



NAMA NEWS JUNE 2018

Dear Colleagues,

This month's newsletter has a number of articles covering the vehicle market and the general economy. We also as usual have our monthly legal update.

We recently held a Grading Working Group to discuss a number of issues about NAMA Grading. This is an important meeting, particularly for those who are using grading as it looks at a number of operational issues so we would urge you to attend future meetings. If you would like a copy of the meeting notes, please let us know. Also, a reminder that the Appraiser Course is now running at Stephenson College. If you would like to book any places, please contact us on 01788 538336.

With the General Data Protection Regulation (GDPR) having become a reality, we urge members to ensure their businesses are fully compliant. Once again we cover this in the newsletter below. Also a reminder that we have our GDPR helpline, 01788 538304 in case you have a problem.

With the World Cup underway and everyone getting into the spirit of the tournament, we have included a HR article to help ensure that you can find the tricky balance of allowing everyone to have fun, but still be able to keep the business operating.

Earlier this year, we launched a Parliamentary Engagement Programme where we are arranging for local MP's to visit motor auctions. The aim of the scheme is to encourage parliamentary engagement and raise awareness of the significant contribution that the motor auction industry makes to the economy of the UK. We already have some upcoming MP visits arranged for members. If you would like to take part please let us know.

Finally if you would like to be involved in the initiatives above or have any comments about the newsletter, please let us know on 01788 538336 or email louise.wallis@rmif.co.uk.

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AUCTION MARKET REMAINS STABLE IN MAY

The May NAMA auction report published last week showed that in May:

- First time conversion rates decreased by -5.5% to 75.0% from April
- Average selling value was down slightly by -0.4% from £5,677 to £5,657 from the previous month, and was up by a significant 9.3% from last May's figure of £5,176
- Average mileage was down by -0.3% to 65,190 from April, however was up by 1.3% on the same period last year
- The first time premium was £22, down -33.3% on last month's figure of £33

Whilst auction activity has been buoyant in 2018 so far, performance was more mixed this month.

The average first time conversion rate was -5.5% lower than April and -8% lower than March at an average of 75%. However this is still almost 1% higher than the same period last year.

Stock volumes at auction were reported to be reasonably high and hammer prices notably weaker. With that said, it is believed that around 2.5% more cars were sold at auction than in May 2017.

The outlook continues to look positive for the coming months, although the balance between vehicle supply and customer demand will remain key to auction performance.

The full NAMA Car Auction report is available from NAMA on request.

NAMA PARLIAMENTARY ENGAGEMENT PROGRAMME

This year NAMA has launched a Parliamentary Engagement Programme where we are arranging for local MPs to visit motor auctions.

The aim of the scheme is to encourage parliamentary engagement and raise awareness of the significant contribution that motor auctions make to the economy of the UK. It is also an opportunity for MPs to obtain a better understanding of how auction houses are operated, the significance of the site to the local area, and the employment and business opportunities available in the sector.

We are actively engaging with government on the following policy issues which could be discussed with your local MP at these site visits:

- **Interchange Fee Regulations**
The removal of the 50p cap on transaction fees has resulted in a dramatic rise in the cost of taking payments. Also, earlier this year, the Government banned the right for businesses to apply surcharges and to not allow businesses to offset the additional cost. NAMA's findings suggest the combination of these changes will cost the motor auction industry almost £1.8 million a year.

- **Diesel**

Current government policy on diesel and clean air is confusing. It is important that clear and consistent policies are outlined to give auction customers certainty when buying and selling vehicles.

- **Brexit**

It is important for businesses including motor auctions, that the UK gets the best possible deal from the Brexit negotiations. Engagement with government is key to this and will help to ensure the sector remains buoyant.

Our first visits have already taken place and we have a number of others arranged over the next few weeks. If you are interested in hosting your local MP, please contact Louise Wallis on louise.wallis@rmif.co.uk

UK NEW CAR DEMAND WARMS UP IN MAY WITH MODEST 3.4% RISE

The UK new car market grew by a modest 3.4% in May with 192,649 new units registered, according to figures released by the SMMT. The growth follows a substantial -8.5% decline in the previous May when demand was impacted by the dual effects of VED pull forward and buyer hesitancy ahead of June 2017's general election.

