



NAMA NEWS OCTOBER 2018

Dear Colleagues,

NAMA Executive Committee meeting

We held our quarterly executive council meeting on the 16 October at Wilsons Auctions in Telford. This was a positive and informative meeting with constructive discussions regarding the UK auction industry. We would encourage all members to attend our next meeting on the 22 January 2019.

NAMA Grading Appraiser Courses

A reminder that we have dates available at Stephenson College for our Appraiser Courses. If you would like to book a space, please contact Susan Munslow on 01788 538 304.

Autumn Budget 2018

This week, the Chancellor of the Exchequer, Phillip Hammond, delivered the 2018 Autumn Budget to Parliament. We have put together a summary of the most pertinent points of interest to NAMA members in this month's news.

Energy Saving Trust used EV training

NAMA members are invited to attend Energy Saving Trust training on used electric and plug-in vehicles, and how to deal with them at an auction. The training session will be held on **Tuesday 11 December 2018 at Fleet Auction Groups Brindley Road site (Stephenson Industrial Estate, Coalville, Leicestershire, LE67 3HG)**. Please contact us if you or any of your colleagues wish to attend.

****SAVE THE DATE****

NAMA AGM

17-18 May 2019

Pine Cliffs Resort, Algarve, Portugal

If you would like to be involved in the initiatives above or have any further queries, please let us know on 01788 538336 or email louise.wallis@rmif.co.uk.

Louise Wallis
Head of NAMA

SEPTEMBER MARKS STRONG MONTH FOR AUCTION ACTIVITY

It is encouraging to see that the wholesale used car market continued to grow strongly, despite disruption in the new car market with the recent introduction of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP).

The report published today shows in September:

- First time conversion rates increased by 3.9% to 83.3% from August to September.
- Diesel converted at 83.6%, up 4.4% on last month, and petrol up 3.2% at 83.1%.
- There remains a significant gap between the average sale price of petrol and diesel cars at £3,985 for petrol and £7,309 for diesel.
- The first time premium was down by just £3 on the previous month at £142.

This has been another very strong month for the used car market with first time conversion up. It has also been reported demand has been stronger than supply with sales attendance at auctions remaining high during the month both at auction and online.

There were concerns that volumes would drop due to a poor new market generating fewer retail part-exchange vehicles and fewer contract hire de-fleets, but we believe both demand and prices in the used market will remain high for the remainder of 2018 and into the New Year.

The full NAMA Car Auction report is available on request.

NAMA HOLDS QUARTERLY EXECUTIVE COUNCIL MEETING

We held our quarterly executive council meeting on the 16 October at Wilsons Auctions in Telford.

The meeting was well attended by members including British Car Auctions (BCA), Aston Barclay, Independent Motor Auctions and Manheim.

During the meeting, a number of interesting discussions took place on topics such as the market, electric vehicles and the future direction of NAMA. There was also an update on NAMA grading which included the training courses held at Stephenson College, and the development of an LCV grading scheme.

This was a positive and informative meeting with constructive discussions regarding the UK auction industry. We would encourage all members to attend our next meeting on the 22 January 2019.



AUTUMN BUDGET 2018

On Monday 29 October, the Chancellor of the Exchequer, Phillip Hammond, delivered the 2018 Autumn Budget to Parliament.

Below are some of the highlights from the budget.

Measures affecting consumers

- **Fuel Duty.** The Chancellor reiterated his commitment to freeze fuel duty for another year, the ninth in succession.
- **Alternative Fuel Duty Rates.** The Government will maintain the difference between alternative and main road fuel duty rates until 2032 to support the decarbonisation of the UK transport sector. This will be subject to review in 2024.
- **Vehicle Excise Duty.** VED rates for cars, vans and motorcycles will increase in line with PRI from 1 April 2019. Vehicle exercise duty for HGVs will be frozen from 2019-20.
- **Income Tax.** From April 2019, personal tax allowance and higher rate tax threshold will be raised to respectively £12,500 and £50,000. Rates will remain at 20 per cent, 40 per cent and 45 per cent.
- **Minimum Wage.** National Living Wage will increase from £7.83 an hour to £8.21.
- **Road funding.** The Chancellor announced £28.8bn for the entire road network between 2020 and 2025.

- **Potholes.** The Chancellor committed £420m immediately to local highway authorities to tackle potholes and bridge repairs. A further £150million will help improve local junctions, streets and other community facilities.

