

Autumn 2019

The Voice

The Official **NFDA**
magazine for
the Industry

In this issue...

Brexit Guidance

Drive My Career Feature

**Latest Consumer and
Dealer Attitude Surveys**

...and more!



***The Voice interviews Stuart Hodson,
Glyn Hopkin Operations Director***



Sue Robinson
Director, NFDA

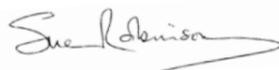
Following the official launch of the **Electric Vehicle Approved (EVA)** scheme in May, over 90% of the slots available to dealerships have already been filled. The auditing process is progressing well and the dealerships that have obtained their EVA accreditation have started to display EVA branded material. Please email eva@rmif.co.uk for more information.

In September, we published the **NFDA Dealer Attitude Survey** Summer 2019. Overall, there was a minor decline in dealers' satisfaction levels with their respective manufacturers. Lexus topped the survey with the highest average score across all questions while Honda saw the biggest improvement.

In December, the final round of our regional meetings will take place. These meetings will be crucial to help retailers **'Prepare for 2020'** and we encourage you to attend and discuss the key issues facing your business. Your feedback is vital.

In addition, we have a wide program of member events over the coming months. In particular, the first **NFDA EV Marketplace Seminar**, our dealer trip to **NADA Las Vegas** and the **NFDA Spring Ball 2020**. Please find more information in The Voice.

NFDA is the voice of automotive retailers: if you need any assistance or to register to attend a meeting or event, please email nfda@rmif.co.uk or contact our member helpline at 01788 538303.



Dear Colleague,

As we enter the final quarter of the year, there remains uncertainty surrounding **Brexit**. The UK is about a month away from its planned departure from the EU and we urge franchised retailers to take seriously the idea that a 'no deal' Brexit is fast approaching. To continue to assist you, we have commissioned automotive research body ICDP to compile a list of questions for franchised retailers to ask of their manufacturer partners, suppliers and themselves. Please find more details in The Voice.

Drive My Career continues to grow. In 2019, more than 20,000 young people aged between 16 to 24 were redirected by Drive My Career to member career portals. Additionally, Drive My Career continues to use stories, videos and run campaigns to improve the perception of our sector highlighting all the positive aspects of a career in the retail automotive industry. For more details, please email info@drivemycareer.co.uk.

NFDA Membership Details Update



To ensure our data is fully compliant with GDPR we are required to maintain and update the information we hold for our member organisations. It would be extremely helpful if NFDA members could provide the following information for their company, especially, where there have recently been changes. This will allow us to distribute the correct and most relevant information to the right person. You can send us your updated details via our website or by email.

Key information includes the **main contact name, main contact email address and main contact job title**. Other important details may include the name and email address of your company CEO, Finance Directors, Brand Manager(s), Aftersales Director, Executive PAs as well as additional management roles. Please specify your company name and membership number when you send us your updated contact details.

All email correspondence can now be sent to our new generic email address nfda@rmif.co.uk which is monitored by our admin team. The member helpline remains 01788 538 303 and is open from 9am to 5.30pm, Monday to Friday.

Automotive Management LIVE is shaping up to be the best day you'll spend away from your business this year

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NFDA 2019 REGIONAL MEETINGS: DATES & VENUES

NFDA's quarterly regional meetings take place across the UK to provide franchised retailers with an opportunity to discuss the most topical industry issues facing their businesses. These include new and used car market, dealer and manufacturer relationships, aftersales, F&I, consumer legislation, regulatory issues as well as HR and employment, with a focus on Drive My Career.

Our members' attendance to the meetings is extremely valuable as dealers' inputs are instrumental in setting the direction of our work. In turn, dealers find the meetings useful as they allow them to raise concerns, learn about new matters and stay up to date on the latest happenings in automotive retail.

MIDLAND

Double Tree by Hilton,
Walsgrave, Coventry
• Tuesday 10 December

SOUTH WEST

Holiday Inn, Bristol
• Thursday 5 December

NORTH

Park Royal, Warrington
• Tuesday 3 December

NORTH EAST

Holiday Inn, York
• Thursday 12 December

SOUTH

Hilton, Cobham
• Tuesday 17 December

NFMDA EXECUTIVE

201 Great Portland Street, London
• Wednesday 18 December

NFDA COMMERCIAL VEHICLE COMMITTEE

201 Great Portland Street, London
• Wednesday 4 December

If you would like to attend a meeting, please contact: nfda@rmif.co.uk

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RMI EMPLOYMENT LAW BULLETIN AUTUMN 2019



Welcome to the Autumn Edition of the RMI Employment law email bulletin. Please note: in this bulletin MILS aims to keep you up to date on some of the latest developments in employment law and although the bulletin is not intended to provide a comprehensive summary of all the changes to the law, we hope to highlight some key areas of change for motor industry employers.

It has been a relatively quiet time for Employment law legislation. This year perhaps even more so, with the Government's energy all taken up in another matter... Those employers concerned about assisting EU employees before Brexit should by now be up to speed with the settled status scheme, but for any employer or employee needing a reminder, the best information is available on the Gov Website: <https://www.gov.uk/settled-status-eu-citizens-families/applying-for-settled-status>

In this bulletin we are therefore going to look at some Case Law, as follows:

CASE LAW UPDATE

- **Illegal Contracts**
- **Agency Workers**
- **TUPE: keeping minimum wage records**
- **Reasonable adjustments: constructive knowledge of disability**
- **Counterclaims**

ILLEGAL CONTRACTS

Where contracts are tainted by a legality, it is sometimes possible for a party to the contract to argue that it is void and unenforceable in Law. A recent case considered the following question:

Can an employer rely on a breach of the immigration rules to argue that an employment contract is unenforceable?

No held the Court of Appeal in *Okedina v Chikale*

Ms Chikale was a Malawian national who was summarily dismissed as Mrs Okedina's live-in housemaid having been paid a derisory sum for the work done. Mrs Okedina argued that the claims of unfair dismissal and unlawful deduction from wages could not succeed as Ms Chikale was working illegally because her leave to remain had expired.

The Court of Appeal held that *Immigration Asylum and Nationality Act 2006* was not directed at those working illegally but instead imposed penalties on those who employed people who were. As the

employment tribunal had found that Ms Chikale had not knowingly participated in any illegality, there was no reason to deny her a remedy.

Comment

It will be clear why the Court of Appeal came to that conclusion, in wanting to protect those who are being exploited.

The case is worth reading by those interested for its detailed consideration of the illegality defences.

AGENCY WORKERS

Was an agency worker entitled to be offered the same number of hours of work as those performed by a permanent employee?

No held the Court of Appeal in *Kocur v Angard Staffing Solutions Limited*.

The Agency Workers Regulations 2010 entitle an agency worker to the same conditions of work as a permanent employee, but this does not extend to an entitlement to be offered the same number of hours of work as those performed by a permanent employee

The Court of Appeal held the purpose of *The Agency Workers Regulations 2010* was to ensure the equal treatment of agency workers and permanent employees while at work, and in respect of rights arising from their work. The Regulations did not regulate the amount of work which agency workers were entitled to be given.

Comment

This is a welcome clarification from the Court of Appeal which gives certainty on the limits of the protections under the Agency Workers Regulations.

