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GREEN CARS

**A Brief Guide to Shared Car
Ownership**

**Steve Cousins
1978**

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GREEN CARS

Unlike the free white bikes of Amsterdam, Green Cars do not have to be green and neither are they free, although green cars are less expensive than ordinary cars. It is not the colour of the paintwork which distinguishes these vehicles from others on the road, it is how they are owned that is important. Green Cars, Co-op Cars - call them what you will - are owned by more than one family or shared between people without intimate personal relationships. In short, green cars are shared by people who would not normally "share" car ownership.

For many people the advantages of shared car ownership are purely economic. Running a car is expensive and the cost of replacing an ageing vehicle can be very costly. Others may prefer not to own a car on the grounds of being less wasteful of energy and materials. But often the realities of being totally dependant on public transport plus feet are so stark that those who are hard up find the money to run a car by economising in other ways; car owning conservationists keep their cars and say that they would use public transport were it possible to do so.

Shared car ownership is an alternative. The success of any such shared car scheme will obviously depend on the particular circumstances where you live, what the people you share with are like, etc., etc. The loss of 'convenience' which existing owner-drivers may be expecting need not be that great if you pick the right people to share with and if you take care in how you pay for travel.

How car travel is paid for can greatly influence the type of journeys you choose to make. Paying for travel in proportion to the mileage covered can be an important aid to compatibility in a sharing scheme because it increases the attraction of public transport, staying at home or getting the bike out, etc., and therefore lowers the demand for car use. Motorists seem skilled at underestimating their mileage costs. Then they actually deny themselves the convenience of rail travel for longer

trips because the rail fares seem expensive compared with the car petrol cost. So there may even be the odd gain in convenience with car sharing as compared with conventional ownership! Certainly, if the alternative to car sharing is running two aged vehicles, neither of which can be described as reliable, then sharing one younger vehicle may also increase convenience!

PAYMENT BY THE MILE

In conventional car ownership payment for travel takes place as irregular lump sums; tax, insurance, car purchase, repairs, even petrol, may be bought in 100 mile doses. How valid is it to treat all these costs as true mileage costs in a green car scheme? Petrol, wear and tear and maintenance, are obviously mileage related. Insurance, too, is mileage related in that the further you drive, the more likely you are to have an accident and lose a no claims bonus. Even bodywork decay is partly related to mileage, e.g. winter mileage on salted roads and via corrosion after accident damage, even if the damage is repaired. In a car sharing scheme it is possible to apportion the genuinely non-mileage costs (such as the £50 road tax and a portion of depreciation) in proportion to the use each party makes of the vehicle. Thus, this too can be treated as mileage related costs and added to the overall mileage charge if you have some idea of how far you are likely to drive in a year.

I have laboured this point because I believe that charging by the mile can be an important aid to the success of a sharing scheme, although of the schemes described in this guide only one is using that method. See appendix 1.

COMPATABILITY

A car sharing scheme will only work if the members are not dependent on the vehicle for all journeys. Even then it may be possible to share if you make journeys at different times. But generally, sharing only becomes possible if there are alternative ways of making some, although not necessarily all, journeys. Public transport, bicycles, feet and telephone are the most obvious substitutes. If bicycles are used, folding bicycles which will fit into a car may be convenient, or alternatively, using a shared van which will take conventional bikes, can be a good solution.

Often it is easier to get to and from work by public transport than it is to make 'social' trips by public transport in the evening. This may enable predominantly daytime people (perhaps older people) to share with younger 'evening' people.

When conflicts do arise, there can often be ways round the problem, e.g. getting a lift from someone else, or in real emergencies, there are taxis or hire cars. Booking the car in advance can iron out conflicts over important future occasions. Sharing one car between a few people may be extended to sharing a number of cars amongst an even greater number of members; 'theoretically' such schemes increase the chance of a car being available when required. I have little information on how such schemes work, other than the perhaps unusual (in that travel is free) Inter-Action Shared Car Fleet.

SETTING UP A GREEN CAR SCHEME

- * Inform your insurance company that you are changing the way the car is owned. Going ahead without informing the insurance company will invalidate most car insurances. If your insurance company will allow cover under one

named driver and an any other driver category ask what differences in cover exist between named and 'other' drivers, e.g. there will only be one no claims bonus.

- * Draw up an agreement declaring that the car is multiple owned. The agreement can be worded as appendix 2.

This agreement will clear any doubts as to the legality of making payments for travel between scheme members. If a member of the scheme loans the car to someone who is not in the scheme and then charges them for travel then this would still be illegal under hire and reward legislation. +

The entry on the log book can be altered, but need not be if the original registered person is still active in the scheme. The log book registers the keeper of the vehicle not the owner/s.

- * Set up a bank or post office account from which the car finances can be run. This is particularly helpful for "payment by the mile" car sharing.
- * Put a notebook in the car to record mileage done, petrol bought etc.
- * Agree the way in which the scheme may be disbanded, e.g. who can sell the car.

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The 1978 Traffic Act now legalises receiving payment for the costs incurred in giving lifts to passengers. However to receive payment for unaccompanied travel in a car (or shared car) is illegal if the users are not owners of the vehicle.

