NFDA TRUCK AND VAN UPDATE
March 2021

Volvo's market share jumped to 16.2% in January

Dear Colleague,

It is always difficult to predict market trends from the first month of registrations, but on face value the results are lower than the same month last year with 2,712 new trucks going on the road compared with the 3,010 units registered in January 2020.

In the light commercial vehicle market, registrations rose 22% in February year-on-year according to the latest SMMT's registration figures, as orders placed by many large fleet operators a few months in advance supported the market.

Following our members' feedback, we have held a meeting with DVSA about the issue of ending the moratorium on appointing new AFT sites and we are now able to provide you with an update. Please find further information in this month's newsletter.

NFDA is your trade body: we are here to help and advise you on regulatory and operational issues that affect your business. If you require any assistance, please do contact the helpline on 01788 538303.

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Unpredictable HGV registrations for January

It is always difficult to predict market trends from the first month of registrations, but on face value, the results are lower than the same month last year with 2,712 new trucks going on the road compared with 3,010 units registered in January 2020.

We must bear in mind that this time last year the pandemic was not even on our radar. Additionally, the latest January's registrations volume has likely been built over the past few months as countries around Europe headed back towards normal levels of production.

It is early days to see if fleet confidence generates greater demand for distribution trucks, but, currently, with the planned reopening of the retail, hospitality and tourism industries, dealers feel optimistic.

For the full results, available via the member newsletter, please contact us.

Please note: our agreement with the SMMT, who supplies this information, insists <u>these figures are confidential and should not be shared externally</u>.

LCV market grows driven by 'delivery vans'

Light commercial registrations rose 22% in February year-on-year according to the latest SMMT's light van market registration figures, as orders placed by many large fleet operators a few months in advance supported the market.

The increase in LCV registrations was primarily driven by large light commercials (weighing more than 2.5-3.5 tonnes) as these vehicles are generally used to deliver goods bought online, a market that saw a significant boost during the pandemic.

Even though van showrooms have been closed to retail customers over the last two months, a significant proportion of commercial vehicles sales are generally transacted through the phone and online, which allowed businesses to flourish despite the restrictions affecting physical premises.

Whilst the maximum weight LCVs (heavier than 2.5-3.5 tonnes) saw 11,809 units registered in February, 30.0% more than the same time last year, other segments performed worse, with lightweight vans under 2.0 tonnes experiencing a decline of -25.3%. These car-derived vans are often used as service vehicles that are currently not seeing particularly buoyant business levels.

Although small in volume terms for the month, the pick-up market grew by 26.8%. This is despite the fact that many of these vehicles are acquired for both business and domestic purposes and, as a result, a number of customers may have delayed their registration until the March plate change, indicating that the upward trend could continue.

The Ford Transit and Transit Custom models continued to lead the registrations as they have been doing since January, followed in third position by the Mercedes-Benz Sprinter.

Overall, dealers are confident that market demand for LCVs will remain robust provided that no external factors will affect the supply of new products.

REGISTRATIONS OF VANS plus HCVs 3.5T-6T by MONTH

	Feb-21	Feb-20	% change
Pickups	1,716	1,353	26.8%
4x4s	51	48	6.3%
Vans <= 2.0t	689	922	-25.3%
Vans > 2.0 - 2.5t	2,940	2,698	9.0%
Vans > 2.5 - 3.5t	11,809	9,082	30.0%
All Vans to 3.5t	17,205	14,103	22.0%
Rigids > 3.5 - 6.0t	362	464	-22.0%

Image source SMMT

DVSA plan to lift moratorium on approving new ATFs

Earlier this month the NFDA CV Division had a meeting with the DVSA about the issue of removing the moratorium on appointing new AFT sites. This was one of the recommendations in the recent 'Heavy Vehicle Testing Review'.

Although the DVSA want to implement this as soon as practically possible, they do not want a free-for-all rush to get approvals; therefore, they have contacted NFDA and a few other trade associations who have members running ATFs to seek advice on how to move on from the moratorium.

The feedback from our membership was particularly useful, with several truck dealer ATFs commenting on the lifting of the moratorium. As a result, the priority order, which was previously shared, has been revised as follows:

1. Authorisation of current ATF sites being relocated within their current operational area.
2. Authorisation of ATF sites already built that applied at the time the moratorium came into force.
3. Authorisation of ATF applications in new areas where there is demand but a current shortage or no ATF facilities.
4. Authorisation of ATF sites already built and yet to apply for ATF approval.
5. Inferred support for future approval of an ATF site location to be built in line with DVSA standards.