Private demand in the month grew by 10.1%, with more than 83,000 consumers driving home in a new car, and offsetting ongoing declines in the business and fleet sectors, down -9.6% and -0.7% respectively. The most popular segments were supermini (up 6.0%), small family (up 1.6%) and dual purpose (up 19.2%), while demand for specialist sports cars also rose, by 12.7%. In addition, the hottest May on record saw a surge in demand for convertibles as drop tops rose 11.7% year on year.¹

Meanwhile, there was good news for the alternatively fuelled vehicle segment, as demand for hybrid and plug-in cars grew by 36.1% to 11,240 units, accounting for a record 5.8% of the market. Plug-in hybrid cars were the biggest driver of growth, up 72.7%, while hybrids rose 22.6% and zero emission battery electrics grew 18.7%. Registrations of petrol cars also increased, by 23.5%, while diesels fell for the 14th consecutive month, down -23.6%.

In the year to date, the overall market remains down, with new registrations having fallen - 6.8%, as economic and political uncertainty continues to impact demand. Business and fleet confidence, in particular, continues to lag, down -16.2% and -7.1% respectively, while demand from private buyers in the first five months is -5.7% behind 2017 levels.

May	Total	Diesel	Petrol	AFV	Private	Fleet	Business
2018	192,649	62,260	119,149	11,240	83,682	103,490	5,477
2017	186,265	81,500	96,507	8,258	76,035	104,173	6,057
% change	3.4%	-23.6%	23.5%	36.1%	10.1%	-0.7%	-9.6%
Mkt share 2018		32.3%	61.8%	5.8%	43.4%	53.7%	2.8%
Mkt share 2017		43.8%	51.8%	4.4%	40.8%	55.9%	3.3%

Year-to-date	Total	Diesel	Petrol	AFV	Private	Fleet	Business
2018	1,079,049	354,251	667,500	57,298	492,570	547,637	38,842
2017	1,158,357	510,421	599,999	47,937	522,344	589,682	46,331
% change	-6.8%	-30.6%	11.3%	19.5%	-5.7%	-7.1%	-16.2%
Mkt share 2018		32.8%	61.9%	5.3%	45.6%	50.8%	3.6%
Mkt share 2017		44.1%	51.8%	4.1%	45.1%	50.9%	4.0%

BEST SELLERS

MAY 2018			YEAR-TO-DATE		
①	Ford Fiesta	6,896	①	Ford Fiesta	47,515
②	Ford Focus	6,573	②	Volkswagen Golf	33,057
③	Volkswagen Golf	6,372	③	Nissan Qashqai	26,127
④	Nissan Qashqai	4,956	④	Ford Focus	25,917
⑤	Volkswagen Polo	3,961	⑤	Vauxhall Corsa	21,927
⑥	Vauxhall Corsa	3,932	⑥	Ford Kuga	18,570
⑦	MINI	3,505	⑦	MINI	17,802
⑧	Mercedes-Benz C Class	2,955	⑧	Mercedes-Benz A Class	17,788
⑨	Mercedes-Benz A Class	2,939	⑨	Volkswagen Polo	16,533
⑩	Audi A3	2,791	⑩	Mercedes-Benz C Class	16,414

Image source: SMMT

GDPR NOW IN ACTION

On 25 May 2018, the General Data Protection Regulation (GDPR) came into effect.

As a result, all personal data will now be regulated under the stricter GDPR, meaning more stringent guidelines and procedures must be adopted. GDPR applies to all organisations that hold and process personal data. Failure to comply with GDPR can result in fines of up to €20 million or 4% of annual turnover for the most serious contraventions.

The Information Commissioner's Office (ICO) stated that "GDPR is an evolution of the current Data Protection Act (1998)" and that the "new law gives people more control about how their data is used, shared and stored and requires organisations to be more accountable and transparent about how they use it".

