

NFDA TRUCK AND VAN UPDATE
October 2022



Volvo & Renault growing their market share in 2022

Dear Colleague,

August 2022's Heavy Goods Vehicle (HGV) registrations figures seem to indicate greater availability of product, although this is not the case across all brands. The figures are received some 6 weeks after the end of the month before they are released to interested commercial parties. HGV registrations showed a 38% increase, Year to Date, during August indicating very positive signs in the market.

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

Steve Latham
NFDA Truck & Van Division Advisor
Mob: 07515 975 157
Email: stephen.latham@rmif.co.uk

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Stronger Tuck Registrations in August 2022

NFDA Truck Registration figures	Jan-21	Jan-22	Feb-21	Feb-22	Mar-21	Mar-22	Apr-21	Apr-22	May-21	May-22	Jun-21	Jun-22	Jul-21	Jul-22	Aug-21	Aug-22	YTD (21)	YTD (22)	YTD COMPARISON VS 21	2022 YTD Market
DAF	897	884	908	774	1337	1261	1066	979	1065	1078	945	1097	692	1071	670	1037	7580	8181	+601	32.3
Dennis	51	53	64	28	132	121	95	62	80	76	93	66	63	52	40	59	618	517	-101	2.0
FUSO	26	17	37	18	49	20	47	5	22	10	40	7	29	16	15	14	265	107	-158	0.4
Isuzu	65	76	39	76	88	107	74	88	85	76	96	78	78	83	47	72	572	656	+84	2.6
IVECO	199	232	263	227	330	365	306	288	254	296	270	238	228	240	214	234	2064	2120	+56	8.4
MAN	241	272	158	157	683	446	294	216	272	169	258	209	159	199	107	190	2172	1858	-314	7.3
Mercedes	252	323	189	222	580	396	404	351	385	349	408	330	321	406	366	351	2905	2728	-177	10.8
Renault	78	114	106	143	310	280	205	201	193	184	145	284	188	165	135	252	1360	1623	+263	6.4
SCANIA	465	565	227	326	890	725	480	448	444	410	401	397	349	428	199	281	3455	3580	+125	14.1
VOLVO	438	570	297	372	665	667	343	509	347	556	376	476	423	467	266	352	3155	3969	+814	15.7
Total	2712	3106	2288	2343	5064	4388	3314	3147	3147	3204	3032	3182	2530	3127	2059	2842	24146	25339	+1193	100.0

This August, HGV registrations indicated a rise of 38% Year to Date (YTD). A total of 2,842 HGV's went on the road, compared with 2,059 the previous August, indicating growth in the market. Although this is very promising and seems to indicate better product availability, it does show that growth of registrations is only a minute figure, 4.9%, over the first 8 months of the year. Product shortages in the early months of 2022 should also be noted.

Volvo and Renault have increased their registrations year to date by +814 units and +263 units respectfully. DAF still dominate the HGV market with a 32.3% market share, alongside an additional +601 chassis going on the road this year.

Improvements in availability are not universal across all manufactures, however, as MAN and Mercedes have suffered product shortages due to distribution and poor component suppliers, such as camera/mirrors not being available on the production line for a period.

Although economic problems, higher energy costs and a reduction in consumer confidence, are a large contributor towards any market struggle, Truck dealers seem positive about their short-term future as order banks are still high for new product. Many dealers have reported the plate change month of September, which normally doesn't affect the truck industry, has been busier than normal with many new HGV orders being fulfilled. Early indications show that more than 4,000 new trucks could have been registered last month improving the prospect for the year.

Van Registrations Improve in Plate-Change September

"It is positive to see the first increase in van registrations this year, although taking into consideration September 2021 registrations were the lowest since 2009. Deliveries of new LCVs are still affected by component shortages, some of September's registrations that were in stock were held back by customers who desired the new updated number plate," said Sue Robinson, Chief Executive of the National Franchised Dealers Association (NFDA), which represents franchised car and commercial vehicle retailers in the UK commenting on the latest SMMT's new passenger car registration figures.

September van registrations were up 10.8% at 34,950 units. Overall, the year-to-date LCV market is 20.1% behind last year's registrations.

September registrations were dominated by the large van market, 2.5t – 3.5 tonne, that now represent a great proportion of overall market share (73.8%). The year-to-date percentage is similar at 73.4%. These maximum capacity LCV are used for all forms of delivery and trades enabling their users to stay outside the operator regulations of tachograph, O-licence and driving licence restrictions. While the small car-derived vans under 2.0t suffered a shortfall of 21.5%, mid-size LCV 2.0t – 2.5t increased by nearly 41%.