Additional comments from members included:

- "The DVSA should prioritise applications where they have good tester resources.

- “New facilities must be able to demonstrate the required demand as operating only 2 or 3 days a week is not viable and does not justify the investment.
- “A sound business case needs to be presented and applications assessed properly.
- “DVSA should be moving fast to approve sites where valuable capital has been used to install equipment, enabling a return on investment”.
- “Ensuring that new ATFs are resourced adequately otherwise testers will be “*robbing Peter to pay Paul*”.
- One dealer recommended that the DVSA should communicate areas where there are known shortages in testing facilities and make these available to dealer/investors in that said area.

These recommendations and comments have now been passed on to the Department of Transport and the DVSA.

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important Government changes in the Light Commercial EV Plug-in Grant

The Government has announced changes to the Plug-in Van Grant (PIVG) rates and eligibility criteria.

The new terms apply from 07:00 on 18 March 2021. Dealers will be allowed to claim for any orders that were placed by customers in the 28 days before the grant change which were not logged on the portal. Any orders placed by customers between 00:01 on 18 February 2021 and 23:59 on 17 March 2021 before the grants changed that had not yet been logged on the portal, will be paid at previous rates and eligibility criteria.

Please note the changes outlined below.

Plug-in Van Grant (N1/Light Commercial Vehicles)

Grant rates changed

- From: 20% of purchase price up to £8000
- To: 35% of purchase price up to £3,000 for small vans < 2.5 tonnes gross vehicle weight (t GVW) and 35% of purchase price up to £6,000 for large vans 2.5-3.5t GVW

Eligibility criteria changed

From:

- Vehicles have CO2 emissions of less than 75g/km and can travel at least 16km (10 miles) without any emissions at all.
- Zero emission vans can travel at least 60 miles without any emissions at all

To:

- Eligible vans have CO2 emissions of less than 50g/km
- Eligible vans and trucks can travel at least 96km (60 miles) without any emissions at all.

The following rationale was given by the Office for Zero Emission Vehicles (OZEV) for the decision: “The increasing choice of new vehicles, growing demand from customers, and rapidly rising number of chargepoints means we are re-focusing our vehicle grants on the more affordable zero emission vehicles – where most consumers will be looking and where taxpayers’ money will make more of a difference Government has a responsibility to

manage the grant budget and to deliver value for money for taxpayers and has therefore been unable to provide notice ahead of the grant changes."

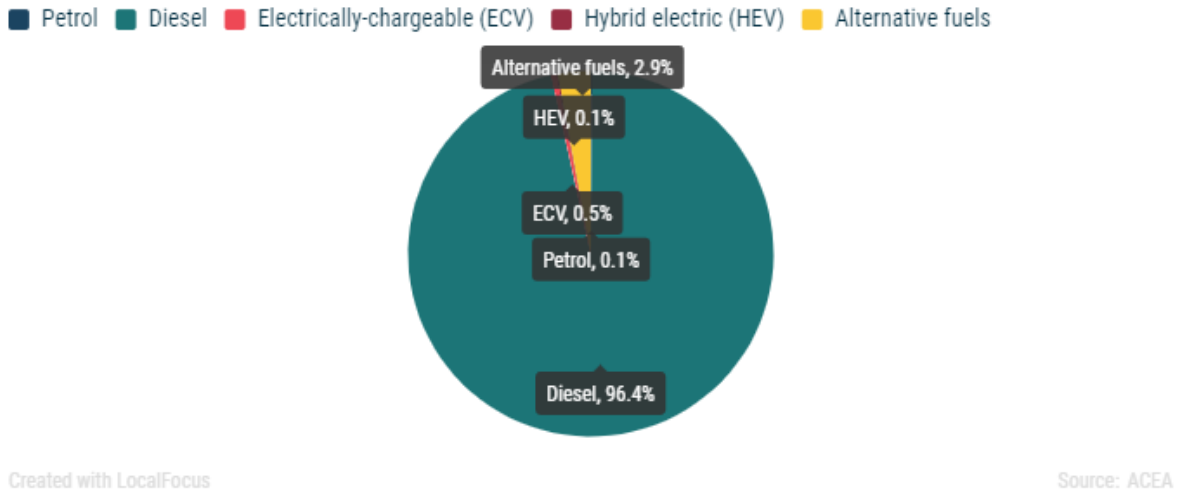
Fuel types of new trucks in the EU: diesel 96.4%, electric 0.5%, alternative fuels 2.9% market share in 2020

In 2020, diesel still dominated EU truck registrations in terms of market share (96.4%), while petrol made up only 0.1% of total demand last year, according to the latest figures by ACEA. Electrically-chargeable vehicles (ECV) accounted for 0.5% of all new trucks registered across the European Union; all alternatively-powered vehicles (APV) combined held a market share of 3.5% in 2020.

