



NAMA NEWS MAY 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.

I am pleased to announce that the NAMA appraiser courses at Stephenson College have resumed and we have our first batch of courses in mid-June. If you would like to book places, please contact us on 01788 538336. Also with reference to Grading, we have a working group on 15 June. It is important we have as many members as possible giving input into the development of the scheme, so I would urge members to attend. Please let us know if you would like to attend.

With the General Data Protection Regulation 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.

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.

A handwritten signature in black ink that reads 'Louise Wallis'.

Louise Wallis

Head of NAMA

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APRIL MARKS STRONG MONTH FOR AUCTION ACTIVITY

NAMA has published its monthly car auction data report today for April 2018.

The report shows that overall in April:

- First time conversion rates decreased by -3.3% to 80.5% from March
- Average selling value was up 3.0% from £5,512 to £5,677 from the previous month, and was up a positive 12.9% from last April's figure of £5,027
- Average mileage was down by -1.5% to 65,379 from March, however was up by 1.4% on the same period last year
- The first time premium was £33, down -25% on last month's figure of -£44

Whilst auction activity was buoyant in April, demand began to weaken as the month progressed, which was in line with expectations for this time of year.

Good wholesale prices led to well stocked forecourts, and having held up well so far this year, auction hammer prices began to soften with evidence that vendors who chose to hold out for the strongest prices, experienced a drop in conversion rates.

However, rates were stronger than last year where we saw an unusual amount of cars hit auction channels as a result of changes to new car VED rates.

With the outlook for auction activity looking positive over the coming months, it will be interesting to see if the market holds up with our expectations.

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

MP VISITS NAMA AUCTION MEMBER SITE

The Rt Hon Sir Oliver Heald QC MP visited NAMA member, Letchworth Motor Auctions in Hertfordshire on Friday 11 May 2018.

Sir Oliver Heald, who is Member of Parliament for North East Hertfordshire, was on a site visit to gain a better understanding of how motor auctions are operated and see the employment and business opportunities available in the sector. It was also an opportunity for him to see the significance of the site to the local economy.

In addition Louise Wallis, Head of NAMA, highlighted to Sir Oliver Heald a number of industry issues, including Brexit, diesel, mileage fraud and debit card charges which are costing the industry almost £1.8 million a year.

Louise Wallis commented, "The visit provided an opportunity for Sir Oliver Heald to find out more about the Letchworth Motor Auctions, and the importance of motor actions to the UK economy."



If your business is interested in hosting your local MP, please contact Louise Wallis, louise.wallis@rmif.co.uk

UK NEW CAR REGISTRATIONS UP IN APRIL AS MARKET JUMPS AFTER LAST YEAR'S VED TURBULENCE

The UK new car market grew 10.4% in April, with 167,911 new units registered, according to figures released by the Society of Motor Manufacturers and Traders (SMMT).

Demand was affected by a number of factors, including the timing of Easter, which meant two additional selling days this April, and March's adverse weather, which pushed some deliveries into April. Most significant, however, were the VED changes that came into force last April, causing a pull forward into March 2017 and a subsequent depressed April market.

April figures this year paint a mixed picture, with private demand growing 26.3%, while the fleet market remained stable at 0.9%. However, business registrations saw a significant decline, falling -12.9% compared with the same month last year. Demand for supermini and dual-purpose cars saw the most significant growth of all segments, up 27.0% and 26.8% respectively.

Demand for petrol cars grew in April, up 38.5%, while diesel registrations continued the recent trend, declining -24.9%. Meanwhile, registrations of plug-in and hybrid electric cars continued to rise, up 49.3%, thanks to manufacturer investment in a growing choice of models. While the growth is welcome, these alternatively fuelled vehicles still account for just 5.6% of the market.

Despite the significant rise in the month, the overall new car market remains down year to date, with new registrations in the first four months falling -8.8%, year on year, to 886,400 units. While this level of decline is expected to slow over the course of 2018, political and economic uncertainty will continue to affect the market and further instability could cause additional disruption.