Electric LCVs continued their growth in the market with an upswing of 70% to a market share of 4.4%, up from 2.9% last year. The growth in EV sales comes at the expense of diesel where registrations are now 92.4% of the market, compared to 95.6% last year.

Year to date figures reveal Ford's Transit Custom and Large Transit dominate the registrations followed by the Vauxhall Vivaro in third place. As it was the plate-change month pick-up models such as the Ford Ranger took the third place for the month of September, as many of these due-purpose load vehicles are bought by private and the self-employed, where the number plate prefix is more in demand, although the pick-up market for the month was down -13.7%.

Sue Robinson added: "Currently orders outstrip supply due to the shortages in key part components, but some manufacturers are finding that this is improving. The economic uncertainty could spark a lack of consumer confidence and impact the currently strong consumer demand, although this has not yet been recorded. Overall, van dealers are confident that current demand will hold up for the remainder of the year."

Image source SMMT

SEPTEMBER

	2022	2021	% change	Mkt share -22	Mkt share -21
BEV	1,550	912	70.0%	4.4%	2.9%
Diesel	32,656	29,957	9.0%	92.4%	95.0%
Others	744	666	11.7%	2.1%	2.1%
TOTAL	34,950	31,535	10.8%		

Year to date

	YTD 2022	YTD 2021	% change	Mkt share -22	Mkt share -21
BEV	11,359	7,427	52.9%	5.3%	2.8%
Diesel	197,315	255,559	-22.8%	92.4%	95.6%
Others	4,902	4,250	15.3%	2.3%	1.6%
TOTAL	213,576	267,236	-20.1%		

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

	Sep-22	Sep-21	% change
Pickups	3,863	4,478	-13.7%
4x4s	536	455	17.8%
Vans <= 2.0t	1,016	1,294	-21.5%
Vans > 2.0 - 2.5t	3,748	2,661	40.8%
Vans > 2.5 - 3.5t	25,787	22,647	13.9%
All Vans to 3.5t	34,950	31,535	10.8%
Rigids > 3.5 - 6.0t	486	639	-23.9%

REGISTRATIONS OF VANS plus HCVs 3.5T-6T by YEAR-TO-DATE

	YTD-22	YTD-21	% change
Pickups	21,661	34,266	-36.8%
4x4s	2,159	3,415	-36.8%
Vans <= 2.0t	6,558	12,712	-48.4%
Vans > 2.0 - 2.5t	26,477	34,889	-24.1%
Vans > 2.5 - 3.5t	156,721	181,954	-13.9%
All Vans to 3.5t	213,576	267,236	-20.1%
Rigids > 3.5 - 6.0t	3,737	4,562	-18.1%

NFDA Advises Government on Van Driving Licence Changes Needed for EV's

Summary

In 2019, the UK committed to meeting net zero greenhouse gas emissions by 2050, as well as committing to stop the sale of new petrol and diesel cars and vans from 2030. The UK sold more plug-in electric vans in 2021 than any other country in Europe, showing that the zero-emission vans market is making an advance towards meeting this target.

Typically, a driver must have a category C or C1 license to operate a vehicle above 3,500kg, increasing the cost for the user. Although this is valid for petrol and diesel CVs, alternatively fuelled vehicles (AFVs) have an increased **mass** compared to their counterparts. To help encourage electric vehicles, a derogation was granted to avoid constraining payload for operators using cleaner alternatively fuelled options.

In continuation of encouraging this promotion of electric alternatives, the government have announced they plan to keep the derogation and are now consulting on potential measures to optimise this policy. They are requesting for views on:

- The training requirement for eligible vehicles to be driven on a category B licence
- Types of vehicles eligible for the derogation
- Towing for derogation-eligible vehicles
- Types of fuel eligible for the derogation

National Franchised Dealers Response

When asked for their preference towards training options, the National Franchise Dealers Association (NFDA) said "removing the training requirement" entirely will be the most effective response.

Following up on this answer, the consultation asked for the advantages and disadvantages of removing the training requirement. The NDFA commented, saying:

"Removing the training requirement will help to accelerate the take-up of zero emission commercial vehicles which is crucial to meet the UK's 2050 net-zero targets. With heavier Alternately Fuelled Vehicles (AFV) now increasingly coming to market there is a need to ensure that prospective AFV users are not disincentivised by being mandated to pay the additional cost of training to drive vehicles which only differ from ICE vehicles in their powertrain and therefore would be put-off from purchasing a more environmentally friendly AFV. Furthermore, it will give an economic advantage by removing both bureaucracy and cost from light commercial operators, bolstering businesses."