Measures affecting business

- **Company Car Tax and VED.** The impact of Worldwide Harmonised Light Vehicles Test Procedure on Vehicle Excise Duty (VED) and company car tax (CCT) will be reviewed and reported on in the spring.
- **Company Vehicles.** Fuel benefit charges will increase in line with RPI and the van benefit charge will increase in line with CPI from 6 April 2019.
- **Tax Relief for Electric Charge-points.** The Enhanced Capital Allowance Scheme for businesses investing in Electric Vehicle Charging points has been extended to March 2023.
- **Annual investment allowance.** The annual investment allowance (AIA) will rise to £1 million from £200,000 for two years. This will be available for all qualifying investments in plant and machinery made from 1 January 2019 to 31 December 2020.
- **Structures and Buildings Allowance.** A 2% capital allowance for new non-domestic structures and buildings will enable businesses to claim capital allowances on the construction costs, including land alternation and improvements costs, of all new properties.
- **Public Lavatories.** The Government will introduce 100 per cent business rates relief for all public lavatories.
- **Business Rates.** Business rates will be cut by one-third for businesses with a rateable value below £51,000 through an extended business rates relief scheme from 2019 – 2021.
- **Employment Allowance.** From April 2020, the Employment Allowance, which provides businesses and charities with up to £3,000 off their employer NICs bill, will be restricted to employers with an employer National Insurance contributions (NICs) bill below £100,000 in their previous tax year.
- **Apprenticeships Levy.** The amount smaller firms will have to contribute towards the cost of training and assessing apprentices will be halved from 10 per cent to 5 per cent. The cap on the amount of their levy funds that businesses can transfer to businesses in their supply chains will be lifted from 10% to 25%. The Chancellor committed to review the future of the apprenticeship levy, including how the policy has impacted different business sectors.

- **Training and T-Levels.** The Government will provide £38m to support implementation of the first three T levels in 2020 across 52 providers. The Government is also launching a National Retraining Scheme and skills pilots to support those in work including self-employed workers.
- **Digital services tax (DST).** From April 2020, the government will introduce a new 2% tax on the revenues of search engines, social media platforms and online marketplaces to ensure that the amount of tax paid in the UK is reflective of the value they derive from their UK users. The tax will apply to groups that generate global revenues from in-scope business activities in excess of £500 million per annum.

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.

If you are interested in hosting your local MP, please contact Louise Wallis on louise.wallis@rmif.co.uk

UK NEW CAR MARKET FALLS IN 'EXCEPTIONAL' SEPTEMBER AS SUPPLY ISSUES BITE

The UK new car market fell by -20.5% in September, according to the latest figures released by the SMMT. 338,834 vehicles were registered in the month, down around 87,000 on the previous year as new testing requirements continue to affect supply and distort the market.

The impact was felt across the board, with registrations by private consumers, fleets and businesses all declining, by -20.1%, -22.4% and -6.3% respectively. Registrations of petrol and diesel cars also fell, while hybrids and plug-in electrics fared better, up a modest 3.9%.

Declines were seen across almost every vehicle segment, with MPVs and Specialist Sports cars showing the biggest falls, down -54.8 and -50.9%. Luxury saloons were the only segment to register growth, up +3.5%, while Dual Purpose cars, which have enjoyed strong growth over the year to date, held steadier than most, falling just -3.5% in the month.

September's large decline follows an unusually high August and a turbulent first eight months of the year as the market responded to a raft of upheavals, from confusion over diesel policy to VED changes and, latterly, transition to the new WLTP emissions standards. Year-to-date performance is currently

-7.5% behind 2017, reflecting these factors and a drop in business and consumer confidence. Over the coming months, however, some rebalancing is expected as an increasing range of new models are certified for sale and backlogs ease.

From 1 September, all cars sold in the EU have to undergo a new test called the Worldwide Harmonised Light Vehicle Test Procedure (WLTP). The test measures all regulated emissions, as well as CO₂ and fuel economy. Like the old test it replaces, it is conducted in controlled laboratory conditions for consistency across every test and every new vehicle in every country. However, it is conducted at faster speeds, over a longer distance and is more dynamic, with a greater range of vehicle and engine speeds, engine load, gear changes and temperatures, while also taking into account modern vehicle technology. And, because it is based upon some half a million miles of real driving data, it is far closer to the conditions most people experience on the road today.

In addition, new cars will also need to prove their air quality credentials 'on the road' by passing the new Real Driving Emissions (RDE) test. This rigorous test, which takes around four days to complete, is supplementary to WLTP and uses specially calibrated state-of-the-art portable emissions measurement (PEMS) equipment. This very sensitive equipment analyses the trace tailpipe emissions of pollutants while the car is driven in a wide range of both every-day and extreme conditions, from stop-start inner-city, to open road driving, and even at rarely, if ever, encountered speeds of 100mph and altitudes equivalent to Ben Nevis.