TUPE: KEEPING MINIMUM WAGE RECORD

Does the obligation to keep and therefore produce wage records for transferring employees remain with the transferor in a TUPE transfer?

No, held the EAT in *Mears Homecare Limited v Bradburn and others*.

Section 9 of the *National Minimum Wage Act 1998 (NMWA)* imposes an obligation on employers to keep pay records. The obligation remains where the employee's employment has ceased. A worker has the right to require their employer to produce pay records if they believe on reasonable grounds that they may have been paid less than the national minimum wages.

The Claimants transferred to new employers under TUPE. Around four months later, they served production notices on the Respondent requesting wage information. The Respondent failed to respond to the production notices within the 14 day time limit. The tribunal ordered them to pay £600 to each Claimant, that sum being 80 times the hourly rate for national minimum wage.

The EAT overturned the decision, finding that under a TUPE transfer, employment does not cease for the purposes of the NMWA, it continues but with the transferee. Liability to keep pay records transfers from transferor to the transferee.

The EAT recognised that it may be more convenient for the transferor to maintain pay records as they had collated them but said that was not a good reason for the obligation not to transfer. There was no reason why the transferee should not be in a position to insist that pay records are delivered by the transferor as part of the transfer agreement reached.

REASONABLE ADJUSTMENTS: CONSTRUCTIVE KNOWLEDGE OF DISABILITY

Did a Respondent have constructive knowledge of disability in circumstances where the Claimant had not been forthcoming about her disability?

No, not on the facts in this case, held the EAT in *A Ltd v Z*.

The Claimant, who the parties agreed was disabled as a result of mental and psychiatric impairments, was dismissed by the Respondent because of poor attendance and timekeeping issues. Her poor attendance was something that arose in consequence of her disabilities.

The tribunal found that the Respondent did not have actual knowledge of disability, but did have constructive knowledge, and the Claimant's s.15 *Equality Act* claim succeeded. The Respondent knew nothing more than that the Claimant had experienced personal problems and suffered stress as a result. However, the tribunal found that it should have made further enquiries of the Claimant and fixed the Respondent with constructive knowledge accordingly.

The tribunal's error was that it had only asked itself what process the Respondent might have been expected to follow, but failed to then address the crucial question of what the Respondent ought to have known. Based on the tribunal's finding that if further enquiries had been made the Claimant would have continued to suppress information about her mental health problems and refused an occupational health referral, it followed that further enquiries would have made no difference and the Respondent did not have constructive knowledge accordingly. The claim therefore failed.

COUNTERCLAIMS

The Employment Tribunal is a form for employees to bring claims against their employers. If however, an employee claims breach of contract against their employer then the employer can counter claim for breach of contract in the Employment Tribunal. The Employment Appeal Tribunal (EAT) had to consider the following question:

Can an employer's counterclaim continue even if the employee has withdrawn their breach of contract claim?

Yes, held the EAT, in *Cortel Telecom Ltd v Shah*.

The Claimant (a sales consultant) brought a number of claims following his dismissal, including unfair and wrongful dismissal, arrears of pay, and claims for other payments. The Respondent brought a contractual claim for overpaid salary and the value of lost business. At the hearing, the Claimant withdrew most of these including a breach of contract claim, limiting his claim to unlawful deduction from wages. On that basis, the tribunal held that the Respondent's contractual claim could not proceed. However, it went on to uphold his wrongful dismissal claim and award the Claimant his notice pay.

The EAT held that the tribunal had overlooked that, following *Delaney v Staples*, a claim for notice pay cannot be brought as an unlawful deduction from wages. The claim for wrongful dismissal was properly brought but this meant that the Respondent was still entitled to have its contractual claim heard, whether or not the Claimant withdrew or abandoned his claim.

Comment

This case is a useful warning to Claimants (and their representatives) to think carefully before bringing a contractual claim, as once the door is opened to a counterclaim, it won't be closed if that initial claim doesn't proceed.

Don't forget, this advice is general in nature and will need to be tailored to any one particular situation. As an RMI member you have access to the RMI Legal advice line, as well as a number of industry experts for your assistance. Should you find yourself in the situation above, contact us at any stage for advice and assistance as appropriate.

SAVE THE DATE!

NFDA Spring Ball 2020:

The automotive social networking event of the year



The NFDA Spring Ball is the ideal event to have fun and network with industry stakeholders while celebrating the excellence of the automotive industry.

The event will be back on Saturday 25 April at the luxurious Grove Hotel in Hertfordshire. An exciting evening with good food, fine wine and first-class entertainment is guaranteed. We will be presenting three awards for Manufacturer of the Year, Industry Partner and Special Recognition. Back by popular demand is your host and compere for the evening, TV presenter Mark Durden-Smith!

Our guest speaker will be announced soon.

Venue:

The Grove, Chandler's Cross, Watford, WD3 4TG

Date: Saturday 25 April

Event itinerary:

18:45 Champagne reception

20:00 Dinner

22:00 - 00:00 Entertainment

Dress: Black tie

Host: Mark Durden-Smith

We look forward to celebrating automotive retail excellence with you!

For more information and to book your tickets, please email nfda@rmif.co.uk



“New technology is driving people back into the dealerships”



The Voice interviews Stuart Hodson, Glyn Hopkin, Operations Director

Stuart Hodson joined Glyn Hopkin in 1993 after his A levels 26 years ago and he has never looked back. Over the past years, he has come across a number of challenges and changes in the automotive sector. In 2017, he won the prestigious Nissan EV CEO award, where Glyn Hopkin was one of just 25 in the world to be recognised for their success in EV sales. Today, he does not see the move from internal combustion engines to electric as a disruptor and he sounds optimistic about 2020.

evolution into firstly hybrids and then EVs has made the customers much more likely now to go to a dealer to have all the necessary information explained to them. Whereas if it had just carried on as petrol and diesel, people would have been much more comfortable to just buy online. Now consumers are well informed as they do a lot of research online. However, they look for reassurance and feedback from dealers as well as a competent demonstration of the product they are considering.

In our latest Consumer Attitude Survey, 51% of respondents indicated battery range as a major barrier to EV purchase, but the average distance travelled by people in the UK is much less than what people perceive. Do you see this happening also with your customers?

Yes, 60% of our customers could probably manage quite happily with an EV but only 5% or 6% are buying them. We use this as an example to our customers: we get a lot of people from Holland who arrive on a ferry to Harwich. Our Colchester dealership is about a

What are consumer attitudes towards electric cars?

There is a growing natural customer demand now. Based on what our customers say consumers are very ready for what's available now and are almost hungry for what's coming next year. The process customers go through is still broadly the same, however, they tend to ask more questions and need more information to reinforce the decision they are making to switch to an EV.

Are supply constraints still a significant issue?

It is improving slightly; I think 2020 is the year we are expecting to see levels of supply in line with demand.

How important is the role of dealers during this period of transition?

If you asked five years ago where the traditional dealership would be today, a lot of people would have said customers would buy online and dealers would struggle to survive. However, the

“EVA will help bring everyone up to a good level of knowledge on EVs which is very important for the growth of the sector.”

The new technology is driving people back into the dealerships.