"It is important to recognise that these heavier AFVs are equivalent in function and appearance to their petrol and diesel counterparts. AFVs have to undergo the same rigorous safety measures and procedures to account for their additional kerb weight, as a result these vehicles often have stronger, more robust breaking mechanisms. As such, the safety of these types of vehicles is no different, than an ICE vehicle. The safety aspect coupled with the fact that their appearance and function is not dissimilar to ICE alternatives means that this additional training, costing the user both time and also is a further financial cost is both unwarranted and burdensome."

The next significant question on the consultation was question 6, asking for data on the safety of these vehicles, particularly in comparison to ICE equivalents. The NFDA's response to this was:

"Zero emissions electric/AFV vehicles are typically safer than ICE equivalents for a few reasons. They tend to have a lower centre of gravity due to the weight of the batteries meaning there is less chance of accidents. This is particularly pertinent for taller box, Luton, or curtain-sided vans. Furthermore, a heavier vehicle provides better crash protection, this primarily derives from heavier vehicles also tending to continue moving forward in crashes so the individuals within are subject to a reduced amount of force.¹ Contrary to popular belief, the probability of an EV catching fire in comparison to ICE vehicles is actually lower. According to the Fatality Analysis Reporting System, fire was found in 2.6% of EVs and 4.4% of ICE vehicles.² Furthermore, as electric vehicles are automatics, no gear changing is required. This allows the driver to focus more on road safety."

"Hybrid Electric Vehicles (HEVs) also have safety advantages over ICE counterparts. If the battery is damaged, the lithium salt will not normally spill or leak and in a non-fire situation, no toxic gases are emitted, and there is no inhalation hazard."

"Other Alternate fuels like natural gas, for example, has certain safety advantages compared to gasoline and diesel. It is non-toxic, lighter than air, and dissipates rapidly when released. It is detectable at 20 percent of the lower flammability limit. Unlike diesel and gasoline leaks, which puddle on the ground and can create an ongoing hazard over a wide area, leaking natural gas tends to rise and dissipate to non-hazardous levels quickly, with only a short, vertical column directly above the leak in which the gas mixture is flammable. Natural gas leaks, therefore, pose little fire or explosion risk."

Another key issue highlighted by this consultation, expanding the derogation to alternative types of AFVs, was questioned, resulting in the NFDA providing the following response:

"Motor homes should be included to increase the uptake of AFV-powered units. Also, a C1 licence holder will not be able to drive an alternative fuel vehicle over 7.5 tonnes with the same payload as a diesel vehicle due to battery weight and as such should be included. Therefore, consideration should be given to these higher weight HGVs to be able to operate on the same C1 HGV licence and have a similar viable carrying payload."

The final question in the survey, and arguably most important, asked for the advantages and disadvantages of maintaining the existing definition of eligible fuels for the derogation. Due to the important nature of the question, the NFDA responded saying:

"If the existing definition of eligible fuels for the derogation maintains its current form, some biofuels wouldn't be used as much. To reach the UK's 2050 net zero targets, a wide-ranging strategy should be adopted with all avenues of technology explored. If there is a market for biofuels it should be allowed to be explored to help meet transportation fuel needs. A good example is Hydro-treated vegetable oil which offers a 90% reduction in CO2 emissions without any major vehicle modifications and so can be used in the current fleets. Infrastructure for biofuels and e-fuels can also be relatively easily extended, using the current infrastructure for diesel, if necessary, due to these 'drop-in fuels' being compatible with the existing fleet."

"Furthermore, biofuels and liquefied natural gas (LNG) are more mature and already more widely available, while battery electric trucks (BET), fuel cell electric trucks (FECT) and electric road systems (ERS) still need major development and investment to ensure sufficient coverage in the long term."

“It is therefore necessary to have a stepping-stone strategy to move to total zero emissions, particularly in the case of larger HGV goods vehicles where both the technology and development do not exist. Encouraging the use of LNG and Hydro-treated vegetable oil would lower CO2 now and assist the transition to total zero emissions.”

Building a home for zero emission trucks

A major investment in hydrogen fuel-cell and electric CV production in recent years has put the UK in a strong position in zero emission technology.

