



Dealer Surgery Webinar #9
Executive Summary
(12 May 2020)

Introduction

MHA MacIntyre Hudson's Motor Team and our partners are providing immediate expert advice to help the sector understand the challenges posed by COVID-19; to benefit from government support where it is available; and to plan as the sector prepares for easing of lockdown.

We held the ninth in our series of live webinars on 12th May. A summary of the information provided at that event is set out below which includes the contact details for all presenters.

“ We will be delighted to support you with one-to-one advice, so please contact one of the MHA Macintyre Hudson's team for direct support. ”

The key focus of this week's webinar was in relation to the the UK Government's COVID-19 Recovery strategy and we have therefore included in full Jon Pollock's detailed explanation of the impact on the motor sector and the MHA Return to Trading Guide which we have produced (including the COVID-19 Secure Risk Assessments).

The executive summary also includes the discussions from the webinar in the areas of:

- Insurance risks when Returning to Trading
- Developments in the CJRS and managing employment risks of a phased return
- The growing importance of e-commerce in the post COVID-19 motor retail world
- Funding, Property and VAT updates GDPR and Cyber risks

Additionally, this summary includes additional information on the Global automotive picture and how manufacturers and dealers are responding globally to the pandemic and the gradual release from lockdown (we did not have time to cover this section on the webinar but have included our research in full here).

Immediately after the webinar closed, the Chancellor announced an extension and variations to the Job Retention Scheme. Our employment tax specialist, Nigel Morris has prepared a commentary on those changes which is included as an Appendix to this document.

We also include as an Appendix our 'Dealer Return to Trading Guide' which includes detailed practical advice on re-opening post lockdown.



Return to Trading - the Government's Strategy

From the Government announcements on May 11th car showrooms will potentially be able to reopen on 1st June in the category of 'non-essential retail' openings, in a phased manner and within a scheduled list, all subject to Covid -19 secure guidelines.

The document states: "To aid planning, the Government's current aim is that the second step will be made no earlier than Monday 1st June, subject to these conditions being satisfied. Until that time the restrictions currently in place around the activities will continue."

The current planning assumption for England (and we must remember the regional differences around lockdown being imposed in Wales, Scotland and Northern Ireland), is that the second step may include as many of the following measures as possible, consistent with the five tests. Organisations should prepare accordingly.

The detailed guidance covers eight different settings and is broken down into practical steps which the Department for Business, Energy and Industrial Strategy (BEIS) said should be put in place 'as soon as is practical'.

“ Opening non-essential retail when and where it is safe to do so, and subject to those retailers being able to follow the new COVID-19 Secure guidelines. The intention is for this to happen in phases from 1st June; the Government will issue further guidance shortly on the approach that will be taken to phasing, including which businesses will be covered in each phase and the timeframes involved. ”



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Return to Trading - the Government's Strategy

A group of dealers and manufacturer representatives worked with the SMMT on their recommendations for a document for car dealers last week.

The government said the new Covid-19 secure guidance will work alongside current health and safety rules, rather than with the introduction of new laws for protecting workers. It said businesses that want to reopen will need to carry out a risk assessment with the Health and Safety Executive (HSE) and place the certificate on display. To cope with the extra influx, the HSE will receive an extra £14m in funding for extra call-centre workers, inspectors and equipment.

The eight separate guidance documents include:

- Construction and other outdoor work
- Factories, plants and warehouses
- Offices and contact centres
- Restaurants offering takeaway or delivery
- Shops and branches
- Vehicles



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Return to Trading - the Government's Strategy

The government advice says the HSE will be able to identify 'employers who are not taking action to comply' with a 'range of actions to improve control of workplace risks'.

The guide consists of several sections:

1. Thinking about risk
2. Who should go to work
3. Social distancing at work
4. Managing your customers, visitors and contractors
5. Cleaning the workplace
6. Personal protective equipment (PPE) and face coverings
7. Workforce management
8. Inbound and outbound goods.

It's important to remember that this guidance does not supersede any legal obligations relating to health and safety, employment or equalities and it is important that as a business or an employer you continue to comply with your existing obligations, including those relating to individuals with protected characteristics. It contains non-statutory guidance to take into account when complying with these existing obligations. When considering how to apply this guidance, take into account agency workers, contractors and other people, as well as your employees. To help you decide which actions to take, you need to carry out an appropriate COVID-19 risk assessment, just as you would for other health and safety related hazards. This risk assessment must be done in consultation with unions or workers.



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Return to Trading - the Government's Strategy

You must make sure that the risk assessment for your business addresses the risks of COVID-19, using this guidance to inform your decisions and control measures.

The risk assessment is the critical first step in the process. It must be completed, documented, shared with the business, published, implemented, adhered to and correlated with your insurance. This is important as the USA is already seeing lawsuits from dealer employees; and a Renault plant in France has had to halt production again after a lawsuit on safety from the employees. We have identified independent specialists who can work with you. Jon Beveridge (our property man) is coordinating so please get in touch.

Employers have a duty to consult their staff on health and safety. You can do this by listening and talking to them about the work and how you will manage risks from COVID-19.