Going forward, organisations need to embrace a culture of transparency as to how they use personal data. Projects involving personal data should be automatically assessed and it is important that all staff is trained and knows how to deal with any issues that may arise.

To continue to assist you, we have a number of GDPR HR related guidance documents available to our members. These include:

- Letter from Employer enclosing GDPR data policy to recruit
- Letter from Employer enclosing GDPR data policy to employee
- GDPR Privacy Notice (Recruit)
- GDPR Privacy Notice (employee)

Please email louise.woods@rmif.co.uk to request any of the documents.

NAMA members must continue to take GDPR seriously and contact our dedicated GDPR helpline on 01788 538304 if they need any assistance.

Further guidance can also be found on the ICO's website: <https://ico.org.uk/>

LEGAL UPDATE



WORLD CUP SPECIAL

With major sporting events that tend to run over a series of days or weeks, employers could expect to face some of the following issues: requests for annual leave, requests to work from home, sickness absence, increased website usage during work hours (streaming sports, use of social networking sites etc), prolonged lunch breaks, reduced hours, lower productivity and being under the influence of alcohol during working hours. Here are a few pointers to help you deal with any challenges as they arise

What are employee entitlements with regards the World Cup and other sporting events?

There is no legal obligation for an employer to provide facilities to enable staff to watch major sporting events or to be more lenient to employees about annual leave or flexible working during these times. However, studies have found that sport and conversations about sport between staff and customers or clients can have a positive impact on morale and mood, improving motivation and productivity in the working environment.

To facilitate this, employers can consider one or more of the following options: allowing flexible working arrangements, relaxing rules on radios and internet access and providing communal facilities to televise the sporting events during designated breaks or after working hours.

In addition, if practical to do so, providing television screens in a designated room (for example a kitchen or staff room), means that employees don't have to leave work to watch the sporting event which could also minimise the risk of employees pulling 'sickies', requesting annual leave at short notice or working from home.

Should I monitor or restrict access to the internet etc?

If an employer does decide to monitor employees' internet usage then, in addition to implementing a company-wide policy, it should also check whether the employment contracts contain a provision entitling the employer to monitor usage. The absence of a contractual clause could, potentially, lead to a breach of trust and confidence and a claim for constructive unfair dismissal.

You should also consider the impact of data protection when implementing a policy. Before any monitoring is undertaken, it is essential to undertake an impact assessment. Some helpful guidance on monitoring employees is set out in the ICO employment practices code (based on the now repealed Data Protection Act 1998).

Are there any risks I might want to be alert to?

As with all sporting events nationality can become much more important and contentious. Discrimination is prohibited in employment under the Equality Act 2010 and nationality falls within the definition of race so you will need to be alert to potential discriminatory behaviour towards an employee, particularly on grounds of harassment, when passions are high among employees and the use of 'banter' may be more commonplace.

You will also need to be careful limiting employees to watching only England matches during working hours as employers could inadvertently expose themselves to legal challenge on the grounds of discrimination where the policy does not apply equally to all matches played during a tournament that involve the employees' respective national teams. Unfortunately, there is no risk-free way of dealing with this issue if the employer wants to have a policy, as any type of restriction on watching games based on an employee's nationality, or because England is the 'home' nation, could give rise to a direct or indirect discrimination claim.

To manage any issues which could arise during major sporting events, implementing a company-wide policy or statement is advisable.

Source: Motor Industry Legal Services (MILS)

The Department for Exiting the European Union (DExEU) was established on 14 July 2016, after the Referendum on 23 June 2016. DExEU works to achieve a successful outcome in the negotiations to leave the European Union (EU) and in establishing the future relationship between the United Kingdom (UK) and the EU.

This plan sets out DExEU's objectives and how they will achieve them.