Hydrogen is seen as a viable alternative to battery electric trucks, but there is a common obstacle to both: infrastructure. HGV charging points and hydrogen refuelling stations are still very sparse.

The challenges facing operators in installing BEV charging depots are significant too, with financial incentives like the Plug-in Truck Grant necessary to encourage uptake, although this is not as generous as those in some European countries.

Manufacturers are playing their part by developing the vehicles but every stakeholder in the CV sector will need to play their part if we are to meet our green goals.

It is positive that we are seeing some activity in this space: last week Innovate UK announced the £20m Tees Valley Hydrogen Transport Hub competition, in which successful bidders will push the boundaries of hydrogen powertrains to address challenges such as large-scale refuelling, bus and coach public transport ecosystems and making the supply chain greener.

The successful projects will need to run between June 2023 and March 2025 and include building at least one hydrogen refuelling station in the Tees Valley area that is open for use by other operators in the area.

A smooth planning process for hydrogen refuelling stations is vital to help build confidence in these technologies

New Chancellor Jeremy Hunt Announces a Policy Update Regarding the Budget

As a result of the negative response following September's Minibudget and turbulence in the financial markets, the Prime Minister has announced that some of the planned tax changes will be scrapped. In addition, new Chancellor Jeremy Hunt announced further changes and U-turns in the government's plans, all of which are in the table below.

WHAT'S STAYING

- No health and social care levy
- NIC increase reversed
- AIA to stay at £1m
- No Stamp Duty to £250k or £450k for 1st time buyers
- New Investment Zones
- SEIS and CSOP limits increased
- EIS and VCT reliefs extended beyond 2025
- Business energy rates discounted for 6 months
- Domestic energy price cap (but now to end in April 2023)

WHAT'S GOING

- Corporation tax freeze at 19%
- Income tax cut to 19%
- 45% additional rate tax abolished
- VAT free shopping for tourists
- IR25 reforms repeal
- Alcohol duty freeze

Although these U-turns are creating uncertainty around the government, they are a step in the right direction to helping fix some of the errors which are negatively affecting the UK. The next NFDA CV Newsletter, for November, will include a full breakdown of the full fiscal budget which is occurring on 31 October.

Electric Cars: 6 EU Countries have less than 1 charger per 100km of road

Brussels, 13 October 2022 – Not only is there an insufficient number of electric charging points along the road networks in most EU countries, but the vast majority of these do not charge quickly enough, according to the European Automobile Manufacturers' Association (ACEA).

17 EU countries have less than five charging points per 100km of road, alongside 6 countries which do not have a single charging point per 100km of road. Thankfully, however, countries on the other end of the spectrum have significantly more chargers, such as the Netherlands who have a charger for every 1.5km of road.

Charging speed is also a major issue across Europe, with only 1 in 7 EU countries having a fast-charging options. The remaining EU countries, who do not have a fast-charging option, offer drivers chargers with a capacity of 22kW or less.

Sigrid de Vries, ACEA Director General, commented on the poor distribution of electric chargers saying, “If we want to convince citizens all over Europe to switch to e-mobility in the coming decade, charging these cars should be as easy as refuelling is today.” She continued adding, “People should not have to travel for miles to find a charging, nor should they have to wait ages to charge their vehicle.”

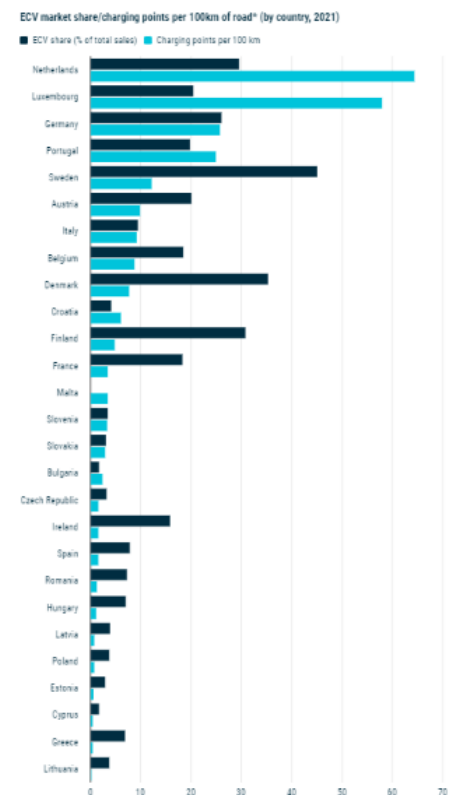
CHARGING POINTS PER 100KM OF ROAD

Top 5: MOST charging points per 100km of road

- 1 Netherlands (64.3)
- 2 Luxembourg (57.9)
- 3 Germany (25.8)
- 4 Portugal (24.9)
- 5 Sweden (12.2)