What is the biggest challenge for consumers?

There is a core of people that are not even close to considering it. They have already made a decision in their mind that an EV isn't for them. I think that's the biggest obstacle to overcome. Especially when an EV suits their lifestyle and driving habits.



first-generation Nissan Leaf charge distance from Harwich. They usually come in, charge and carry on to London.

How important are Government incentives to the consumer?

Apart from the economic benefit, people tend to like the idea that they are getting something back from the government. Often, these deductions do support consumer confidence and potentially drive consumers to accelerate their buying decision.

Do electric cars need to be treated differently than petrol or diesel?

I think it is important to avoid treating them differently as much as possible. When you start treating them differently it reinforces customers' perception that there's something different and complicated about them. You want to treat EVs as much as possible the same way. On our website, we have a dedicated EV section purely to optimise our customers' search.

Do salespeople need different skills to sell EVs?

There is a different skill set as you may need to be able to overcome the customers' objections and concerns in a different way. You need to be able to explain the benefits of owning an EV in a way that comes across as being genuine as some customers may be quite sceptical. It's trying to get people to accept the advice.

I think the new vehicles are helping the industry move forward. The new products are likely to bring people into dealerships as staff are more technology and product-focused. This can also build customer trust. It will be more and more about an advisory relationship with our customers rather than just transactional.

Motivating your staff is a key part of your role. Has the approach to your staff changed to reflect the changes in the industry?

Yes, years ago you would have been very focused on results. 'How many cars have you sold?' was always the first question. Now, although this remains what a salesperson's job is about, it is not necessarily the key metric. It is important that today's salespeople have the right skills, knowledge and attitude to be able to handle the process that

comes before selling a car.

Glyn Hopkin Nissan St Albans was one of the first 30 dealer groups involved in the pilot phase of the Electric Vehicle Approved (EVA) accreditation scheme developed by NFDA. Following the success of the pilot phase, the scheme was officially launched in May. Stuart is a member of the EVA steering group and his role has been instrumental to the development of the scheme.

What are the benefits of EVA?

I think the scheme benefits not only franchised dealers but also those retailers that have less or no interactions with manufacturers. EVA will help bring everyone up to a good level of knowledge on EVs which is very important for the growth of the sector.

A lot of customers start their journey looking at a three or four years old used car and then they end up moving into main dealer territory where they look at the latest cars. For this reason, you need high levels of knowledge across the industry. Customers must get the right level of expertise and experience on EVs from the beginning to the end of their buying and ownership journey.



Electric Vehicle Approved

The Electric Vehicle Approved (EVA) accreditation scheme was developed by the National Franchised Dealers Association (NFDA) to certify retailers' excellence in the electric vehicle sector. The scheme is endorsed by the Government's Office for Low Emission Vehicles (OLEV) and the Energy Saving Trust (EST).

ELECTRIC VEHICLE APPROVED SCHEME SLOTS FILLED IN RECORD TIME



Following a successful pilot phase, the scheme was officially launched in May and over 90% of the available slots have already been filled. The auditing process is ongoing and dealerships that have passed their EVA audit have started to display EVA branded point of sale material. Additional partnerships

between EVA and key players in the EV sector will be announced soon.

There is a set of standards that businesses need to meet to obtain the EVA accreditation. These cover the most important aspects of EV retail and aftersales requirements. In retail these include sales process, staff training, vehicle checks, vehicle handover, advertising as well as EV warranties. With regards to aftersales, the areas covered also include communication between staff and customers, aftersales processes, complementary services, vehicle collection and invoicing. The standards are available on the website at www.evaproved.co.uk.

For more information and to join scheme, please email eva@rmif.co.uk and follow @EVApproved on Twitter



Office for
Low Emission
Vehicles

OFFICE FOR LOW EMISSION VEHICLES (OLEV) ROAD TO ZERO UPDATE

Review of Worldwide Harmonised Light Vehicle Test Procedure (WLTP) and vehicle taxes

On 9 July HMT published the outcome of the review into the impact of the WLTP on Vehicle Excise Duty (VED) and company car tax. Key decisions included that in order to accelerate the shift to zero emission cars, all zero emission cars will pay no company car tax in 2020/21, 1% in 2021/22 before returning to the planned 2% rate in 2022/23 – a significant tax saving for employees. On VED, a call for evidence will be published later this year seeking views on moving towards a more dynamic system which recognises smaller differences in CO2 emissions.



WLTP and the plug-in vehicle grants

OLEV wrote to all grant-receiving manufacturers in June 2019 to explain that they will adopt WLTP standards for the plug-in grant eligibility criteria for cars and light vans. From 1 September 2019, all cars and light vans (including those currently eligible for the grant) must meet the eligibility criteria for CO2 emissions and zero emission range using WLTP data to receive the grant. For plug-in taxis, OLEV will accept the WLTP 'electric city range' results. The eligibility criteria are otherwise unchanged. This means that some vehicles will no longer be eligible for the scheme. They do not expect this will affect many vehicles. All vehicles currently eligible for the Electric Vehicle Homecharge Scheme will continue to be eligible.

Van Licence Derogation

Last year OLEV introduced legislation to increase the weight limit for Category B driving licence holders driving alternatively-fuelled vehicles from 3.5 tonnes to 4.25 tonnes. The change in the law applies to vehicles driven in the UK only and does not allow the towing of a trailer. Drivers must also complete a minimum of 5 hours training.

In response to stakeholder feedback, earlier this year they published guidance that set out details of the training required for drivers to take advantage of the new law. It also describes the system of certification that will allow drivers to prove that they have completed the training. This change in legislation should help make it easier for organisations to introduce alternatively fuelled vehicles into their fleets.

Electric Vehicle Approved - Dealership Accreditation Scheme

Following a successful pilot, government endorsed the 'Electric Vehicle Approved' scheme. In its first year of operation OLEV is providing financial support toward the cost of audits for accreditation to the scheme. The scheme has been developed by the National Franchised Dealers Association (NFDA) and the Energy Savings Trust and provides customers with a guarantee that an Auto Retail Business has achieved certain standards in EV sales and service.

Auto Retail Businesses have a critical role in the success of zero emission vehicles, and particularly in advising customers about the advantages, practicalities and costs of going electric.



Drive demand for the cleanest vehicles so that by 2040 all new cars and vans sold are effectively zero emissions at the tailpipe.

Accreditation for electric vehicle technicians

The Institute of the Motor Industry (IMI) are seeking OLEV endorsement for their TechSafe™ professional standard and register for electric vehicle (EV) technicians. This aligns with the Road to Zero commitment to ensure the UK's workforce of mechanics are well trained and have the skills to repair EVs safely.

TechSafe™ is a voluntary scheme with three aspects:

- Standards to ensure that EV technicians are suitably trained to work safely;
- Requirement to demonstrate training to the appropriate level;
- A professional register which qualified technicians will be eligible to join, regardless of training provider.

Government Fleet Commitment

In the Autumn Budget 2017, the Government made a commitment that 25% of central government cars will be ultra-low emission by 2022, followed by a further commitment in last year's Road to Zero strategy that 100% will be ultra-low emission by 2030.