ESTIMATING THE MILEAGE CHARGE

The table below gives estimates of the total milage costs for operating cars of particular values, car values being determined from a magazine such as "Motorist Guide to new and used car prices". These milage charges include petrol, oil, wear and tear, depreciation etc. in fact all costs shown in the detailed account of one particular scheme (the minivan) given later. However the table can be used as an approximation to avoid laborious calculations and a lump sum adjustment made at the end of each year either to share out the surplus or to top up the fund!

Car Value	£300	£550	£900	£1400	£2000	£3000
Annual Milage						
5000	11p	13p	15.5p	19p	21p	25p
10,000	7p	8.5p	10p	12p	13.5p	16p
15,000	5.5p	7p	8p	9.5p	11p	13p

Table of milage charges according to annual milage and value of car.

The Red/Green minivan

The following account of a particular case where a (red) mini van was converted to a green car. The couple who originally owned the van was joined by another couple. The method of payment chosen was to make all costs, including ownership of the vehicle, proportional to the mileage covered. A 7p per mile charge was chosen, by estimating expenses and mileage for the first year of sharing. A post office account was opened to receive these mileage payments and from which to pay garage bills, insurance, etc.

Estimate of annual mileage:

10,000.

Value of car on entering scheme:

Obtained from "Motorists Guide to New and Used Car Prices", which valued a five and a half year old mini van in average condition at £390. This sum would be paid back to the couple who owned the van (couple A) in two instalments, one at the end of each year of the scheme, and the repayment charged for in the mileage charges. If, over the two years the originally owning couple, couple A, do 40% of the mileage and the couple, couple B, do 60%, then of the £390 repaid to couple A, 40% will come from the mileage charges of couple A and 60% from B.

Capital value on entering scheme:

Vehicle:	£390.00
Ten months Tax	£ 41.66
Three months Insurance	£ 8.25
Total:	<u>£439.91</u>

Repayment after 1 year:

50% of vehicle value	£195.00
Ten months Tax	£ 41.66
Three months insurance	£ 8.25
Interest at 6% on £430	£ 25.80
Total:	<u>£ 270.71</u>

Repayment after 2nd year:

50% of vehicle value	£195.00
Interest at 6% on £195.00	£ 11.70
Total:	<u>£ 206.70</u>

Repairs and Maintenance:

Estimated from previous garage per annum at	£100.00
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Mileage charge:

1.0 p

Tax and Insurance: remaining in 1st year:

Tax	£ 8.44
Insurance	£ 35.00
Total	<u>£ 43.44</u>

Mileage charge

0.4 p

Depreciation (replacement cost) from "Motorist's Guide":

Value of 5 year old vehicle year 1	£390.00
Estimated value of 6 year old vehicle year 2	£300.00
Estimated value of 5 year old vehicle year 2	£420.00
Estimated replacement cost £420.00 - £300.00	£120.00

Mileage charge

1.2 p

Petrol cost:


Petrol at 78 p per gallon, 39 mpg, then mileage charge	2.0 p
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Oil is included in servicing bills.

Total Mileage Charges for year 1:

Capital repayment	2.7 p
Repairs and maintenance	1.0 p
Remaining tax and insurance	0.4 p
Depreciation/replacement cost	1.2 p
Petrol cost	2.0 p
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Total	7.3 p
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Obviously costs can change in the year, petrol being the most likely, but checking that the estimate of annual total mileage is correct at the six month stage might be useful for correcting the mileage charge. If it is not accurate, then it may require lump sums to adjust.

After these seemingly laborious calculations, the actual operation of the scheme is simple as this page from the notebook of this particular 'green van' shows. The  indicates that this was a trip which we all paid for, e.g. when all going out together. See appendix 3.

Green Car Number One

A Citroen Ami estate bought between two families living in London SE23. Running an old vehicle which was both expensive and unreliable led one family to buy a new car with some long established friends living in an adjacent street. One couple has three children (aged 6, 4, 1) and the other one (aged 3½). The men, who are both university teachers, do not use the car to travel to work, and the daytime uses are shopping and taking the children to school. The other uses are mainly social trips in the evenings and at weekends. They have shared the car for three years and have averaged 6500 miles per year although they expect this to rise in the future when it is used for holidays abroad. The wish to have a car in which they could travel abroad without fear of breakdowns was one of the prime reasons for sharing. The cost of each buying a whole new car would have been prohibitive.

Advance bookings can be made via a notebook kept in the car. Conflicts in use, i.e. when both families want to use the car at the same time are few in the evenings and at weekends, but more numerous during the daytime. This conflict is not sufficiently bad to 'ration' car use, e.g. I shop on Thursdays, you shop on Fridays, although both groups wanting to use the car at the same time has prompted one family into considering returning to conventional car ownership in a few years time.

Payment — they write down their mileage and how much petrol they have bought. Petrol bills are apportioned as to mileage done while all other bills are halved partly because they do approximately the same mileage but also because they considered other expenses to be based on 'time' rather than mileage, e.g. the ageing of the vehicle and annual charges for tax and insurance.