April	Total	Diesel	Petrol	AFV	Private	Fleet	Business
2018	167,911	51,377	107,169	9,365	75,607	87,486	4,818
2017	152,076	68,403	77,399	6,274	59,861	86,686	5,529
% change	10.4%	-24.9%	38.5%	49.3%	26.3%	0.9%	-12.9%
Mkt share 2018		30.6%	63.8%	5.6%	45.0%	52.1%	2.9%
Mkt share 2017		45.0%	50.9%	4.1%	39.4%	57.0%	3.6%

Year-to-date	Total	Diesel	Petrol	AFV	Private	Fleet	Business
2018	886,400	291,991	548,351	46,058	408,898	444,147	33,355
2017	972,092	428,921	503,492	39,679	446,309	485,509	40,274
% change	-8.8%	-31.9%	8.9%	16.1%	-8.4%	-8.5%	-17.2%
Mkt share 2018		32.9%	61.9%	5.2%	46.1%	50.1%	3.8%
Mkt share 2017		44.1%	51.8%	4.1%	45.9%	49.9%	4.1%

BEST SELLERS

APRIL 2018			YEAR-TO-DATE		
①	Ford Fiesta	7,811	①	Ford Fiesta	40,619
②	Volkswagen Golf	5,482	②	Volkswagen Golf	26,685
③	Nissan Qashqai	4,257	③	Nissan Qashqai	21,171
④	Ford Focus	3,784	④	Ford Focus	19,344
⑤	Volkswagen Polo	2,995	⑤	Vauxhall Corsa	17,995
⑥	Ford Kuga	2,769	⑥	Ford Kuga	15,865
⑦	Vauxhall Mokka X	2,694	⑦	Mercedes-Benz A Class	14,849
⑧	Vauxhall Corsa	2,643	⑧	MINI	14,297
⑨	Mercedes-Benz A Class	2,636	⑨	Vauxhall Mokka X	13,579
⑩	Mercedes-Benz C Class	2,627	⑩	Mercedes-Benz C Class	13,459

Image source: SMMT

BANK OF ENGLAND AGENTS' SUMMARY OF BUSINESS CONDITIONS

This publication generally covers intelligence gathered from business contacts between late February and mid-April 2018. It generally makes comparisons with activity and prices over the past three months on a year earlier.

- Consumer spending growth slowed markedly, in part due to adverse weather.
- Recruitment difficulties became more broad-based; total labour cost growth rose.

Full report available here: [Agents' summary of business conditions – May 2018](#)

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



APPRENTICESHIP AGREEMENTS

“I’ve always employed apprentices using our standard contract of employment that I use for all of my employees. I’ve heard it is very difficult to legally terminate an apprenticeship. I’m thinking of employing a new apprentice and I’ve heard that in England & Wales there are these apprenticeship agreements that potentially make it much more straightforward to terminate an apprenticeship. Is that true?”

In short yes, in England and Wales where the Apprentice Skills Children and Learning Act (ASCLA) 2009 applies you can guarantee if they are on a certain type of contract (apprenticeship agreement) you can terminate and there should be no risk in law that they are apprentices rather than employees.

The point of distinction is that apprentices potentially cannot be terminated in the same way as employees can e.g. an apprentice cannot be terminated on the grounds of redundancy falling short of closure or fundamental change in the character of the employer’s enterprise. Furthermore, an apprentice may only be dismissed for conduct if his conduct is so bad that it is impossible to teach him the trade. The risk being that apprentices can pursue claims for breach of contract in the County Court or Sheriff Court for tens of thousands of pounds based on the argument that the apprenticeship could not be terminated, as the employer terminated and hence damages are payable for the remainder of the apprenticeship term. Potentially claims can also include future loss if the apprentice argues that they couldn’t continue in their trade.

If the individual is employed under an ASCLA Apprenticeship Agreement they have the status of an employee rather than apprentice and can therefore potentially be lawfully dismissed for capability, conduct, non-attendance at college and poor college work etc.

The Apprenticeship Agreement that you would use in England (and separately there is another for use in Wales) would not ordinarily therefore be used for apprentices in Scotland and a different Agreement would need to be in place for them as ASCLA does not apply in Scotland. It will be important therefore that for a Scottish apprentice the contractual documents support an argument that you can bring an apprenticeship to an end early and not face the kind of claims in the Court for breach of contract. You would therefore want very clear express terms about the circumstances in which the apprenticeship can be ended which could essentially set out that certain matters of capability, conduct, non-attendance at college, poor college work etc. could apply and be signed by all the parties (including the training provider). It would still be the case that for best practice a series of warnings is followed to mirror the usual disciplinary process for employees. Unfortunately for Scottish employers even with these clear express terms it remains arguable that the individual is employed as an apprentice rather than an employee such that Scottish employers face greater uncertainty in this area.