The Government Car Service, managed by the Department for Transport, is on track to meet the targets, with electric vehicles making up 23% of the entire fleet today. The then Transport Secretary wrote to every government department to reinforce the 2022 pledge, provided detailed guidance on

how they can drive the transition in their own fleet, and asked them to publish a yearly progress report.



Go Ultra Low

Go Ultra Low (GUL), the joint government and industry campaign to promote ultra-low emission vehicles has just launched its consumer advertising campaign. A targeted fleet campaign, run in association with the Energy Saving Trust will be launched later in the year.

Plug in van grant

The first ultra-low emission heavy goods vehicles (HGVs) are now eligible for the Plug-in Van Grant. The British made Paneltex Z75 7.5 tonne truck and the BD Auto e-Ducato 4.25 tonne van are now be eligible for the grant. The first 200 eligible HGVs will benefit from a higher grant rate of up to £20,000 per vehicle. Given the early state of the market for ULEV vans, there are no plans to change plug-in van grant rates at the current time. The plug-in van grant will continue in some form until at least 2020. OLEV will provide as much notice as possible before any future changes to grant levels are made.

NFDA EV MARKETPLACE SEMINAR

Book your place!

Date

Tuesday 3 December 2019, 10:00 to 13:00

Venue

Avon Suite, Warwick Hilton, CV34 6RE

The new NFDA EV Marketplace Seminar will take place on 3 December 2019 at the Warwick Hilton. Keynote speakers will walk dealers through the electric vehicle landscape and analyse challenges and opportunities for the sector. These will include current issues such as supply constraints and consumer barriers as well as future market trends.

Additionally, EV focused exhibitors will showcase their latest products and services. The event will end with a networking lunch.

Confirmed speakers



Graeme Cooper, Electric Vehicles Project Director at the National Grid. Graeme leads National Grid's work on electric vehicles and decarbonisation of transport by leading and coordinating all the work relating to the UK regulated business of National Grid.



Oliver Larkin, Volkswagen Group UK Head of Group Corporate and Public Relations.

Having led Investor Relations at Volkswagen AG for the

past three and a half years, Oliver is an experienced and well-networked corporate communications professional, having worked in both brand (SEAT, Bentley) and function roles at a national and global level.

Oliver's key responsibility is to co-ordinate a UK Group-level stakeholder engagement strategy by maintaining relationships with brand PR, legal, Governmental Affairs, media, and industry representatives.

Further details including the other speakers will be announced soon.

Cost

- Dealer Member delegates £25 + VAT per person
- Non-member dealer delegates £75 + VAT per person
- All other delegates £225 + VAT per person
- Stand plus two delegates £2,200 + VAT
- Stand plus two delegates for EV focused NFDA associate members FREE

To book your place, please contact nfda@rmif.co.uk

NFDA Parliamentary Engagement Programme CONTINUES IN 2019

The NFDA Parliamentary Engagement Programme was launched two years ago to raise awareness of the contributions the retail automotive industry makes to the local and national economy. Over the past two years, many MPs and parliamentarians have met with franchised retailers in their constituencies.



On Friday 12 July, **Tom Tugendhat MP** visited **Humphries & Parks Mitsubishi** in West Malling.

Tom Tugendhat MP for Tonbridge and Malling met with Humphries & Parks Managing Director Marcus Joy and NFDA Director Sue Robinson. The key themes of discussion included the relationships between dealers and manufacturers, the need for Government to provide clarity on the Brexit process as well as business issues in the local area.

On Monday 29 July, **Jim Cunningham MP** for Coventry South visited **Johnsons Hyundai** in Coventry. The MP met with David Wright, Johnsons Hyundai Franchise Manager, to discuss key issues facing the automotive retail sector including franchised dealers' investment levels and the implications caused by the shift towards electric vehicles.

The MP met with Roger Young's Sales Managers Chris Johns (Land Rover) and Danny Street (Jaguar). The main topics of discussions were the franchised dealer's levels of investment, electric cars and the decline in sales of diesel vehicles, the career opportunities that the automotive retail industry offers as well as the uncertain political environment.



Alex Chalk MP for Cheltenham visited **Inchcape UK VW** Friday 16 August. During the visit, the following topics were debated: consumer confidence and the effects of the uncertainty caused by Brexit, employment levels in our industry, as well as diesel and the development of the electric vehicle sector.

These visits provide an ideal opportunity to discuss key issues affecting the automotive sector. NFDA will continue to develop the Parliamentary Engagement Programme allowing franchised retailers to engage with their local MPs and parliamentarians. If you would like to host your local MP, please email nfda@rmif.co.uk

NFDA launches 'no deal' Brexit toolkit and helpdesk for members

The United Kingdom is only a few days away from its planned departure from the European Union. The legal and political reality is that the new government under Prime Minister Boris Johnson will take the UK out of the EU on 31 October, with or without a deal.

The United Kingdom is only a few days away from its planned departure from the European Union. The legal and political reality is that the new government under Prime Minister Boris Johnson will take the UK out of the EU on 31 October, with or without a deal.

Franchised vehicle retailers must now take very seriously the idea that a 'no deal' Brexit is fast approaching and take steps to mitigate against the potential threats associated with this outcome.

If the UK leaves without a deal, the UK will immediately shift to trading under



the World Trade Organisation framework. Trading on these terms is likely to involve tariffs on imports and exports, an increased regulatory burden for businesses and delays to the delivery of vehicle stock and parts.

NFDA commissioned automotive research body ICDP to compile a key list of questions for franchised dealers to ask of their manufacturer partners, suppliers and themselves.

QUESTIONS DEALERS SHOULD BE ASKING OF MANUFACTURERS – AND THEMSELVES – ABOUT PREPARATIONS FOR 'NO-DEAL' BREXIT

icdp | Automotive distribution research, insight, implementation

No-Deal Brexit raises a whole host of difficult questions for UK automotive distribution, and no easy answers. Dealers should be assessing the risks to their business, which includes seeking assurance and guidance from their franchise OEMs.

Key Risk Areas

Given that default to WTO rules would be the most likely outcome, and in that scenario the UK shifts to 'third country' status, tariffs of 10% would then be automatically imposed on the wholesale price of cars entering the EU from the UK; therefore, the UK is almost certain to place similar tariffs on cars entering the UK from the EU. It is unclear what tariffs would be applied on non-EU sourced imports, but existing EU trade agreements with third party countries, whether specific agreed tariffs are implemented or due to be implemented, will become invalid for UK trade and so tariffs for these countries now and in the future will all default to the same decided rate (i.e. 10%) until a new bilateral UK trade deal is agreed with each country. In all cases it is reasonable to expect that prices will go up by the level of change in tariff (i.e. 10%).

The UK government stated in March 2019 that their plan is that no tariffs will

be levied on car parts in the event of a no deal, for a limited period that remains unspecified. This 0% tariff will apply to aftermarket parts as well as parts destined for new vehicle assembly, and, as for cars, the same tariffs would have to be applied to all imports so that, for example, a 0% tariff would apply on car parts from the EU and China alike.