[Here](#) is a summary some of the key points from the Government's Guidance. This is not exhaustive, and we would recommend you download it and read in detail. The full link for reference is below:

<https://www.gov.uk/government/publications/our-plan-to-rebuild-the-uk-governments-covid-19-recovery-strategy/our-plan-to-rebuild-the-uk-governments-covid-19-recovery-strategy>



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Return to Trading - the Government's Strategy

You must maintain social distancing in the workplace wherever possible.

- Where the social distancing guidelines cannot be followed in full in relation to a particular activity, businesses should consider whether that activity needs to continue for the business to operate, and, if so, take all the mitigating actions possible to reduce the risk of transmission between their staff.

Mitigating actions include:

- Further increasing the frequency of hand washing and surface cleaning
 - Keeping the activity time involved as short as possible
 - Using screens or barriers to separate people from each other
 - Using back-to-back or side-to-side working (rather than face-to-face) whenever possible
 - Reducing the number of people each person has contact with by using 'fixed teams or partnering' (so each person works with only a few others).
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- Social distancing applies to all parts of a business, not just the place where people spend most of their time, but also entrances and exits, break rooms, canteens and similar settings. These are often the most challenging areas to maintain social distancing.



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Return to Trading - the Government's Strategy

These points are common to all operations, from sales to aftersales to admin.

- For customers; start by defining the number of customers that can reasonably follow 2m social distancing within the showroom and any outdoor sales areas. Take into account total floorspace as well as likely pinch points and busy areas
- Limiting the number of customers in the store, overall and in any congestion areas, for example doorways between outside and inside spaces
- Suspending or reducing customer services that cannot be undertaken without contravening social distancing guidelines. This may include re-thinking how assistance is provided, for example, using fixed pairs of colleagues to lift heavy objects rather than a single colleague lifting with a customer
- Encouraging customers to shop alone where possible, unless they need specific assistance
- Reminding customers who are accompanied by children that they are responsible for supervising them at all times and should follow social distancing guidelines
- Looking at how people walk through the shop and how you could adjust this to reduce congestion and contact between customers, for example, queue management or one-way flow, where possible
- Ensuring any changes to entries, exit and queue management take into account reasonable adjustments for those who need them, including disabled shoppers
- Using outside premises for queuing where available and safe, for example car parks.



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Return to Trading - the Government's Strategy

Use of Personal Protective Equipment

Workplaces should not encourage the precautionary use of extra PPE to protect against COVID-19 outside clinical settings or when responding to a suspected or confirmed case of COVID-19. Unless you are in a situation where the risk of COVID-19 transmission is very high, your risk assessment should reflect the fact that the role of PPE in providing additional protection is extremely limited. However, if your risk assessment does show that PPE is required, then you must provide this PPE free of charge to workers who need it. Any PPE provided must fit properly. Yesterday it was stated that face coverings are to be used in retail areas and on public transport. Wearing a face covering is optional and is not required by law, including in the workplace. If you choose to wear one, it is important to use face coverings properly and wash your hands before putting them on and taking them off.

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Return to Trading - the Government's Strategy

Staff Communication:

The Government objective here is:
To make sure all workers understand
COVID-19 related safety procedures.

- Providing clear, consistent and regular communication to improve understanding and consistency of ways of working
- Engaging with workers and worker representatives through existing communication routes to explain and agree any changes in working arrangements
- Developing communication and training materials for workers prior to returning to site, especially around new procedures for arrival at work
- Ongoing engagement with workers (including through trade unions or employee representative groups) to monitor and understand any unforeseen impacts of changes to working environments. You are advised to request a dedicated member of staff to represent employees in this area
- Using visual communications, for example whiteboards or signage, to explain changes to processes and operating procedures to reduce the need for face-to-face communications. Communicating approaches and operational procedures to suppliers, customers or trade bodies to help their adoption and to share experience
- The development and use on-going of training materials and ensuring that knowledge is embedded as staff are unfuloughed and processes evolve is key. Consider the use of on-going digital support in this area. MHA has a partner who can support this dealer requirement, please get in touch and we'd be happy to introduce you.



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Return to Trading - the Government's Strategy

Government Guidance Summary

- A formal risk assessment of your whole dealership should be undertaken. In line with Government guidance and ideally before staff return to work and customers return to the business
- Be as consistent as possible with Government return to work guidance
- Note that PPE and testing are very important but only form part of the solution to manage risk and meet health and safety requirements
- Adapt ALL areas of the dealership to showroom, service reception, workshop admin. area and external dealership area to ensure social distancing, such as:

Optional to the Government Guidance:

- 2 metre rule markings
- Clear customer safety and social distancing instruction signage
- Perspex/sneeze screens fitted in key contact areas such as: service reception and sales areas (as required) e.g. Business Manager, Sales Manager, sales closing areas. (e.g. Sneeze screens from Planet Interiors)
- Hand wash and sanitiser stations to be available throughout
- Reconfigure or relocate viewing and waiting areas to meet social distancing rules



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Return to Trading - the Government's Strategy

- Implement separate entrance and exit with clear signage
- Consider staff areas such as canteens and lockers. Relocate or redefine protocols in these areas to support social distancing. Encourage clothing changes at the dealership (e.g. workwear).
- Consider staff and temperature testing. This is regarded as a reasonable requirement
- Line managers/supervisors could be trained to and advised on how to identify Covid-19 symptoms
- Procure appropriate PPE supplies. Consider Government guidance and staff and customer confidence (e.g. gloves, masks, sealable bags etc).

