegate agreement of the final package of measures to the Head of transport and Landscape in consultation with the Executive member for Sustainable City Development.
15. The outcome of the considerations of the Head of Transport and Landscape, and the Portfolio holder could therefore potentially have three possible outcomes. The current operator, City Car Club, could continue operating in Norwich, probably with an operation better tailored to consolidation and expansion, or alternatively, the club might be operated by an alternative provider, again with adjustments to suit the agreed business plan. The third and possibly least attractive option is that we will be unable to secure an appropriate business plan from any operator, and the City will no longer have the car Club service available for local residents and businesses. This latter option will have revenue consequences, as the current on-street parking bays would need to be removed, and this could not be undertaken with funding from S106 agreements.

Appendix

Current unallocated S106 funding that is available for supporting sustainable transport initiatives

Development	S.106 Contribution
4156 Nelson Street	3,294
4149 Ailwyn Hall	5,493
4145 Guildhall Hill	11,400
4105 Dereham Rd	10,701
Total	30,888