Despite these Government announcements (prior to the change in PM) regarding special concessions for imported car parts, there is a risk related to the parts content of cars. There is no guarantee that the Government measure, if implemented, will be mirrored by the EU. In the worst case, any manufacturer who is producing in the UK, but using components sourced from the EU

(e.g. Vauxhall Astra and Vivano, Mini), or producing in the EU, but using components sourced from the UK (e.g. Toyota using engines from Deeside, or BMW using engines from Hams Hall), there would be a delayed effect of vehicles using parts imported/exported after October 31st, having a higher parts cost which would presumably be passed onto consumers in due course.

The disruption of "no deal" is already reflected in a weakened exchange rate for Sterling vs Euro, and although both would be affected by a "no deal", Sterling is likely to be more affected. This will therefore create price inflation for any imported product, or product with imported content, quite separate from any tariffs. It will also increase the real cost of incentives in the UK market for manufacturers reporting in other currencies and reduce the profits. It will therefore be less attractive for manufacturers to support marketing programmes in the UK, with for example, subvented finance.



In addition, logistical delays are a real risk, on cars and parts, including the impacts of handling of import licences. Therefore, Dealers should be asking manufacturers as to what they intend to do to manage the changes. There are other, less obvious uncertainties including possible impacts on manufacturer's financial businesses.

QUESTIONS FOR OEMS

New Cars

- Will there be any changes to wholesale and advertised list prices on new cars? If so, what and when?
- Will wholesale and retail prices on new cars on order now for delivery after October 31st be honoured at the prices offered at the time of ordering?
- Will there be any lengthening of lead times on new cars? If so, what lead time impacts are expected on each model? Note that this question remains highly relevant to UK built product, as disruption to production schedules are a real possibility.

- Will OEMs offer support to new car customers caught by extended lead times?
- Will additional stock of commonly sold model derivatives be landed in the UK ahead of October 31st to mitigate as much as possible against disruption to supply, as occurred in Q1 and 2, 2019? If so, how much supply in months, and on which models and derivatives?
- Will there be any changes to the range of models and derivatives offered to UK customers?
- Will there be any changes to financing and dealer invoice points for new cars?
- Will there be any other changes to financial services?

Parts

- Will there be any changes to parts prices, whether wholesale, trade, fleet or retail?
- Are there any anticipated impacts on parts availability? If so, which categories of parts are expected to be impacted the most?
- Are any precautions being taken to hold increased spare parts buffer stocks in the UK to avoid increased levels of VOR?
- Will manufacturers provide any financial support to customers or dealers where a car is off road for an extended period due to stock availability impacts, requiring courtesy cars for longer?

Changes in trading rules

- Has the manufacturer put the arrangements in place for handling changes in import rules, and will dealers be expected to do anything differently? For example, will the manufacturer and/or importer handle all aspects of new administrative tasks set out for managing trading terms?

More details: <https://www.gov.uk/government/publications/partnership-pack-preparing-for-a-no-deal-eu-exit/preparing-for-a-no-deal-eu-exit-step-by-step-guide-to-importing>

- Are any special measures expected to be put in place for dealers in Northern Ireland?

What should Dealers be doing to prepare their own business?

- Weakening of sterling against the Euro may deepen, meaning that currency risks should be managed as best as they can.
- Staff who are EU nationals living and

working in the UK should apply for settled status if they have not done so already. See here for details: <https://www.gov.uk/staying-uk-eu-citizen>. Permanent residence can be applied for if staff have lived in the UK for five years, otherwise they should apply to the EU settlement scheme to be able to remain in the UK. See here for details: <https://www.gov.uk/settled-status-eu-citizens-families>. Current UK government advice is that the deadline for applying if there is exit with a deal is 30/06/21, but no deal would mean applying by 31/12/20, but this advice may change and should be checked.



- Equally, dealers should be thinking ahead about how they will change their approach to recruitment and training of new staff should the supply of labour supply become more restricted, particularly relevant to workshop technicians.

- Dealers should be prepared to start advising customers on possible impact to supply and lead times for new cars, and possible delays on parts supply for aftersales. A strong September will be desirable given the supply and price uncertainty after that, and so even though customers may have become very cautious, dealers would be justified in encouraging customers to buy sooner rather than later if they plan to buy in the next six months.

- Although manufacturers should have put in place additional UK stocking of fast-moving aftermarket parts lines, some Dealers may want to consider building their own buffer of the fastest moving parts lines, for example, those that are typically consumed and sold on a weekly basis.

As of writing we think this a fair assessment, but we cannot guarantee any of this will be pertinent as of October 31st, as obviously the situation remains very uncertain and unpredictable.

For further assistance on the guidance and no deal readiness, please contact NFDA's Brexit helpdesk by emailing Brexit@rmif.co.uk.



REVEALS 95% OF APPRENTICES WOULD STAY WITH THE SAME COMPANY IF THEY RECEIVED A JOB OFFER

Findings from Drive My Career's latest Insight revealed that 95% of apprentices would remain with the same company if they received a job offer after their apprenticeship.

Drive My Career is the employment initiative launched by the National Franchised Dealers Association (NFDA) in February 2018 to improve the perception of the automotive industry among young people. The initiative targets 16 to 24-year-old potential candidates to raise their awareness of the exciting career opportunities available in the retail side of the automotive industry.

Drive My Career polls its target audience every two months to explore their perception of working in the automotive industry and understand what they view as an ideal career. This survey had 387 responses and revealed positive attitudes towards apprenticeships.

When asked whether they preferred to go to university or start an apprenticeship, nearly half (47%) opted for the latter. Additionally, the vast majority of respondents (95%) answered 'yes' to the question 'after an apprenticeship, would you continue to work for the same company if they offered you the job?'.

Almost 40% of respondents said the 'earn while you learn' element is the most important part of an apprenticeship. This was closely followed by 'understanding the work environment' (27%) and 'gaining early work experience' (26%).

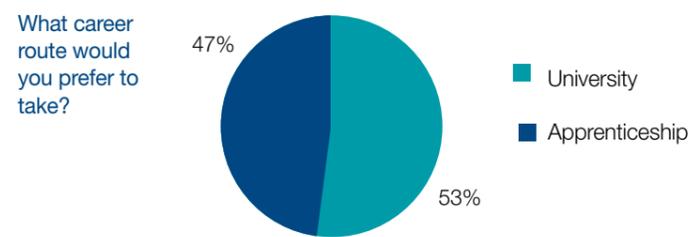
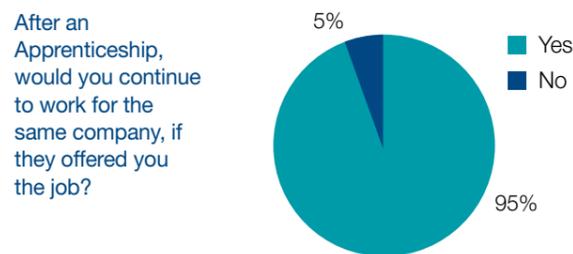
Drive My Career's findings mirrored the trend at one of its biggest members, franchised dealer group JCT600. JCT600 operates in Yorkshire, Lincolnshire, Derbyshire, Nottinghamshire and the North East.

