NFDA TRUCK AND VAN UPDATE

JULY 2018

Dear Colleague,

This month saw Light Commercial Vehicle (LCV) registrations up to 3.5 tonnes decrease -5.8% in June, reflecting insecurities in the economy and concerns over slow progress in Brexit negotiations. See this month's news for a full breakdown of figures.

The Department for Transport (DfT) also this week published their 'Road to Zero' strategy. The NFDA CV division welcomes the Government's assurance that diesel will be an on-going fuel choice for Heavy Goods Vehicles (HGVs), recognising the realities of the HGV market. See our full response below.

With the General Data Protection Regulation having become a reality, we urge members to ensure their businesses are fully compliant. A reminder that we have our GDPR helpline, 01788 538304 in case you have a problem.

Finally, a reminder that the NFDA is your trade body and here to help and advise you on regulatory and operational issues that affect your business. However, if there are issues that we have not covered or you have concerns about, please do contact us on the NFDA helpline 01788 538303.

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

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LCV DEMAND FALLS -5.8% IN JUNE

Light Commercial Vehicle (LCV) registrations up to 3.5 tonnes decreased -5.8% in June, reflecting insecurities in the economy and concerns over slow progress in Brexit negotiations.

All sectors in the market declined, with the only exception in the pickup market which was up 4.1%. These double-cab pick-up versions are often favoured by the self-employed, where the benefit-in-kind tax position makes these an attractive buy as a vehicle to be used for both business and pleasure.

Vans in the 2.5 – 3.5 tonne sector declined -5.6%. The particular sector accounts for over 60% of light commercial sales and are the larger vans sold to corporate fleet buyers and often used for deliveries of retail products to homes.

Factors such as road tax changes or the soon to be introduced Worldwide Harmonised Light Vehicle Test Procedure (WLTP) emission standards for cars are not due to affect commercial vehicles of this size until September 2019. Therefore this month's figures are a true and fair reflection of the market and generally indicate the reservations and caution expressed by all business in these uncertain economic times.

NFDA CV WELCOMES ROAD TO ZERO STRATEGY

The NFDA CV division welcomes the Government's assurance that diesel will be an on-going fuel choice for Heavy Goods Vehicles (HGVs), recognising the realities of the HGV market.

Any transition away from diesel will need to be carefully managed and industry led. In the short to medium term it will need to focus on alternative fuels such as Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG) rather than electric HGVs.

The NFDA CV division also hopes that the Government's desire for at least half of new vans to be ultra-low emission by 2030, does not place an excessive burden on small and large businesses that require vans to keep the country functioning.

We will continue to engage with government on the move from LCVs and HGVs to alternative cleaner fuel options to ensure it is steady and manageable transition.

MAINLAND EUROPE REGISTRATIONS: +4.1% FIVE MONTHS INTO 2018

So far in 2018, EU demand for new commercial vehicles increased by 4.1%, with positive figures for four out of five months. New registrations totalled more than one million units over this period. Spain recorded double-digit growth figures (+11.4%), followed by France (+5.5%), Italy (+3.0%) and Germany (+2.9%). By contrast, demand for commercial vehicles decreased by 2.6% in the United Kingdom compared to last year.

New heavy commercial vehicles (HCV) of 16 tonnes and over

Five months into the year, EU demand remained positive (+4.2%) – 132,188 new heavy trucks were registered so far. The Italian (+17.9%), French (+9.8%) and Spanish (+9.2%) markets posted the strongest gains over this period, but demand fell in the United Kingdom (-10.2%) and Germany (-1.3%).

New medium and heavy commercial vehicles (MHCV) over 3.5 tonnes

From January to May 2018, EU demand for new trucks went up by 3.5%, counting 160,793 units. Italy (+15.0%), Spain (+9.2%) and France (+7.9%) all performed very well, although registrations did fall in the United Kingdom (-8.6%) and Germany (-1.6%) so far this year.

A NEW APPROACH TO SORTING OUT TESTER AVAILABILITY AT ATF'S

The Driver and Vehicle Standards Agency (DVSA) has held the first in a series of round table meetings with trade bodies, including the RHA, FTA CPT, SMMT, ATFOA and NFDA, to address the current challenges faced by the industry and DVSA at Authorised Testing Facilities (ATFs). The meeting took place on 13 June and concentrated on how DVSA, working with industry, could improve testing services for ATFs and operators.

DVSA Director of Operations South Richard Hennessey said:

"This was a very positive meeting. We acknowledge that ATFs, operators and their representative bodies are very concerned about the availability of testing slots and the ease of securing a test booking. We fulfil 99.6% of tests booked, however there is more we can do to improve the way we work with ATFs and Operators.

"We are in the process of recruiting an additional 85 vehicle testers into the high demand areas. This will have the benefit of also relieving testing pressure in other parts of the UK. We have established measures to help ensure that there is adequate testing capacity in areas of high demand. These have already been put into operation for the busy summer period."