Other transport — they had expected to use taxis and hire cars when conflicts over use occurred reasoning that this would be cheap overall. However, they found that they did not need to do this. Neither families had bicycles, but one of the men said he was considering buying one for use on shorter journeys (instead of the car) and so that he could accompany his children on their bikes. They both have telephones.

Green Car Number Two

A ten-year-old van owned by two post-graduate students living a mile and a half apart in the new town of Milton Keynes. They run a small photographic company and the car was bought on the company for business and private use. The scheme operated for seven months until one of them moved away to get a

job. However, during that time they did 7000 miles of which 55% was business and 45% private. Business use had priority over personal use. Booking the car was done on a personal basis when they met at work. Neither had to use the van to get to work. By putting a bicycle in the back they could deliver the van to each other and then pedal home. The main conflict in use arose when both parties wanted the van to go away for the weekend. Both considered that it was much better to have half a van at half the price, particularly in Milton Keynes where public transport is poor and very difficult to use to make social journeys.

Payment — the company paid all maintenance and fixed costs as well as petrol costs for business mileage. Mileage done and petrol bought were entered in a notebook in the car. On private trips each paid the petrol cost.

Other transport — both had bicycles and one had occasional access to a friend's car. Only one had a telephone. Public transport poor.

The Inter-Action Shared Car Fleet

Inter-Action is a charitable trust described as a living/working co-operative. It is based in Kentish Town, has 40-45 members there, and has 8/9 vans and 4 cars in the shared car fleet. The work of the co-op is very varied but includes street theatre and youth work.

Access to the vehicles is controlled via a booking chart. You enter whether it is for private or work use, when it is needed and for how long. On this basis it is first come first served, except that someone wanting a vehicle for work overrides a person who has booked out a vehicle for private use. They buy secondhand cars and vans which may be two or three years old although the emphasis is on the standard of the vehicle rather than its age. There is a part-time mechanic to maintain the fleet.

Payment — charges are only made for private journeys outside London and then only the petrol is charged for. All other work and private journeys are free to the user. This scheme depends on trust between members but the co-op is built around this principle and the scheme works tolerably well.

Other transport — There is a shortage of vehicles for private use particularly in the summer, and the members can fall back on public transport but this is generally a second choice to using free cars and vans. Some members prefer to own their own vehicles and bicycles. A free bicycle scheme was abandoned because the bikes were not sufficiently well maintained.

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A specimen AGREEMENT for shared car ownership.

1. This is an agreement of joint ownership of vehicle/s, registration numbers, by the following parties:

Name	Address
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- 1.
- 2.
- 3.
- 4.

2. For the purpose of this agreement any rights and responsibilities arising from the use of the vehicle by a person other than a party to the agreement shall accrue to and be borne by the party giving permission for such use.

3. If any question arise as to the ownership of the vehicle it shall be apportioned between the parties (delete as applicable)

i) in proportion to the amount of use (measured in mileage) each party has had of the vehicle since the date of this agreement

ii) in equal shares between them

iii) or specified as.....

4. The costs of taxing and insuring the vehicle, the reasonable costs of all maintenance and repairs not paid for by the insurers (except repairs which can be shown to have been caused by the blameworthy act or default of any party in which case he/she shall be solely responsible for the cost of such repairs) shall be apportioned between the parties

i) in the same manner as 3 above

ii) in some other manner specified as.....

.....

5. Each party hereby indemnifies the other parties from all costs, claims, expenses and damages arising out of his/her use of the vehicle except in so far as such costs are recoverable under the insurance policy covering such liabilities.

6. Any party may terminate his agreement by one month's notice in writing to the other parties. If by the end of one month that party has not received a payment from the others which represents his share of the ownership of the vehicle (calculated by reference to the value of the vehicle if sold privately during that one month and in accordance with clause 3) then the vehicle shall be sold and each party shall receive the proportion of the sale price in accordance with clause 3.

7. This is not a hire purchase agreement. Each party is from the date of the agreement a co-owner of the vehicle.

Signed by:

In the presence of:

Date

SEVE and JENNY

KEVIN & ALISON

DATE	START miles	FINISH miles	TOTAL miles	START TIME	END TIME	TOTAL miles	DATE	START miles	FINISH miles
14/12	60162	60171	9	2:34		38	14/12	60124	60162
14/12	60172	60188	16.2			17	14/12	60189	60206
24/12	60206	60229	5	3:42		5	24/12	60229	60216
24/12	60216	60229	13			26	24/12	60229	60255
27/12	60326 (str)	60453	127		£1.50	71	24/12	60255	60326
29/12	60453	60467	14						
30/12	60467	60480	13						
30/12	60480		4			4			
30/12	60503	→	4.5	.45		17	24/12	60488	60488
2/11	60514	60544	30		£3.50	4.5			60505
5/11	60553	60577	24			9	4/11	60544	60553
	60585	60594	9			8	7/11	60577	60585
10/11	60604	60625	5			5		60604	60604
11/11	00625	00638	21						
			13						
			3105	5.00	6.21	2045	@	7 P/L 14.31.5	
								To pay £8.0	
								To pay £16.73	