Katie Saunders, JCT600 HR Director, commented, "We recruit between 40 and 50 Apprentices each year through our Group Programme. We employ immediately on permanent contracts rather than temporary or "Apprenticeship" contracts because we see our Apprentices as long-term future talent. Ensuring that they have great mentors is also key. We are proud of our 95% retention rate once they have qualified and we have multiple examples of apprentices growing with us to become Managers".

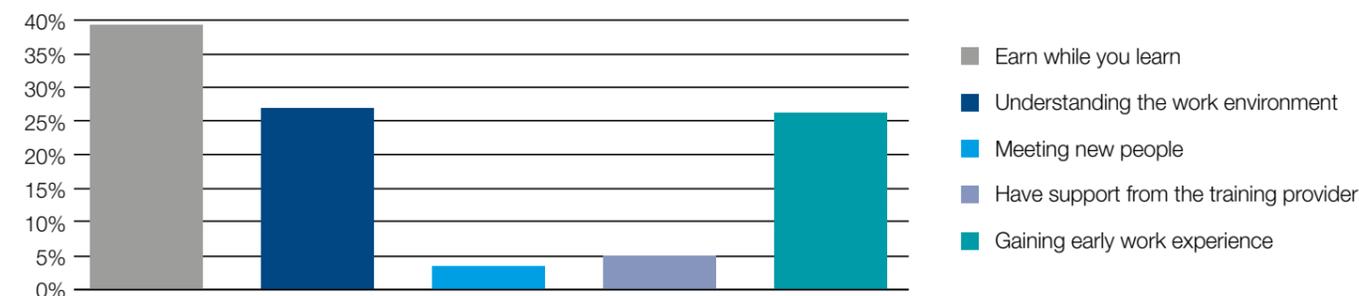
The encouraging figures demonstrate the importance of investing in the workforce of the future. The automotive retail industry offers a wide range of rewarding, entry-level roles to those looking to start their professional career. Drive My Career promotes these exciting and often forgotten aspects of working in the retail automotive industry.

Since January 2019, more than 17,000 young people have been redirected by Drive My Career to the career pages of its members. Social media platforms including Facebook, Instagram, Twitter and YouTube are the key channels of communication used to connect with the target audience. Drive My Career's YouTube channel now has over 220,000 views.

A new survey has been carried out to explore the guidance that young people would like to receive when they search for a new career. The findings of this new insight have recently been shared with Drive My Career members and will be published soon.



What do you think is the most important part of an Apprenticeship?



For more information about Drive My Career, please visit www.drivemycareer.co.uk or email info@drivemycareer.co.uk



AUTOMOTIVE SECTORS CAMPAIGN GENERATES THOUSANDS OF VIEWS

During the summer, Drive My Career ran a campaign to raise awareness of the job roles available in the different sectors or business areas of the automotive industry. The campaign has run for nine weeks across Facebook, Twitter, Instagram and LinkedIn.

#DMCAutoSectors

Each week the focus was on a different sector or business area, including technicians, sales, customer service, HR and marketing. The campaign included information on the career progression within the sector, typical job tasks, the qualifications needed, apprenticeship awareness material and blog posts.

This campaign targeted Drive My Career's audience of 16-24 years old, with different keywords, depending on the sector promoted.

The posts with the #DMCAutoSectors hashtag was seen by over 60,000 people during the campaign.

Career Progression




Drive My Career has recently interviewed Becky Welsby, a Trainee Sales Executive at Chapelhouse. Drive My Career asked Becky a few questions about her journey with Chapelhouse and what her role entails.

How did you get into the automotive industry?

I started working with Chapelhouse in January. Before I was working

in a bar in Manchester, which sounds fun, but I wanted to change the environment. I wanted to get out of it and do something a bit more rewarding, build more of a career. One of my friends worked here and he recommended Chapelhouse because they were taking on trainees. So, I thought, you know what? I'll do it! I had never worked in sales before. I was a bit nervous about it, but I thought I'd give it a go. So, I came, I did some training and I loved it! It's been much better than I expected, and I haven't looked back!

Can you describe your role?

I am in a Suzuki franchise. We look after the showroom to make sure it is always in order. We

check all the cars that come in to ensure that they are in good condition. We go through the same process with every customer that comes into the showroom. You learn how to do this during your training. We qualify our customers to make sure we can find the right car for them. Every day we contact a minimum of 22 people to see how they are getting on with the car they bought or if their finance agreement is coming to an end as well as to review their accounts to make sure their car is still suitable. It's mainly keeping in touch with our customers, being there for them and to help them find the car that suits their lifestyle rather than pushing new cars onto them.

What is the part you enjoy most?

I have always loved customer service and been customer-focused; I love customers' feedback. It's been rewarding when they have told me that I have made the car buying process easy for them and they felt relaxed around me. I enjoy going through the process with them and explain that we are regulated and there are things that we

can and cannot do. I like to deal with them with honesty and transparency, and it's nice to see people physically relaxed around you when they realise you just want to help them. When people are comfortable talking to you, they are more likely to engage with you.

Do you have any recommendation for young people thinking about starting a career in the automotive industry?

I would suggest to anyone to at least give it a try. Especially, if you are not sure about what you want to do. It's a really good industry to start a career. Plus, at the end of the day, in my sector, you are in charge of what you earn. The company gives us a basic salary and there isn't any pressure on you to meet targets. You get different types of objectives in all industries, performance reviews for example, but you get a lot of support here. Overall, you feel good when you meet your targets. It gives you a push with clear, achievable goals.

The start of this career has helped me a lot also in my personal life, it has given me a path to follow.

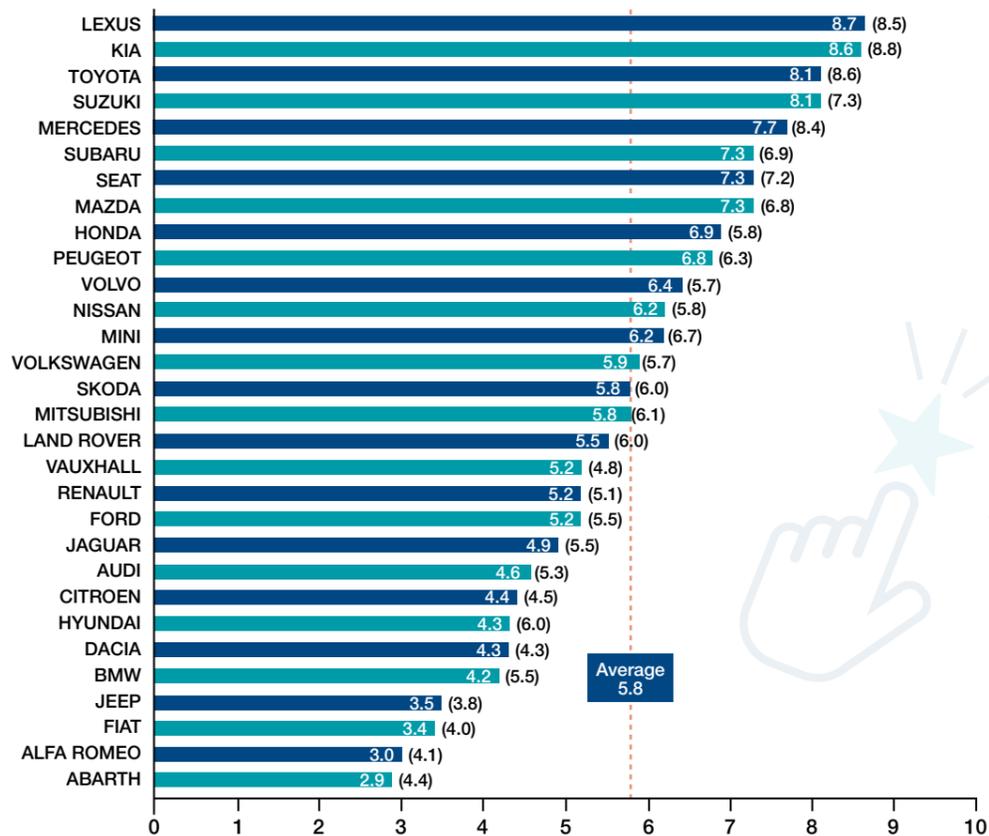
RECORD RESPONSE RATE FOR NFDA DEALER ATTITUDE SURVEY