DVSA is committed to improving the service and at the meeting agreed to:

- work with industry to help those unable to secure a test to find slots

- increase the number of network business managers (NBMs) (each ATF is allocated a network business manager who acts as a direct contact should the ATF require support)
- examine how to provide more flexible resource to meet peaks in demand for testers
- issue more meaningful and regular management information
- improve the booking process from end to end including exploring how we can make test availability more transparent to operators looking to secure a test slot
- consult with the industry on a review the current testing model by the end of October 2018
- share and invite input into the Terms of Reference for that review with the Trade associations

Further Information

- Since January, the DVSA has carried out around 30,800 tests, fulfilling 99.60% of its testing reservation slots.
- For the year to date period, the DVSA cancelled 154 VSA reservations compared to 632 reservations cancelled by ATFs
- DVSA has committed to an update meeting next month, with a follow up round table meeting in September
- DVSA's full commitments are:

- ❖ DVSA will take away a proposal on the Table will come back with a suite of management information and at what level it can be shared (ATF/region etc.)
- ❖ DVSA to provide contact points (NBMs, senior management etc.) to meeting attendees
- ❖ DVSA to share scope of the NGT review for Trade association comments/input
- ❖ DVSA to set up Roundtable 2 in September / October
- ❖ Review recommendations from Vehicle Testing Review
- ❖ Discuss priorities; for example, quarterly booking or 24/7 test availability
- ❖ DVSA to explore additional resource options for the short term
- ❖ Trade Associations to encourage ATF/Operators to engage with NBM on shortfalls between now and October to meet demand
- ❖ Trade associations to strongly recommend that anyone knowing of operators/hauliers operating a vehicle without an MOT to contact DVSA immediately (details to provide of who to contact)
- ❖ Newsletter circulated to all Trade associations
- ❖ When issuing a summary of the meeting include options for an interim meeting (via conference call?) within a month

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APPRENTICESHIP LEVY FUNDS UPDATE

The Department for Education (DfE) has confirmed that employers will be able to spread up to 10% of apprenticeship levy funds to multiple businesses from July.

Previously, funds could only be transferred to one other employer, but the way funds can be distributed is being changed after the DfE received criticism over a lack of flexibility in the scheme.

It is hoped the move will lead to more apprenticeships being created.

Under the scheme, any business with an annual payroll of more than £3m is required to pay 0.5% of its total wage bill – minus a £15,000 allowance – into a fund it can then draw on to fund approved training schemes.
Anne Milton, Apprenticeships and Skills Minister, said: "We want to keep improving apprenticeships for everyone and I am delighted that we are now extending the flexibility of the apprenticeship levy."

Despite dealers in the AM100 paying a total of £196 million into the apprenticeship levy in its first full year, some motor retailers are still struggling to adapt to the scheme and the number of starting apprentices has fallen.

Some dealers have complained that the sheer size of their workforce makes reclaiming their entire fund impractical, while others have complained about inflated fees and others have faced red tape or found that manufacturer schemes are not covered by the fund.

The Institute for the Motor Industry has consistently called for a more pragmatic approach to apprenticeships after concluding that levy remains "too complex, restrictive and inflexible".

The latest Government figures show that the number of new apprenticeship starts had declined by 25% during the first two quarters of the 2017/18 academic year, with just 194,100 reported for the, compared to 258,800 during the same period in 2016/17.

IMI chief executive, Steve Nash, has said that many of its clients still consider the apprenticeship levy system as an added tax as they struggle to overcome complexities which make taking advantage of funding difficult.
He said: ""Too many employers have struggled to get the training they want and need for their businesses approved for re-claim against their levy payments.

"This is why many are simply regarding it as a tax and have disengaged. That's a great shame because the introduction of the levy should potentially have resulted in new apprenticeships being offered in a great many sectors and occupations where they haven't previously existed."

LEVC (LONDON TAXI COMPANY) REVEALS NEW ELECTRIC VAN

The company behind the range-extended electric TX taxi has revealed its long-awaited electric van, targeted at urban delivery companies.

The London Electric Vehicle Company (LEVC), previously known as the London Taxi Company, announced the van last year, which will use the same platform and drivetrain as the TX1 Taxi that debuted in 2017.

LEVC says it "will provide the link between out-of-town distribution centres and city destinations".

The company confirmed that it will be aimed at operators with vans that travel around 100 miles a day and said, "We believe that the van market is ready for a disruptive new entrant – one that will offer a very different value proposition."

Owned by Chinese manufacturer, Geely, LEVC builds the vehicles at a factory in Ansty, Coventry, and has seen £325m in investment since 2015.

The new van will come with an electric range of around 80 miles, with a 1.5-litre petrol engine to operate as a range extender allowing it to travel up to 400miles in total. Unlike plug-in hybrid vehicles, range extenders such as the LEVC van have no direct drive between the engine and the wheels, meaning it operates only as a generator to feed power to the battery.

The firm also said it's focusing on offering class-leading safety as standard, including active safety systems from some of the world's leading technology providers. The first LEVC vans will be delivered to customers next year.

HMRC MONEY LAUNDERING REGULATIONS WEBINAR

HMRC is holding free webinar, to be held on Wednesday 25 July 2018 at 11am. This webinar is aimed at businesses covered by the Money Laundering Regulations.

It will cover:

- Why Suspicious Activity Reports (SARs) are important
- Why the quality of the reports is important
- What help is available
- The benefits of making good quality reports

There will also be an opportunity for attendees to ask the presenter their own questions, but only questions about the SAR process. They will not be discussing individual cases or other Anti Money Laundering matters.

This is a valuable, informative, and cost effective opportunity to learn more about this important obligation and to see why SARs are so important.

For more information, please contact Jonathan Chapman, HMRC Anti Money Laundering Supervision - amls.communicationsteam@hmrc.gsi.gov.uk

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