BEST SELLERS

SEPTEMBER 2018			YEAR-TO-DATE		
①	Ford Fiesta	12,227	①	Ford Fiesta	79,416
②	Vauxhall Corsa	10,660	②	Volkswagen Golf	52,162
③	Mercedes-Benz A-Class	8,005	③	Vauxhall Corsa	43,481
④	Nissan Qashqai	7,033	④	Nissan Qashqai	41,943
⑤	MINI	6,931	⑤	Ford Focus	40,222
⑥	Nissan Juke	6,710	⑥	Volkswagen Polo	34,353
⑦	Kia Sportage	6,309	⑦	MINI	33,876
⑧	BMW 1 Series	6,280	⑧	Ford Kuga	32,480
⑨	Ford Focus	6,177	⑨	Mercedes-Benz A-Class	31,800
⑩	Ford Kuga	6,018	⑩	Kia Sportage	28,779

September	Total	Diesel	Petrol	AFV	Private	Fleet	Business
2018	338,834	98,191	217,136	23,507	162,972	155,417	20,445
2017	426,170	170,733	232,809	22,628	204,045	200,297	21,828
% change	-20.5%	-42.5%	-6.7%	3.9%	-20.1%	-22.4%	-6.3%
Mkt share '18		29.0%	64.1%	6.9%	48.1%	45.9%	6.0%
Mkt share '17		40.1%	54.6%	5.3%	47.9%	47.0%	5.1%

Year-to-date	Total	Diesel	Petrol	AFV	Private	Fleet	Business
2018	1,910,820	607,092	1,189,154	114,574	859,109	974,922	76,789
2017	2,066,411	884,188	1,088,098	94,125	922,967	1,060,011	83,433
% change	-7.5%	-31.3%	9.3%	21.7%	-6.9%	-8.0%	-8.0%
Mkt share '18		31.8%	62.2%	6.0%	45.0%	51.0%	4.0%
Mkt share '17		42.8%	52.7%	4.6%	44.7%	51.3%	4.0%

Image source: SMMT

COX AUTOMOTIVE MARKET OVERVIEW – SEPTEMBER 2018

Retail

- Retail market showed positive results during September, with the average sold price of vehicles increasing 1.6% to £14,599 (up 4.1% YoY)
- Used car sales performed well relative to September '17, with average days in stock down -8% to 36 days
- Independent dealers sold vehicles 7 days faster on average and franchised dealers 1 day faster
- Average independent dealer now stocking 44 cars – 3 more than in September '17, with franchised dealers stocking one car less
- Larger vehicles sold comparatively well in September '18 with Estates (6 days quicker) 4x4s (4 days), and MPVs (4 days) all selling substantially quicker YoY

Wholesale

- Dealer auction average sold prices rose 6.2% (compared to the same period last year), while volumes of vehicles coming through the online lanes increased by 10%
- Selling prices remain steady and in line with the year-to-date average
- Introduction of WLTP on the September new car market was severe and indicated a clear lack of preparation from a number of manufacturers
- Used car market remains extremely strong with a 10% increase in conversion rates for vehicles sold under the hammer during September, and a similar hike in the conversion of provisional bids
- Ex-fleet and manufacturer vehicles to remain at a premium as supply runs short

Dealers

- 45% of dealers report margin pressures as 58% cited the current demand for used vehicle stock challenges compared to the same period in 2017
- Dealers support the data indicating the strength of the used vehicle market, with only 1 in 5 reporting an increase in overage and days in stock
- 32% of dealers support indications that sourcing 'ready to retail' stock will toughen and only 13% positive about the economy in the final months of 2018

ENERGY SAVING TRUST USED EV TRAINING

NAMA members are invited to attend Energy Saving Trust training on used electric and plug-in vehicles, and how to deal with them at an auction.

This training has proved to be incredibly helpful to members who have taken it up and we would thoroughly recommend it.

The next training session will be held on **Tuesday 11 December 2018 at Fleet Auction Groups Brindley Road site (Stephenson Industrial Estate, Coalville, Leicestershire, LE67 3HG).**

The training will run from 11am - 2pm and is free of charge to attend. All NAMA members and their trade customers are welcome.

If you wish to attend, please email Louise.Woods@rmif.co.uk with your delegate list.

Capacity is being allocated on a first come first server basis, so if you would like to attend please let us know as soon as possible.

NAMA MEMBERS IN THE NEWS

BCA announces expansion plans for Scottish business

BCA has announced ambitious plans to expand its Scottish operations as business grows north of the border. Enhanced sales programmes have been introduced in Glasgow, Edinburgh, Livingstone and Kinross to manage additional volume and BCA has confirmed

that plans are in hand for the construction of an additional remarketing facility in Glasgow next year.

Phase one of the programme has seen the current Glasgow Remarketing Centre become a specialist Commercial Vehicle Centre. The centre now stages auctions for both light and heavy commercial vehicles with sales taking place every Tuesday and Friday. Record levels of activity were reported during September.

Full Press Release: <https://bit.ly/2zgjDf3>

Senior appointments at Aston Barclay



Aston Barclay's Adrian Dunbar has taken on a new role of group governance manager as he celebrates his 29th year of working at the remarketing specialist.