The NFDA Dealer Attitude Survey Summer 2019 saw a record response rate from dealers revealing a minor decline in dealers' satisfaction levels with the relationship with their manufacturers.

The NFDA Dealer Attitude Survey Summer 2019 was conducted in July and published in September 2019. It asked franchised dealers 53 questions about their on-going relationship with their respective manufacturers. The questions covered a range of business issues and the impact on dealers' satisfaction levels with their manufacturers' relationship. NFDA surveyed 30 franchise networks and received 2,077 responses from dealers, equating to a record 50% response rate. Responses are scored from 1 (extremely dissatisfied) to 10 (extremely satisfied).

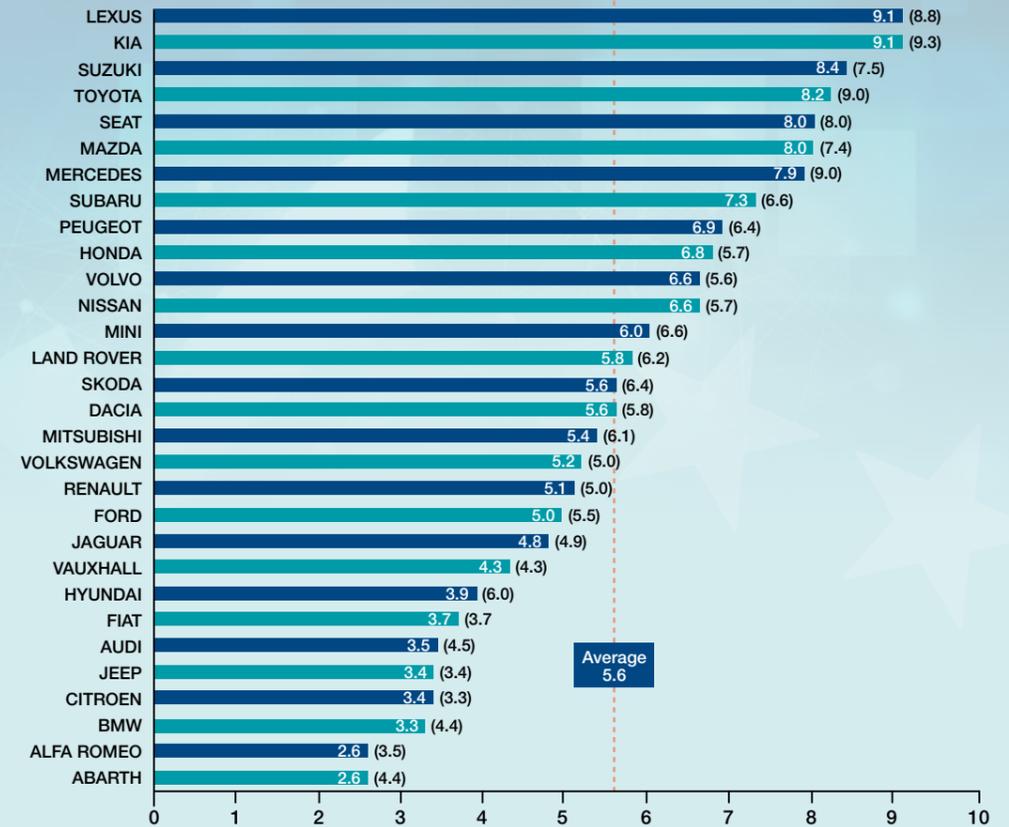
Overall average score

Lexus had the highest average score of all questions of the survey with an overall average of 8.7 out of 10 points. After four consecutive surveys at the top, Kia was the second-best manufacturer with 8.6 points. Suzuki and Toyota followed with 8.1 points. Fiat (3.4), Alfa Romeo (2.9) were at the bottom of the table. On average, there was a slight decline of -0.1 points.



Manufacturer ratings

The all-important question 'how would you rate your manufacturer overall?' had an average score of 5.6 points, which was 0.2 points lower than six months ago and 0.1 points down from last year. Lexus and Kia (9.1) were joint top performers, followed by Suzuki (8.4) and Toyota (8.2). The manufacturers with the lowest ratings were BMW (3.3), Alfa Romeo and Abarth (2.6).



Movement in score

There was an overall average loss of -5.7 points across all questions of the survey. Honda (+57.7), Suzuki (+41.5) and Volvo (+38.7) had the largest improvements in score, Suzuki and Volvo continued the positive trend started six months ago. BMW (-67.2), Abarth (-78.4) and Hyundai (-86.3) experienced the biggest losses.



"This year's record response rate shows the value that franchised dealers place on the survey. In turn, it is encouraging to see that manufacturers use the survey to understand the main issues affecting their dealer networks", said Sue Robinson, NFDA Director.

Despite a small decline, with an average score of 6.4, dealers remained fairly satisfied with their margins on used car sales demonstrating that this was a key area of focus during the first half of the year.

Positively, average satisfaction levels with manufacturers' alternative fuel vehicle offering continued to increase. The average score grew from 4.8 points last year to 5.0 six months ago and 5.2 now.

Current profit return and return on capital seemed to represent two areas of concern for dealers with average scores of 4.7 and 4.6 points respectively.

NFDA urges manufacturers to continue to work closely with their dealer networks to address these issues and provide the basis for the automotive industry to thrive despite the external challenges.

For more information about the survey, please email nfda@rmif.co.uk or visit <https://www.nfda-uk.co.uk/reports/dealer-attitude-survey/>

NFDA CONSUMER ATTITUDE SURVEY 2019 EV INSIGHT: MOTORISTS FOUR TIMES MORE LIKELY TO GO ELECTRIC

The findings of the latest Consumer Attitude Survey EV Insight revealed that if all drivers in the market were to make their next car purchase now, we could expect the proportion of hybrid and pure electric cars to quadruple.

The NFDA Consumer Attitude Survey was launched in 2017 to investigate consumers' perceptions of the different aftersales servicing providers in the UK. This year, the format of the survey was redesigned to include more questions and participants as well as provide a more detailed insight into consumers' perceptions of franchised retailers, independent garages and non-franchised national chains. This was the seventh issue of the survey and was executed by Public Knowledge, an independent research agency that polled 2,000 consumers across the UK in a 15-minute online questionnaire.