The pandemic has forced dealers to implement measures to accord with the social distancing guidelines and to ensure that the appropriate PPE provision is made for employees and customers, and freely available.

The new normal for people entering dealerships, whether it is for sales or aftersales, will be that there is detailed signage giving guidance on queuing, spacing, and temperature testing. There will be sneeze screens on desks and counter-tops, face masks and gloves will be prevalent and hand sanitiser will be expected to be freely available.



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Return to Trading - the Government's Strategy

“ We are aware that sourcing all of these products has become challenging with some supply restrictions and lack of availability in the market for provision of these products. Whilst compiling our return to work guide, we have been engaging with dealers and dealer groups and searching outside of the normal automotive supply chain to find credible alternatives for supply of these products. We will produce a product pricing and specification on PPE supply and fabricated furniture to assist dealers, along with temperature checking and monitoring systems and even signage and will make this available shortly. ”

Government Guidance - Conclusion

The Government has stated that car dealerships could face a government inspection to prove that they are safe to reopen – and random spot checks in the future to ensure they are complying.



Return to Trading - Insurance risks

- Importance of Risk Assessments and the need for correlation with your liability insurance policies – particularly Employers Liability, Public Liability & Director's & Officer's Liability
- Prior to re-opening, all dealers must carry out comprehensive Risk Assessments to ensure you provide a Covid-19 virus proof environment for your employees, customers, visitors & contractors
- Risk Assessments cannot just be a 'tick box' exercise as the health and legal implications of the Covid-19 virus are far too severe not to be treated seriously
- We work with several Health & Safety providers, one of whom (Vision) has designed a bespoke Covid-19 Risk Assessment action plan with full compliance, trace and accountability. This process will prove invaluable in maintaining a safe environment and dealers should introduce such measures
- Insurers' will also want to know you've done all you should, to mitigate their exposure and to not prejudice their ability to defend you
- Factors to consider include policy definitions and exclusions. - insurers have already started adding Covid-19 exclusions on business insurance policies and they are all different so you need to check policy wordings, especially post renewal or after mid-term adjustments to cover.

A photograph showing the rear view of a white SUV parked in a parking lot. The car is the central focus, with its taillights and rear bumper visible. The background is slightly blurred, showing other cars and a building. The text is overlaid on the left side of the image.

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Return to Trading - Insurance risks

- Should the government enforce 'localised' closures in the future it's absolutely vital that your liability policy coverage responds to any potential claim exposure, subject of course to your particular policy wording
- In most circumstances, your Liability insurance includes Bodily injury including Illness (including resultant death) - this could include legal liabilities incurred from COVID-19, in a situation where you have breached your duty of care
- On the subject of breach of duty of care claims to be considered, you would need to be in contravention of any government guidelines or advice regarding safety at work or travel – even localised travel such as collection & delivery of vehicles etc.
- Your policy should also include cover for not providing essential equipment or guidelines for adequate sanitation but this may now be subject to exclusion!
- You must have up-to-date risk assessment and updated health and safety guidelines that include COVID-19, as well as an up-to-date business continuity plan – which should also be reviewed regularly as the situation and government advice continues to evolve rapidly



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Return to Trading - Insurance risks


- Be aware of Vicarious Liability - where motor dealers don't comply with their obligations, they may become liable to claims from employees, customers, members of the public or possibly even shareholders. Employers are vicariously liable for the negligence of their employees
- Director's and Officer's Liability insurance will also be relevant to potential claims relating to an alleged breach of Directors duties or in circumstances where a senior manager fails to protect employees from exposure
- As well as considering employees' physical health and safety, consider the emotional and psychological wellbeing of your employees as the risks to people's health from this pandemic are not limited to just physical risks.
- Risk assessment procedures will be tested as some returning employees will be concerned, reluctant or even disgruntled and quite possibly - disengaged, which could lead to liability claims from opportunist employees!

A photograph showing the rear view of a white SUV parked in a parking lot. The car is the central focus, with its taillights and rear bumper visible. The background is slightly blurred, showing other cars and a building. The text is overlaid on the left side of the image.

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Return to Trading - Insurance risks

- The Employment Rights Act also provides protection to employees from being dismissed or treated to their detriment, if they raise health and safety concerns. A breach of the Health and Safety at Work Act can also amount to a criminal offence
- All of this could lead to claims made against Directors' or Officers' of the business, which is why your D&O policy cover is vital in these times as it's likely to be tested
- Research on how to limit the spread of the virus and treat those infected is very much still developing. This understandably makes it difficult for employers to assess and put appropriate measures in place
- To establish liability, an employee must not only prove breach of duty, but also that the breach made a material contribution to the injury sustained. It's likely to be extremely difficult for an infected individual to prove that their condition was caused by a workplace breach, given the many other potential sources of infection, on the balance of probabilities
- An employer able to prove it has kept abreast of government advice and that it has interpreted and applied the general advice carefully, having regard to the particular characteristics of its business and workforce, should be well-placed to defend claims brought against it.