Top 5: LEAST charging points per 100km of road

- 1 Lithuania (0.2)
- 2 Cyprus (0.4)
- 3 Greece (0.4)
- 4 Estonia (0.6)
- 5 Poland (0.7)



Source: <https://www.acea.auto/press-release/electric-cars-6-eu-countries-have-less-than-1-charger-per-100km-of-road-1-charger-in-7-is-fast/>

Revised guidance on categorisation of defects from DVSA

The DVSA has published a revised guidance on how we categorise vehicle defects in roadside checks. This guide outlines the actions they take when they find roadworthiness defects during vehicle inspections.

The new rules will be enforced from 1 September 2022.

Some changes revolve around load security individual defects being added to be clearer for operators, drivers, and examiners, to help identify and rectify issues.

For light vehicles, there are new load security defects for items being carried directly on the roof panel and insecure loads on a roof rack.

The new guidance can be found here:

<https://www.gov.uk/government/publications/categorisation-of-defects>

MILS: Dismissing new employees for absence/illness



“I have recently taken on an employee, about a month ago, but she isn’t proving to be very reliable. She is a receptionist but has already had 5 days off with a variety of medical complaints. What do I do? I don’t want to be unfair to her, but I’ve got a business to run and it is very difficult to cope without the receptionist taking the calls?”

Many employers believe that it is more difficult to dismiss an employee who is ill than one who has committed an act of misconduct. Provided the employee has well under 2 years’ service (and note that normal unfair dismissal rights actually apply a week *below* two years) that is not necessarily the case.

When dealing with employees with under 2 years’ service, an employer is perfectly entitled to dismiss an employee if their illness/absence creates difficulties and is not always necessary to go through the full disciplinary procedure in terms of medical evidence and written warnings before taking that decision.

There are however caveats to that general advice. Absence issues can sometimes give rise to claims, and the most common ‘banana skins’ for employers when dismissing employees with short service who are absent, are as follows:

1. The risk that any absence could be related to a long-term condition, so as to satisfy a disability under the Equality Act 2010. To qualify as a disability the condition has to be long term and have a substantial adverse effect on day-to-day activities. It is sometimes possible that (even if they appear to be short term issues) absences are linked to some longer-term condition. Clearly if they are coughs, colds or other minor issues that is unlikely.
2. Be careful also that any absences are not related to pregnancy related illness or similar issues, as that can give rise to claims for sex and pregnancy discrimination.

In the scenario described above therefore if the employer had satisfied itself that those risks do not apply then the next step is very much at the employer’s discretion. It could of course be sympathetic, give a warning and try to improve the issues, but if it is too disruptive it could take a view and invite the employee to a meeting to consider dismissal on the grounds of absence.

If the employer decides to proceed, it is usually advisable to lay a basic paper trail, involving a written invite to a hearing to consider dismissal on the grounds of absence, a minuted discussion regarding the issue and a decision letter, ideally with the right of appeal. Although not following that procedure wouldn’t necessarily give rise to claims, by doing so the employer lays the foundation of a defence in the Tribunal, if the employee should try to claim that they were dismissed for any automatically unfair reason (most commonly discrimination, whistleblowing or asserting statutory rights) for which length of service is not required to bring claims in the Tribunal.

Motor Industry Legal Services (MILS Solicitors) provides fully comprehensive legal advice and representation to UK motor retailers for one annual fee. It is the only law firm in the UK which specialises in motor law and motor trade law. MILS currently advises over 1,000 individual businesses within the sector as well as the Retail Motor Industry Federation (RMI) and its members.

General news

Calling all NFDA-CV Van & Truck Members

Quarterly the NFDA-CV section run a Truck dealer Council meeting headed by chairman Brian Currie. The meetings are held in the morning at The NFDA head office boardroom in Great Portland Street in London.

The meeting discusses many of the up-to-the-minute issues effecting truck dealers including the DVSA, ATF's Department for Transport plans and other policy issues, dealers from all franchises are represented.

All CV member dealers are most welcome to attend and contribute to the debate, the next meeting will be on Monday 5th December. If you would like to attend, just email stephen.latham@rmif.co.uk to confirm your attendance.