Diesel and petrol trucks

Overall in 2020, registrations of new diesel trucks in the European Union fell by 25.5% to 226,150 units, with demand weakened by the impact of COVID-19. With the exception of Greece, all EU markets posted double-digit declines in diesel sales last year, including the four major ones: Germany (-25.3%), France (-24.7%), Spain (-21.4%) and Italy (-13.0%). This resulted in an EU-wide market share of 96.4% for diesel, down from 97.5% in 2019.

At the same time, only 210 petrol trucks were registered across the entire EU region in 2020, 95% of which were sold in three countries alone: Germany, Finland and Belgium.



Alternatively-powered vehicles (APV)

Registrations of new electrically-chargeable vehicles (ECV) in the EU went from 745 trucks in 2019 to 1,059 in 2020 (up 42.1%), resulting in a market share of 0.5%. Over 90% of all electric trucks registered across the region were sold in just three markets: Germany (852 units), Romania (76 units) and the Netherlands (41 units). By contrast, in 12 EU countries not a single electrically-chargeable truck was sold last year.

In 2020, EU demand for hybrid trucks increased by 31.5%, although this was mainly the result of a low base of comparison. With 351 units registered last year, hybrid electric vehicles (HEV) still accounted for only 0.1% of all medium and heavy commercial vehicles sold in the European Union.

Alternative fuel vehicles – 99% of which run on natural gas – accounted for the vast majority of alternatively-powered trucks registered last year. Demand increased by 5.8% to 6,861 units, with the market share expanding from 2.1% in 2019 to 2.9% in 2020. This was mostly driven by strong sales of natural gas trucks in Germany, which is now the biggest EU market for these vehicles.