Return to Trading - Coronavirus Job Retention Scheme (JRS)

Please see the Appendix for details of the Chancellor's announcement on 12 May 2020.

Minor changes to JRS scheme

- Save and return option now added to the portal
- Only submit one claim per pay period – no overlapping periods; include all furloughed employees paid during that period
- Working on amended claim process. Don't amend your next claim for errors in previous one

JRS has supported nearly a quarter of UK workforce, but in its current form is not sustainable. Unemployment is rising from 40-year low with c1.8 million households having made Universal Credit claims between 16th March and 28th April

The OBR suggests that, if the current measures stay in place until June and are then eased over the next three months, unemployment would rise by more than 2 million in the second quarter of 2020, with GDP falling 35% in Q2, meaning annual contraction largest in over 300 years.



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Return to Trading - Coronavirus Job Retention Scheme (JRS)

Hospitality and retail most affected

- Moving to Recovery stage:
 - Need to manage un-furloughing workers and maintain H&S compliant, operationally effective and fair to all employees?
 - Evaluate and estimate activity/ staffing levels post 1st July
 - Assess ability to remunerate employees after 30th June when JRS scheme starts to phase out
 - Quantify amount needed to and cost of potential alternatives e.g. topping up; redundancy costs.

Employment Law Issues of Return to Trading

- Make a plan – how many staff do you need and how will you select them?
 - Must be transparent, objective and recorded
 - Plan how you bring staff back
 - Risk assessment
 - Full documented briefing on new procedures and how they can raise concerns
- If there is any further reduction in furlough pay then this must be agreed by the employee
- Redundancies – will these be required, when and what process must be followed
- E.g. redundancies in excess of 100 planned for end of June must be subject of a consultation period commencing 15 May

A photograph showing the rear view of a white SUV parked in a parking lot. The car is the central focus, with its rear lights and bumper visible. The background shows other cars and a building, slightly out of focus. The image is used as a background for the text on the left side of the page.

Return to Trading - Sales promotion and customer communication

Five Accelerating Trends are appearing with people:

1. Finding Comfort in Car Ownership
2. Expecting a deal
3. Wanting the Dealer experience closer to home
4. Wanting to buy online with at-home delivery
5. Tuning Into Digital Events

- Communicate to your existing database measures you are taking to ensure health and safety. Use video & images to make changes clear. Show changes to your processes ahead of their visit. This can then be added to each customer email confirmation of appointment, sales, aftersales, rental or bodyshop etc.
- Communicate changes to the sales journey options: e-commerce availability, part exchange valuation, used and new car presentation and demonstration, collection and delivery, on and off-site sales options.
- Consider a call script to help deliver safety messages consistently. Update any auto-messaging

A photograph showing the rear view of a white SUV parked in a parking lot. The car is the central focus, with its rear lights and bumper visible. The background shows other cars and parking lines, slightly out of focus.

Return to Trading - the increasing role of e-commerce

- Digital engagement is growing since the lowest point of the crisis (8th of April)
- Website visits up 67%, vehicle searches up 61% and vehicle views 45%
- Luxury brands have been impacted almost 30% less than volume
- Ecommerce continues to strengthen in terms of transactions
- As per the back to trading guide and Autotrader research, 82% of researchers want to buy but 76% are uncomfortable visiting a showroom. A move to digital is desired and required for success post lockdown
- Email and digital messaging needs to inform consumers of how the sales process will work post lockdown, reinforcing the safety measures and minimisation of risk
- We can conduct a free one-hour consultation with clients on their preparedness for digital engagement



Return to Trading - Global update

China

- BEIJING -- Chinese monthly vehicle sales rose for the first time in almost two years after the country opened up for business again, fueling expectations of an industry recovery.
- Automakers shipped 2 million vehicles to dealerships and stores in April, up 0.9 percent from a year earlier - the first increase since June 2018.
- Deliveries dropped about 32 percent in the first four months to 5.67 million units.
- Growing optimism that the world's largest auto market is on the mend.
- Volkswagen Group said sales had been helped by consumers seeking to avoid buses and trains.
- Chinese authorities have introduced measures to prop up car sales
 - Extended tax breaks and subsidies on electric-vehicle purchases for two years
 - Sales of light trucks that do not meet the latest China emission standards will be allowed for 6-months after a previous deadline of July 1
 - Financial institutions to reduce down payments and interest rates on car loans and to extend repayment periods.



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Return to Trading - Global update

USA

- Survey of more than 25,000 U.S. customers - personal behaviour and preferences for transportation – along with retail, work and event attendance – likely to change as a result of the pandemic.
- Many plan to reduce their use of ride-sharing and public transport.
- More than half who use ride-hailing apps plan to use these less or stop altogether.
- More than 20% who regularly use public transport said they no longer would. An additional 28% said they will likely use public transportation less
- Ride-hailing companies have seen demand come to nearly a screeching halt
- More than 17% intend to use personal vehicles more as a result of COVID-19.
- Impact on investments in mobility
 - Ford Motor Co. has postponed its autonomous-vehicle commercial services until 2022, and GM shuttered its Maven car-sharing service.

Return to Trading - Manufacturing update

Toyota had been targeting a North American resumption on May 4 but then targeted May 11.