UK Government objectives

1. Secure the best possible deal on the United Kingdom's departure from the EU and build a deep and comprehensive future partnership between the UK and the EU
2. Deliver and legislate for the UK's smooth and orderly exit from the EU
3. Inform, engage and mobilise interested parties to help shape and secure a successful exit from the EU
4. Attract, develop and retain great people and organise ourselves flexibly to deliver our objectives efficiently and effectively

Key points:

1. Secure the best possible deal

- **Finalise Article 50 negotiations with the EU**
- **Deliver an implementation period to allow all involved time to adjust, and to provide certainty.** Achieved through 'a strictly time-limited implementation' – UK and EU would continue to have access to one another's markets on current terms.
- **Build a Future Partnership that protects our shared interests and values.** Achieved through, a unique and ambitious economic partnership that allows for the freest possible trade in goods and services. Agree cross-cutting provisions to underpin the partnership on the exchange of data.
- Government wants to ensure that the UK can engage independently with the rest of the world and create its own beneficial trade partnerships.
- NFDA has voiced to DExEU that it is in favour of continued free and borderless trade and encourages the above position.

2. Deliver and legislate for UK's exit

- **Negotiate as one United Kingdom** and ensure that the Devolved Administrations and the Crown Dependencies, Gibraltar and the other Overseas Territories are fully engaged
- Develop and deliver the European Union (Withdrawal) Bill and the Withdrawal Agreement & Implementation Bill to help implement the UK's exit from the EU
- Scrutinise domestic policy solutions and delivery plans and monitor and support departmental progress toward delivering each exit plan and encourage cross-departmental collaboration
- **Lead cross-government work on international agreements**

3. Inform, engage and mobilise

- Enable parliamentary scrutiny, while balancing the need to protect the Government's negotiating position.
- This is an area of the plan that has not settled well with Parliament. Government continues to state that it will not initially pass all legislation through Parliament or the devolved administrations, caveat noted above. Instead, will bypass parliamentary process in some areas for time management purposes. Parliament and the Scottish Parliament say this goes against the formal check and balance process and is a 'power grab' for Government.
- Hold a vote on the final deal – covering both the Withdrawal Agreement and the terms for our future relationship with the EU – in Parliament as soon as possible after the negotiations have concluded.
- Undertake extensive engagement with civil society and non-governmental organisations

4. Attract, develop and retain people and deliver objectives efficiently and effectively

- Attract, develop and retain officials with a wide range of expertise from across government and outside the Civil Service
- Monitor the department's performance against its objectives, use of resources and its risk management approach

COX AUTOMOTIVE MARKET OVERVIEW

Cox Automotive has produced their latest 'State of the Market' Overview – May 2018.

The overview shows:

- The average sold price for both ex-fleet and part exchange vehicles remained on par with April (£6,649), and up 12.6% on May 2017 (£5,906)
- Wholesale volumes increased in May, up 7.3%, with a clear growth in vehicles in the £10-40k price brackets (up 25.6% year on year)
- Diesel prices remain stable when 2018 is compared to 2017, with petrol showing a slight easing particularly with more expensive vehicles.

Please find full market overview attached.

Source: Cox Automotive

BCA PULSE REPORT

Demand from buyers continued to keep prices firm at BCA during May, with average values at near record levels.

The headline average value fell by just £16 to £9,568 in May, with average values up by £707 year-on-year, a 7.9% rise over the 12-month period. May's average value is the fourth highest on record.

Fleet & Lease values reduced marginally from last month's record level to £10,963, still the third highest point on record, while Dealer Part-Exchange values remained at a record high of £5,000 for the second month running. Values increased for nearly-new vehicles, although model mix has a significant influence in this low volume sector.

Stuart Pearson BCA COO UK Remarketing commented, "Professional buyers have continued to compete strongly for good quality used car stock, a pattern that reflects the high levels of retail demand that dealers have been reporting throughout this year. The seasonal dip that is often felt at this time of year hasn't been so significant and the strong demand has driven conversion rates, meaning stock is churning quickly which is good for buyers and sellers alike."

Source: *British Car Auctions (BCA)*

DATES FOR YOUR DIARY

NAMA Executive Meetings, London Offices

Tuesday 10 July 2018

Tuesday 2 October 2018 (All members)