The role will see Dunbar manage all elements of the group's compliance commitments, including individual auction centres. He will also be responsible for managing Aston Barclay Assured and will become a key part of the new product development team.

He moves to the new role after an eight-year tenure as centre manager of Aston Barclay Chelmsford and will be replaced in his previous position by Richard Farrar as centre manager of Chelmsford, which is currently the group's largest site.

Full Press Release: <https://bit.ly/2qhTvpf>

Aston Barclay's new mega centre set to 'boost' Wakefield

Aston Barclay has completed a deal to open a new auction centre at Wakefield's Photon Park - a 16-acre site set to sell 50,000 in the coming year

Developers, and owners of the site, Illuminating Investments, have agreed a long-term lease that sees Aston Barclay occupy and invest in both existing buildings built in 2016, as well as over 10 acres of development land that will provide car storage and preparation areas.

Full Press Release: <https://bit.ly/2DdxrLE>

City Auction Group appoints Rockingham business development manager

City Auction Group has appointed Emma Woodward as the new business development manager at Rockingham as the business looks to develop new vendors for its dual lane facilities in 2019.

Formerly responsible for managing dealer group relationships at Aston Barclay, Woodward was also a manufacturer buyer development executive at BCA.

Full Press Release: <https://bit.ly/2zoqL9h>

Cox automotive and Grant Thornton launch Insight Report

- Used car market will reach 8.07 million units in 2018
- Forecast 2.5% rise in used car market growth in Q1 2019
- Dealers who achieved strong used car performances in 2018 ideally-placed to start 2019 in a strong position
- Business success today requires being truly agile: From use of data and insight to drive decision making right through to embracing new and innovative ways of doing business
- Strong growth expected for PCP penetration in used car market
- Mobility as a Service is growing, but there are still many barriers to address before it can become a fully viable alternative to ownership

The key trends impacting the car retailing sector in 2018 and future trends for 2019 and beyond are identified and analysed in the first ever “Insight Report” from Cox Automotive and Grant Thornton UK LLP.

UK dealers have proved the resilience of their used car operations in 2018, despite strong economic and political headwinds, and a challenging new car market for franchised dealers.

The annual Insight Report identifies evolving retail, wholesale and dealer group trends from across the automotive sector using previously unpublished data and analysis from Cox Automotive and Grant Thornton.

Key forecast and findings include:

- The used car market will reach 8.07 million units in 2018, a marginal year-on-year decline of -0.5%, despite the impact on consumer confidence caused by ongoing economic and political uncertainty
- The fall in new car sales as a result of WLTP will have an impact on supply of used vehicles in Q4
- Used car sales will rise by 2.5% in Q1 2019 to 2.08 million units, which will help boost the performance of franchised dealers, independent dealers and car supermarkets

“Car retailers faced challenging trading conditions in 2018, with ongoing uncertainty over Brexit and demonisation of diesel damaging consumer confidence. The introduction of the

new WLTP regime in September also impacted the supply of new stock,” said Philip Nothard Cox Automotive’s Customer Insight & Strategy Director.

“However, car retailers across the board showed great resilience with many achieving uplifts because of the strategic focus they placed on growing their used car and aftersales operations. Dealers who achieved strong used car performances in 2018 will be ideally-placed to start 2019 in a strong position, especially as we forecast a rise in used sales in Q1.”

The “Insight Report” also identifies trends shaping current and future buying behaviour as the provision of mobility and usership services become a viable alternative to outright ownership. It also shows the impact of dealer consolidation and the expected influence of mobility as a service on consumers in the future.

Nothard commented: “The pace of change is unprecedented in the automotive market. Our “Insight Report” presents some of the key challenges facing the industry and highlights several trends set to shape the market. Data will increasingly play a more important role in decision-making in the sector. We want to help customers embrace these changes and, using insight, make predictions to help them navigate uncertainty and strategically help businesses to create a sustainable and profitable future for themselves.”

Owen Edwards, associate director from Grant Thornton Automotive Advisory, added: “The automotive industry is experiencing a number of challenges in the retailing and the manufacturing of vehicles. We stand on the cusp of a fundamental change to how goods and people move around urban and rural areas of the UK and the world. This change has generated rapid growth in electric and autonomous vehicles and mobility. All periods of great disruption create opportunities and, to survive, the automotive industry must react and evolve with this change as it has in the past.”

To request a copy of the full report, please email louise.woods@rmif.co.uk

2019 DATES FOR YOUR DIARY

NAMA AGM 2019

17 - 18 May

Pine Cliffs Resort, Algarve, Portugal

NAMA National Executive

Tuesday 22 January

Tuesday 2 April

Tuesday 9 July

Tuesday 15 October

201 Great Portland Street

NAMA Grading Working Group

TBC