Full article available here

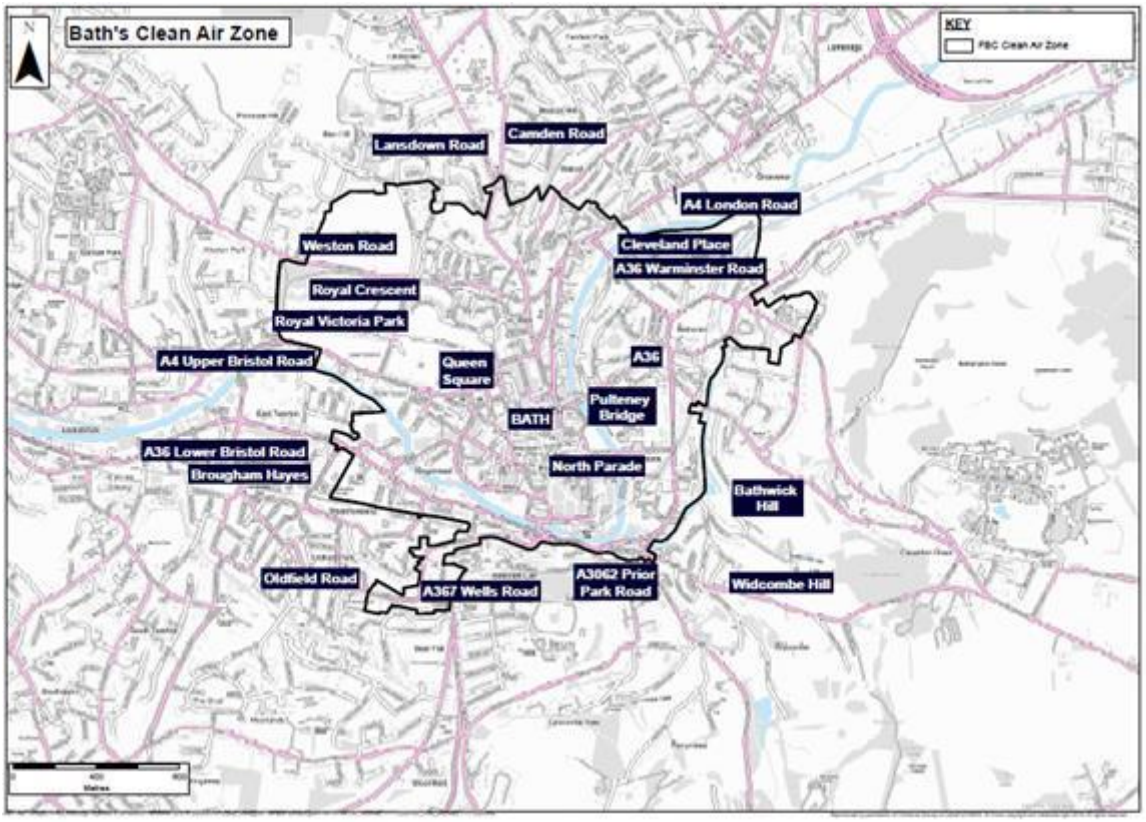
Bath Clean Air Zone goes live

The Bath Clean Air Zone went 'live' on Monday 15 March 2021, meaning that non-compliant vehicles driven in Bath will now be subject to a charge. You will need to pay a charge to enter Bath Clean Air Zone if you are driving a bus, taxi, HGV or LGV unless it is EURO4 petrol or EURO6 diesel or exempted by the council.

You can check if you will be charged and make a payment here.

You can find local information, updates and details on exemptions available here on Bath and North East Somerset council website.

Financial support to upgrade your vehicle can be found here.



Link to map here

The Birmingham Clean Air Zone will commence on the 01 June 2021, and further details on local information and exemptions is available here.

POLICY UPDATE:

Chancellor sets out economic recovery plan in Budget statement

Earlier this month (03.03.2021) Chancellor of the Exchequer Rishi Sunak set out a range of new measures to support the UK's economy during the pandemic, as well as supporting an economic recovery as lockdown restrictions are gradually lifted.

Please see below for an overview of announcements most relevant to PTW dealers:

Covid-19 financial support for businesses

Business Rates Relief extended

The current, 100% business rates holiday will continue until 30 June 2021. This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties

'Restart grant'

For non-essential retailers in England, businesses can claim up to £6,000 per premises. For hospitality, this rises to up to £18,000 per premises.

'Recovery loan scheme'

From 6 April 2021 the Recovery Loan Scheme will provide lenders with a guarantee of 80% on eligible loans between £25,000 and £10 million finance to UK businesses. The scheme will be open to all businesses, including those who have already received support under the existing COVID-19 guaranteed loan schemes.

Further information and eligibility: https://www.gov.uk/guidance/recovery-loan-scheme

Employment and training

Furlough scheme extended until September

The Coronavirus Job Retention Scheme will run until the end of September, with furloughed employees continuing to receive 80% of salary for hours not worked. There will be no employer contributions beyond National Insurance contributions (NICs) and pensions required in April, May and June. From July, the government will introduce an employer contribution towards the cost of unworked hours of 10% in July, 20% in August and 20% in September, as the economy reopens.

Payments for hiring apprentices

Employers who hire a new apprentice between 1 April 2021 and 30 September 2021 will receive £3,000 per new hire, compared with £1,500 per new apprentice hire (or £2,000 for those aged 24 and under) under the previous scheme.

Tax and investment

Corporation tax rate to reach 25%

The rate of corporation tax will increase from April 2023 to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19% and there will be relief for businesses with profits under £250,000 so that they pay less than the main rate. In line with the increase in the main rate, the Diverted Profits Tax rate will rise to 31% from April 2023.

Super-deduction

From 1 April 2021 until 31 March 2023, companies investing in qualifying new plant and machinery assets will benefit from a 130% first-year capital allowance. Investing companies will also benefit from a 50% first-year allowance for qualifying special rate (including long life) assets (further guidance below).

Fuel Duty frozen

The rate of fuel duty will be frozen for 2021-22, the eleventh consecutive freeze.

VED and levy rates for HGVs

The Government will uprate VED rates for cars, vans and motorcycles in line with RPI from 1 April 2021. For HGVs, the Government will freeze HGV VED for 2021-22 and will suspend the HGV Levy for another 12 months from August 2021.

Business Rates Repayments

The Government will legislate to ensure that the business rates relief repayments that have been made by certain businesses are deductible for corporation tax and income tax purposes.

Extended loss carry-back

For UK businesses that have been pushed into a loss-making position, the trading loss carry-back rule will be temporarily extended from one year to three years.

For further details and guidance, please contact us.