Participants were asked which car they would buy next (figure a): 60% responded a petrol vehicle and only 16% said they would purchase a diesel vehicle. Hybrid vehicles scored a significantly high proportion with 16% of consumers expecting to buy a hybrid, which is four times the current ownership at 4%. The 4% of consumers intending to buy a pure electric car is also four times current ownership at 1%. Almost one in three consumers responded 'don't know' indicating a degree of uncertainty.

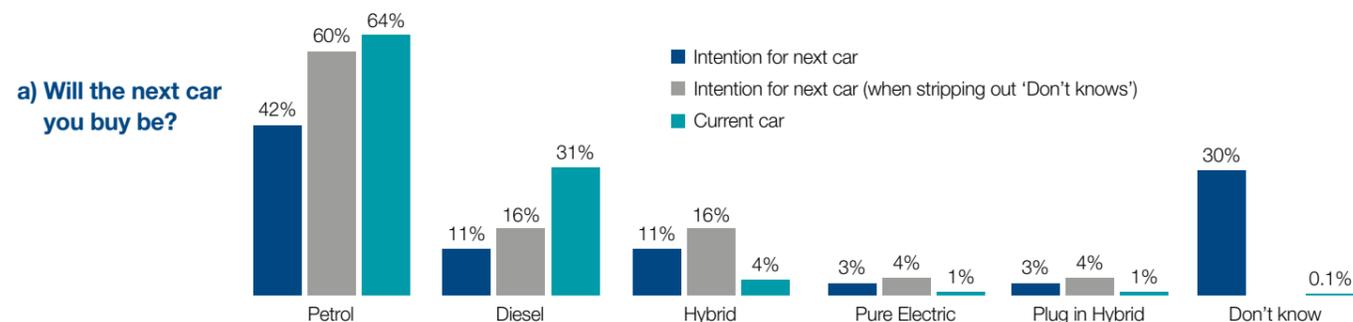
Whilst the percentage of participants wanting to buy an electric vehicle is significantly higher than expected, the consumers surveyed still mentioned a number of concerns in relation to purchasing an electric vehicle.

These concerns include access to charging points (which 53% of consumers selected as an issue), battery range (51%), and the cost of purchasing an electric vehicle (47%). Among those who indicate charging as a barrier, 78% agree that a lack of charging points in public places such as car parks in shopping centres is a reason this is a barrier (figures b and d).

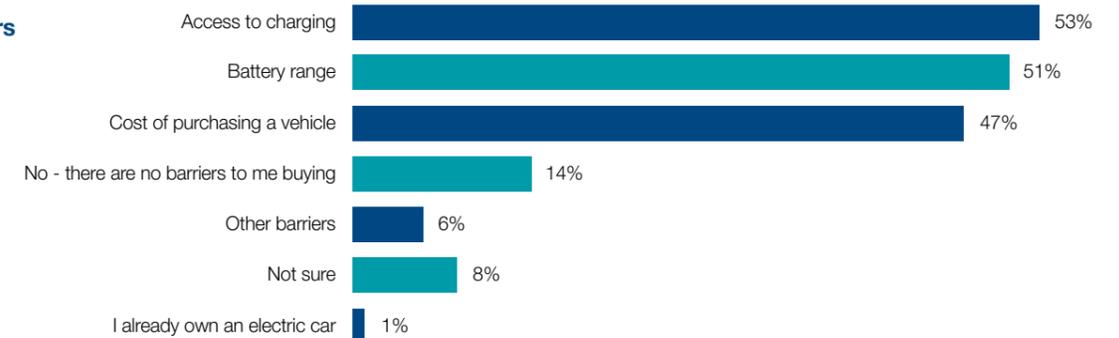
Although the percentage of consumers that do not see any barriers to the purchase of electric cars has increased to 14% from 11%, it remains low.

Sue Robinson, NFDA Director, said, "The survey demonstrates that consumer attitudes are shifting. Drivers are now four times more likely to buy an electric vehicle. This is beneficial for franchised dealers who are best placed to service the growing electric demand in the car market. Combined with the 75% of new vehicles purchased at franchised dealerships, the dealers are likely to take market share in the near future, ensuring a consistent and reliable service to as many consumers as possible."

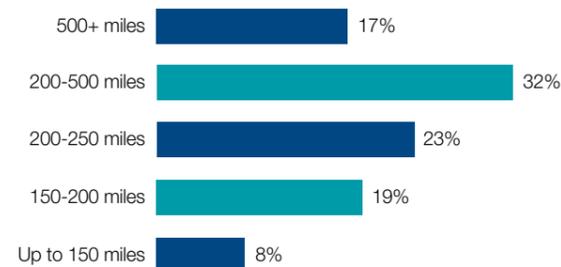
NFDA will be publishing further insights from the Consumer Attitude Survey over the next months. For more information about the survey, please visit [www. https://www.nfda-uk.co.uk/reports/consumer-attitude-survey](https://www.nfda-uk.co.uk/reports/consumer-attitude-survey)



b) Are there any barriers to you buying an electric car? (2,085 respondents)

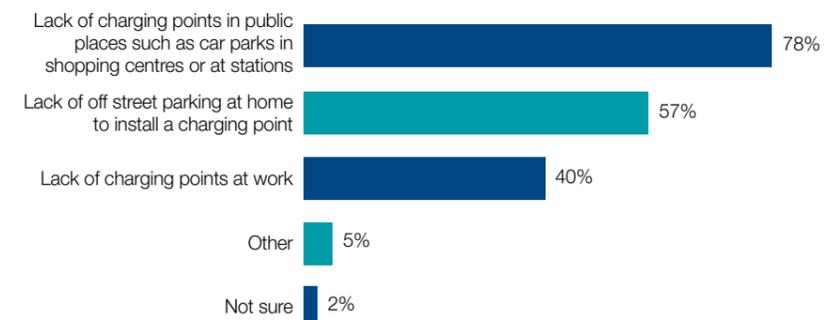


c) You indicated range is an issue. How far would you want to be able to drive before recharging? (1,061 respondents)



d) You indicated charging is an issue, why is this? (1,061 respondents)

Among those indicating that access to charging is a barrier to purchasing an electric vehicle, almost 8 in 10 view a lack of charging points in public areas as a specific barrier.



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JOIN NFDA'S DEALER TRIP TO THE NADA 2020 IN LAS VEGAS!

Once again, NFDA is organising its highly successful dealer trip to NADA 2020 in Las Vegas. Every year, NADA provides franchised retailers with an ideal opportunity to discuss the most topical industry issues with colleagues from around the world and learn about new trends and opportunities.

Departure date: Thursday 13 February. Return date: Monday 17 February 2020.

The package will include:

- ▶ NADA Convention registration
- ▶ Visit to a large dealership – guided tour around all aspects of the business
- ▶ Four nights accommodation at the five-star Wynn Hotel
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- ▶ Two evening meals at a top-quality restaurant
- ▶ Invitations to NADA private receptions
- ▶ Optional - Economy return flights from London Heathrow with British Airways or Virgin Atlantic (upgrades subject to availability)

Contact us on 020 73073404 or email nfda@mif.co.uk to book your place.



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