Fiat Chrysler Automobiles had planned to resume operations at several U.S. factories on May 4, but that date met with UAW opposition, making it impossible.

Nissan had been moving toward reopening its U.S. plants in mid-May, but last week, changed its plan and remained closed without a restart date.

GM's CEO Mary Barra said that she saw early successes in China as a sign that production can safely resume throughout the globe. GM plans to implement employee protection protocols in all its U.S. plants as they reopen.

PARIS -- Renault has suspended production at one of its French factories, following a court order criticizing the way the automaker told unions about its increased protective measures.

European factory closures and planned reopening dates.

Aston Martin

Aston Martin on May 5 at the company's new factory in St. Athan, Wales. Sports-car production will restart later at its core plant in Gaydon – date unknown

BMW

BMW plans to restart output in Dingolfing, Germany, and in San Luis Potosi, Mexico, on May 11. German plants in Munich, Leipzig and Regensburg will open after May 18, as will the company's factory that builds Mini cars in Oxford, England.

The company's Rolls-Royce factory in England has resumed output.

Daimler

Mercedes-Benz's Germany factories have restarted production.

Ferrari

Ferrari restarted operations at its Maranello and Modena plants on May 4.



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Return to Trading - Manufacturing update

Fiat Chrysler

Fiat has restarted van production at its Sevel plant.

Pre-series production of the Fiat New 500 electric car has resumed at Mirafiori.

Production of the Jeep Renegade and Jeep Compass hybrids is underway in Melfi. The Melfi plant will resume full production from May 21.

Production of the the Fiat Panda in Pomigliano and the 500L in Serbia, as well as of Alfa Romeo models in Cassino, will restart between late May and early July.

Maserati will resume sports-car production at its Grugliasco plant and will restart output of the Levante SUV in Mirafiori in the week of May 25. Its plant in Modena will begin production of a new MC 20 sports car in early July.

Ford

Ford plans to resume at most of its main continental European vehicle and engine plants on May 4.

Honda

Honda has not said when it will resume production at its factory in Swindon, England.

Hyundai

Hyundai resumed production at its factory in in Nosovice in the Czech Republic on April 14.



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Return to Trading - Manufacturing update

Jaguar Land Rover

Jaguar Land Rover's plants in Solihull, England, and Nitra, Slovakia, will restart on May 18.

Contract manufacturer Magna Steyr will also restart production in Graz, Austria, on the same date, as will JLR's engine factory in Wolverhampton, England.

Kia

Kia resumed partial production at its Slovakia plant on April 6.

Nissan

Nissan will resume production in England in early June and at its Barcelona factory on May 4.

PSA Group

PSA has secured a restart of its production at its European plants building Peugeot, Citroen and DS vehicles, as well as Opel's factories in Germany and Poland, and Vauxhall plants in the UK.

Renault

Renault restarted in France, on April 28. Other French car plants will resume production in May.

Revoz, Renault's Slovenian arm, has recommenced production with a single daily shift, which is expected to be expanded into full production from May 11.

Renault's Romanian subsidiary, Dacia, resumed operations in Romania on May 4.

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Return to Trading - Manufacturing update

Suzuki

Suzuki planned a gradual restart on April 27 in a single-shift operation.

Toyota

Toyota will restart production of the C-HR crossover and Corolla sedan in Sakarya, Turkey, on May 11. Its engine factory in Deeside, Wales, also reopens on May 11.

The company's car factories in Burnaston, England; St. Petersburg, Russia; and its joint venture plant with PSA Group in Kolin, Czech Republic, will reopen in the coming weeks. It reopened its Yaris factory in Valenciennes, France, on April 21. Its engine factories in Poland resumed output on April 22.

Volkswagen Group

Audi has resumed production at its European car and engine plants.

VW has reopened its factories in Germany, Slovakia, Spain, Portugal and Russia. Through May, production will be resumed successively in South Africa, Argentina, Brazil and Mexico. VW is pausing the resumption of production at its U.S. plant.

Seat at its Spanish car and components plants on April 27.

Skoda commenced production at its three Czech sites on April 27.

Bentley plans a to restart production at its factory in Crewe, England, starting on May 11.

VW Group's Porsche, Lamborghini and Bugatti brands resumed production on May 4.



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Return to Trading - Manufacturing update

Volvo

Volvo resumed at Torslanda, Sweden, and Ghent, Belgium, on April 20. Its powertrain plant in Skovde, Sweden, also reopened on April 20.

Volvo's U.S. plant in South Carolina is scheduled to reopen on May 11. Volvo reopened its four plants in China last month.





Other topics

Funding update

- £5.5bn has been lent under CBILS – vast majority by Big 4 lenders with Natwest the best performer
 - There are 63 accredited lenders so seek alternatives if rejected e.g. Investec and Starling Bank
 - Professional assistance significantly increases the chances of successful applications.
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Property update

- Rates Freeze – there has been a small number of cases where a separate workshop has been accepted for the rates freeze on the grounds that it was an intrinsic part of a wider site incorporating a showroom or had customer-facing section
 - Rents – landlords are resisting rent holidays but an offer to extend the term, backed by good covenants, may meet greater success.
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GDPR and cyber issues

- 160,000 scam sites closed down, were reported to be selling PPE equipment and similar
- Increase in cyber activity around healthcare, phishing scams, silver terrier targets which are predominantly based in Nigeria, breaking in to servers. The first signs of weaknesses in the new 5G WIFI/networks, vulnerabilities have been found and working on solutions for that.