Budget 2021: capital allowance super-deduction

At his recent Budget statement the Chancellor announced that from 1 April 2021 until 31 March 2023, companies investing in qualifying new plant and machinery assets will benefit from a 130% first-year capital allowance. Investing companies will also benefit from a 50% first-year allowance for qualifying special rate (including long life) assets.

MHA, in conjunction with NFDA, has prepared guidance for dealers including a summary of the new capital allowance reliefs, things dealers should be mindful of, what types of investments qualify and aspects dealers should consider when making a claim.

Download here the guidance.

You can also find a summary of the additional measures outlined at the Budget on the **NFDA website.**

British Gas makes largest UK commercial EV order with Vauxhall and commits to accelerating the electrification of its fleet

British Gas has recently announced that it is ordering 2,000 new all-electric Vivaro-e vans from Vauxhall and has introduced plans to never purchase another combustion engine vehicle.

As part of its commitment to become a net zero organisation, Centrica, owner of British Gas, has committed electrify its 12,000 strong operational fleet by 2025, five years earlier than originally planned and will be making further orders with Vauxhall for electric vehicles as soon as they are available. Centrica has also committed to make its 1,500 company cars EV only in the same time frame.

In addition to the 1,000 purchased last Summer, the Vauxhall purchase represents the largest commercial BEV (battery electric vehicle) order in the UK to date. All 3,000 electric vehicles will be on the road by 2022. While engineers can volunteer to have the new vans during the rollout, the company is prioritising high pollution areas to help lower emissions.

British Gas engineers will install all chargers at engineer homes and is accelerating EV adoption in the UK for homes and businesses with charger installs and innovative EV tariffs. The company is currently increasing the EV engineer workforce through training existing engineers, recruiting new engineers, and creating 1,000 new engineering apprenticeships by the end of 2022.

Transport Secretary Grant Shapps said: “It’s encouraging to see that one of Britain’s best-known brands is leading the way with the largest commercial EV fleet in the UK. This is a huge step as we build back greener, lower our carbon footprint and deliver better air quality up and down the country – with more zero-emission models of cars and vans on the market than ever before, there has never been a better time for drivers and businesses to make the switch.”

Full article available here

City Corporation to run fully electric refuse truck fleet

The City of London Corporation claims it will become the first UK local authority to run a fully electric fleet of refuse collection vehicles following a successful trial.

The zero-emission recycling and waste collection fleet will collect residents’ waste and recycling in the Square Mile. The vehicles are being operated by Veolia, who deliver the City Corporation’s recycling and waste collections, street cleansing and ancillary services operations.

Pascal Hauret, managing director of municipal for Veolia UK, said: “This new electric solution now opens new possibilities for cleaner air in cities, with the potential of recharging the vehicles using electricity generated from the waste they carry via energy recovery facilities. It marks a major step forward towards carbon net zero targets and highlights how local authorities can drive sustainability by using green solutions to address their environmental challenges.”

To ensure the electricity infrastructure supports local communities, and at the same time provides sufficient charging for the fleet, Veolia has developed a smart charging system. It compares data including shift patterns, available generation and vehicle power requirements, and uses this in an algorithm that automatically determines which vehicles are charged when in the depot. By using this system, the vehicles are available when needed, local grid power availability is maintained, and future expansion of electrical demands can be met as further decarbonisation measures are introduced.

The City Corporation is also piloting a 24/7 zero-emission street at Beech Street and will turn other parts of the Square Mile into zero-emissions zones by 2022. New diesel vehicles have also been banned from its fleet, where there is a clean market alternative, and it is leading a London-wide crackdown on drivers who leave their engines idling when parked.

Source: Fleet News

DVLA Contact Centre Opening Hours: Easter 2021

View here DVLA's contact centre opening times over Easter 2021.

Date	Opening hours
Thursday 1 April	8am to 8pm
Good Friday 2 April	closed
Saturday 3 April	8am to 4pm
Easter Sunday 4 April	closed
Easter Monday 5 April	closed
Tuesday 6 April	8am to 8pm

Customers will be able to use DVLA’s online services throughout the Easter period.

Please find **HERE** the up-to-date list of digital services offered by the DVLA.

Please note: DVLA will be carrying out essential maintenance on a number of its online services on Sunday 28/03/21. The following services will be unavailable from 08:00hrs up to approximately 12 noon.

- Assign a personalised number online
- Retain a personalised number online
- Disposal of a vehicle to trade
- Acquire a vehicle from trade
- Vehicle Keeper to keeper change

NFDA
COMMERCIAL VEHICLE DIVISION