The RMI members section contains template documents (including Apprenticeship Agreements) however if in doubt it is always recommended that you use the advice line and take employment law advice when either recruiting or terminating apprentices.

Source: Motor Industry Legal Services (MILS)

AUTO TRADER TO BYPASS AUCTIONS BY SELLING COMPANY CARS DIRECT TO DEALERS

Auto Trader will bypass traditional auction houses in a shake-up of fleet remarketing that will enable leasing companies and larger fleet operators to sell ex-company cars direct to dealers before the vehicle is de-fleeted.

The new and used car digital business is planning to launch the new platform – which it claims will speed up time to sell – later this year, resulting in improved residual values (RVs) for fleet operators.

It also claims the system will be fairer than the current auction set-up where the buyers, typically dealers, pay for the service, not the seller, Auto Trader's business development director Ed Hummel told AM's sister magazine Fleet News.

Auto Trader believes the market is ripe for a more transparent approach with both parties sharing the fee. This would enable dealers to make more money from the car itself, increasing the appeal of the service to them.

“We expect a large proportion of cars to be sold before the lease expires,” said business development director Ed Hummel.

“Last year, we sold 120,000 vehicles via our trade-to-trade sales platform and 80% were sold within four days.

“Our knowledge of local demand based on consumer search activity combined with our understanding of what dealers are selling quickly, allows us to introduce the right stock to the right dealers at the right time.”

Major remarketing companies, such as BCA and Manheim, already sell a growing proportion of their vehicles via online auction. However, they also have huge legacy networks of physical sites, which Auto Trader believes is not necessary to accommodate the ex-fleet vehicles it is targeting with the new service.

“We have the UK's biggest captive audience of dealers and consumers, and we have no legacy issue of physical sites so we can charge less,” Hummel said.

Around 13,000 dealers access the Auto Trader website every day. It listed 3.1 million cars to consumers last year, representing 67% of the 4.1 million used cars sold by dealers.

Initially, Auto Trader researched the auction sector by identifying 250,000 ex-lease cars sold via remarketing companies last year, tracking them from collection from the fleet through to when they appeared on its website. On average, it took 34 days.

This broke down to an average of 22 days between the car being collected to being sold at auction, during which time it was refurbished and went through several logistical movements. It took a further 12 days for the dealer to list the car on the Auto Trader website.

“We saw there was an opportunity to do things more efficiently,” said Hummel. “We believe we can at least halve this time by using a proper digital, data-driven process. If we shorten the period, leasing companies will benefit from a better selling price and cash in their bank sooner.”

For fleets and leasing companies wanting to sell vehicles before the lease expires, cars will be inspected a couple of weeks prior to coming off fleet, with high quality images and a condition report. This will be carried out by third parties or via Auto Trader's in-house team.

Hummel expects the majority of the cars will be sold without any refurbishment.

"Dealers are usually happy to do the refurb themselves and it's often cheaper, provided any damage is clearly itemised and reflected in the price," he said. "But if a dealer wants a retail-ready car, we have various partners who can offer this service, along with storage if required."

Auto Trader can also take care of any logistics requirement after buying Motor Trade Delivery last year. This online business offers logistics companies the opportunity to bid for individual delivery jobs, which reduces the pence per mile delivery cost for the customer. It has 700 logistics companies on the platform and moves around 4,600 vehicles every week.

The new, as-yet unnamed, remarketing proposition is undergoing small-scale pilots with a full launch planned for October. Hummel expects to be listing around 40,000 vehicles per month by the end of the year.

"The response we've had from the FN50 and the top five rental companies has been extremely positive," he said.

The service comes at a time when leasing companies are considering new ways to sell ex-fleet cars direct to dealers or the public.

LeasePlan has announced a 'clicks and bricks' service through a new business subsidiary CarNext.com for ex-fleet vehicles and has indicated that it will phase out selling cars through third party auction sites.

CarNext.com is available in three countries but will expand across Europe, including the UK, over the next few years.

Meanwhile, Arval has been selling cars direct to dealers in the UK since 2010 via MotorTrade. It offers around 500 ex-fleet cars on the site.

However, direct remarketing hasn't always been a success. Lex Autolease abandoned its national remarketing operation, including two used car supermarkets, in 2006 and signed an exclusive deal with BCA.

Source: AM Online

DATES FOR YOUR DIARY

NAMA Executive Meetings, London Offices

Tuesday 10 July 2018

Tuesday 2 October 2018 (All members)