Other topics

VAT update

- No sign of extension to the deferral periods which was for one quarter only. This may not be an issue for some where sales are non-existent but VATable costs continue to mount. Many may find themselves in a repayment position.
- Businesses in middle of a VAT enquiry have been given the opportunity to have the matter put on hold. Most have taken that opportunity. There is a 4-year cap on assessments so if the enquiry has uncovered a problem, delaying it is potentially beneficial.
- Duty Deferment – payment of deferred import VAT and duty is due on the 15th of each month, so the next due date is imminent. Those who can demonstrate severe cash flow difficulties can agree a delay to payment of this VAT and duty
 - Deferment users who had a payment extension agreed for their April payment should email the Central Deferment Office at cdoenquiries@hmrc.gov.uk. The email should confirm that the payment extension is being requested for the May payment due to COVID-19 and should also indicate that their financial situation remains the same (or has worsened)
- All other requests can be made by contacting the Central Deferment Office by phoning 03000 594243 or the COVID-19 helpline on 0800 024 1222.

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Appendices

COVID-19

Dealer update Coronavirus Job Retention Scheme (CJRS) extended to end October

Chancellor speech to Parliament 12th May

The latest update from the Chancellor has confirmed that the CJRS is set to be extended another 4 months until the end of October, with no reduction in the level of support, being 80%/£2,500 a month cap, but the scheme will be flexed between August and October to allow for part-time work with the sharing of the cost of this flexibility with Employers after the end of July.

More detail will be released by the end of May.

Being Covid-19 Secure

This and any future decisions around the scheme will take into account the wider context of any lockdown extension, as well as the public health response, so that Dealers can get their employees back to work when it is safe to do so.

To support that aim furloughed staff returning to work part time from August will have their wages "topped up" by the government, so that Dealers are incentivised to create a Covid-19 Secure environment and gradually bring staff back to work whilst remaining alert to the control of the virus and social distancing rules, as operations are slowly built back up.

The CJRS has already provided unprecedented support for businesses to help pay employee wages, avoid unnecessary lay-offs and redundancies and ensure that Dealers have employees ready to resume work after the crisis and has been essential and hugely successful.

The message for much of the UK is still stay at home and the move away from that will be gradual, starting mainly from 1st June, with some school children and shops (including Dealers?), before more possible relaxations from 4th July.

It is looking like a real Summer of Discontent which may actually be made glorious by the onset of Winter! We can expect a number of Seasons to pass before Dealers start to truly recover from the effects of the virus.

The announcement is generally good news and provides a basis for Dealers to start making plans to re-open their doors and resume trading post lockdown and through the future recovery stage.

But, there will be a big learning curve for Dealers and their employees as we move towards the 'new norm' and there are a number of key aspects to consider to ensure Dealers continue to receive financial support from the Government and in particular from the Coronavirus Job Retention Scheme (CJRS).

Plans for moving to recovery

Moving out of lockdown and physical 're-opening' for Dealers will mean very careful management of the CJRS rules, particularly where employees return 'part-time' along with the remaining Covid-19 Secure and following our Return to Trading guide.

The above, along with the complexities associated with calculating the claim and remaining compliant will mean that Dealers must fully assess:

- How to manage un-furloughing workers and maintain optimal operational performance and fairness to all employees?
- Potential phased customer activity and associated staffing levels post 1st June
- How to remunerate employees after 31st July when CJRS scheme moves to the new rules, but turnover is still low or gradually increasing
- Additional cost not funded from Government schemes and the potential alternatives e.g. reducing pay, deferring payments, redundancy and the cost of statutory v enhanced notice
- New or proposed ways of working and any potential staff redeployment and training needed

Covid-19 Dealer return to trading guide

May 2020

Part 1 operational safety guidance
sales and aftersales process, marketing
and communication

Now, for tomorrow



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Introduction

Following recent discussions between the SMMT and Government there is the potential for dealerships to reopen from (week commencing) 1st June. Dealers could be allowed to re-open using similar health and safety measures to those used in supermarkets. This assumes dealerships are part of the first wave of partial lock down release, as they were in Germany.

Official guidance on how dealerships can re-open will be released on the Government website. Social distancing requirements, PPE, sanitisation, staff and customer flow management, screens and appointments only are all likely. The Department for Business, Energy and Industrial strategy is working with the automotive sector to develop the guidelines.

This guide is designed to compliment, not replace the Government guidance. It is a directional support tool to assist a dealership's planning towards a "return to trading". To assist by giving practical considerations for planning.

So, what are some of the key drivers around a return to trading?

As some level of activity returns to the car market in Europe, with some manufacturers beginning production, dealerships reopening in some markets and online sales with home deliveries being introduced in others, the biggest question over the shape of a post-Covid recovery is around consumer confidence.

Online sales services offer customers a complete way of buying a new or used car – Finance, e.g personal contract purchase (PCP), conditional sale and cash purchase – from the safety of their own home.

Customers can also now opt for contactless home delivery of their new or used car, (in-line with government guidelines). Using contactless online e-signature software available from suppliers.

Introduction

Autotrader suggests that three-quarters (76%) of car buyers are concerned about returning to car showrooms when the Coronavirus lockdown is lifted, according to new research. The new and used car marketplace found that 82% of consumers researching their next car are looking to buy now or as soon as they're able to make a transaction, but the vast majority are concerned about visiting a dealership in person once the current restrictions have been lifted.

Only a quarter (24%) of buyers said they would 'definitely' be happy to return to normal interaction with a retailer.

Dealers must use this time to plan and implement measures that enable their staff and customers to sell, service, valet and buy a car safely and which comply to the Government guidance. Dealers must be retail ready for when the restrictions lift - failure to do so will put them at a huge disadvantage to those businesses that have been able to adapt to the new retail landscape.

Half of the those surveyed said they'd still be happy to complete the purchase at the dealership, but wanted the majority of the process conducted online – viewing, test driving and collection would have to happen in one visit, if the customer requires.

The digital marketplace will become increasingly complex and competitive; the businesses that will stand out from their competitors will be those that not only build confidence in the cars they're selling, but in their ability to sell them safely. Online sales services offer customers a complete way of buying a new or used car – Finance, e.g personal contract purchase (PCP), conditional sale and cash purchase – from the safety of their own home.

Customers can also now opt for contactless home delivery of their new or used car, (in-line with government guidelines). Using contactless online e-signature software available from suppliers like "Motordoc." And "Mstore digital doc. System".

The reality is that e-commerce with its e-signature process and other advantages can really speed-up the sales process and benefit the sales transaction, wherever the customer chooses to make that happen. Having one platform that can deliver all aspects of the sales process makes sense in terms of speed, customer convenience and simplicity.

Industry forecasts predict up to 30% of sales being completed wholly online by 2025. In light of the pandemic this could be realised earlier.

However, dealers must remain at the heart of the online sales process, either way, and will be crucial in completing delivery as well as handling part-exchanges, and all the existing complex aspects of customer needs.

Introduction

Motorists concerns about the impact of extended period of inactivity on their vehicle is likely to fuel car dealers' aftersales operations when the COVID-19 coronavirus lockdown is lifted.


We can be fairly certain that aftersales will recover reasonably quickly, but possibly influenced if mileage driven reduces, therefore driving lower mileage-related service and crash repair. However, if concerns about maintaining social distance move people from public transport to private cars, mileage driven could increase. However, what has been lost will for the most part remain lost unless the work is covered by service plans.

Policy for large corporate fleets across the board will be influenced by post Covid 19 budget cuts, so holding periods could be extended as happened in the financial crisis. Some consumers will be in similar situations with cars on a personal lease that expired during the lockdown. Some may face financial hardship, and look for an extension rather than to replace, or return their cars without a new replacement.

All of these will influence the flow of young used cars into the market, with as yet unpredictable effects on residual values.


Overall, the focus in the first few weeks out of lockdown is to capitalise on the delayed deliveries, leads captured during the lockdown and a well-managed and sensitive approach to past customers whose cars are coming off finance or are in positive equity. And, of course, a focus on aftersales. All whilst carefully forecasting and managing; the unfurloughing of staff, detailed cash flow and working capital planning.

For more information and support with any of these areas or your planning for return to trading please contact MHA Macintyre Hudson – See contacts at the back of this guide



Covid 19 Dealer return to Trading Guidance Safety and Confidence – Action list

- **A formal risk assessment of your whole dealership should be undertaken. In line with Government guidance and before staff return to work and customers return to the business.**
- **Be as consistent as possible with Government return to work guidance.**
- **Note that PPE and testing kits only form part of the solution to manage risk and meet health and safety requirements.**
- Use focussed business requirements to determine those staff and the number of staff to be un-furloughed.
- Consider staff rotation and amended dealership opening hours to support the business
- Staff and customer safety measures and revisions to the sales, aftersales, valeting, bodyshop, management processes must be documented.
- Ensure these revised measures are clear, concise and (ideally) as visual as possible. Utilise video to support briefing staff and customers on the changes and what to expect.
- Brief all staff ASAP on all of the dealerships 'return to trade' plans. Cover ALL functional areas: Sales, aftersales, valeting, admin./back-office etc. Ensure that staff are briefed on all functioning areas, not just their own.
- Use dealership building plans to help you create and map the social distancing measures. Consider both staff working flows and the customer journey.
- **Adapt ALL areas of the dealership to showroom, service reception, workshop admin. Area and external dealership area to ensure social distancing:**
 - 2 metre rule markings
 - Clear customer safety and social distancing instruction signage
 - Perspex/sneeze screens fitted in key contact areas such as: service reception and sales areas (as required) e.g. Business Manager, Sales Manager, sales closing areas. (e.g. Sneeze screens from Planet Interiors)
 - Hand wash and sanitiser stations to be available throughout.
 - Reconfigure or relocate viewing and waiting areas to meet social distancing rules.
 - Implement separate entrance and exit with clear signage.
 - Consider staff areas such as canteens and lockers. Relocate or redefine protocols in these areas to support social distancing. Encourage clothing changes at the dealership (e.g. workwear).
 - Consider the use of UV/Ozon machines to facilitate clean air.



Covid 19 Dealer return to Trading Guidance Safety and Confidence – Action list

- Consider staff temperature testing kits. This is regarded as a reasonable requirement.
- Review staff cohorting and small team opportunities (maybe across departments).
- Consider vulnerable employees (e.g. underlying health conditions) and employees who's families may be vulnerable.
- Consider requiring use of the Government's track and trace app. by your staff (once rolled out). Assuming this is an equitable and commensurate measure it should be legally accepted if mandated. Of course it could be an optional requirement.
- Line managers/supervisors could be trained to and advised on how to identify Covid – 19 symptoms.
- Ensure Company policy towards staff who may potentially be ill at work or actually ill at work is adjusted to reflect Covid 19 and republished and briefed into ALL staff.
- Procure appropriate PPE supplies. Consider Government guidance and staff and customer confidence. Gloves, masks, sealable bags,
- Establish a detailed, regular rota of cleaning protocols of all hard surface touch points, e.g. door handles, work surfaces.
- Safety measures and revisions to sales, aftersales and customer management processes documented.
- Establish a defined rota for returning staff that covers: Phased start, breaks and finish times.
- Communicate to your existing database all the measures you are taking, to ensure their health and staff safety. Use video and images to make these changes clear and easy to understand. Show them the changes you have made to your processes and protocols ahead of their visit to you. A video or images of this can then be added to each customer email confirmation of appointment, sales, aftersales, rental or bodyshop etc.
- Also communicate to your customers, the changes you have made to their sales journey options: e-commerce availability, part exchange valuation, used and new car presentation and demonstration, collection and delivery, on and off site sales options.
- Consider a call script to help deliver safety messages are consistently delivered to the customer. Update any auto-messaging



Covid 19 Dealer return to Trading Guidance Safety and Confidence – Action list

- Adapt all your customer database communication to include these revisions and explain your return to trading situation and publish across all social media channels.
- Ensure messaging is clear and confident at all times.
- Car valeting and sanitisation processes and protocols should be reviewed as a priority for both sales, aftersales, bodyshop and rental dept. requirements.
- Again, document and visualise using video and images and then brief and train staff accordingly. Also, use in your customer and prospect communications online. It supports a confident safety message.
- For aftersales consider revised working timings (shifts) and practices. Only one tech. per vehicle and social distancing workflow and signage in the workshop.
- Ensure transfer of multi touch items such as keys is managed. E.g. using sanitisation and sealable bags.
- New standard staff operating procedures to be documented to include both staff and customer journeys: Cover as many areas as possible and establish clear and simple processes and protocols for each appropriate area: New car sales, used car sales, service reception, parts reception, workshop, MOT, fast-fit, bodyshop, admin. Rental, etc. Ensure these are aligned to Government guidance and ALL staff are fully trained and briefed, on-going (as they come off furlough).
- Ensure responsibility for the new safety protocols is assigned to managers/supervisors for specific parts of your business: (showroom/offices/workshop/valeting, etc)
- Ensure that when working with external providers, you request, in advance confirmation that their employees are healthy.
- Ensure regular staff briefings, training and knowledge embedding/maintenance on your protocols and processes and Government guidance, (as staff return on-going from furlough), meeting Health and Safety requirements.

Sales and Aftersales Process – Action list

- Carry out and document new risk assessment around revised sales processes
- Consider and finalise revised customer sales journey options: Collection and delivery, click and collect, showroom and service walk-ins, showroom presentation and test drive (new and used), finance, and full (or partial) online e-commerce.
- Consider mandatory dealership appointment process for new and used cars (to manage dealership footfall)
- Have clear policy and action plan for sales and service walk-ins. Ensure all staff are briefed.
- Utilise phone, email, Whats App etc. to explain and confirm appointment and undertake robust pre-qualification where possible (finance, insurance, part-ex etc.)
- Ahead of appointment send video product demonstration of vehicle to customer/prospect (features and benefits etc.)
- Encourage customer/prospect to undertake as much of the sales process as possible online
- Review sales and aftersales remuneration structure (particularly commissions) to ensure they are in line with your revised sales and aftersales process revisions
- Consider a general dealership introduction to sales process video, that can be sent to customers and prospects in advance
- Consider a car park attendant who could have a daily list of customers and registrations



Sales and Aftersales Process – Action list

Informing Customers

- Not to attend an appointment if they or anyone in their household is unwell
- Request, that a maximum of 2 people (from same household,) attend
- Customer visits to be by appointment only
- Offer the ability to book an appointment if a customer arrives without one (capacity allowing)
- Showroom and forecourt vehicles to be locked and processes introduced for moving and presentation
- Ensure zero contact with customers on arrival (e.g. no handshakes etc)
- Suspend hospitality & offer bottled water
- Avoid sharing items e.g. pens, devices and desk phones
- Consider having a car park attendant to direct customers
- Consider removing every other external bay to eliminate customer contact
- Customers to remain in car until asked to enter the showroom
- Showroom vehicles should be locked and removed or re-planned to allow increased circulation space
- No accompanied test drives (trade plates now allow)
- Consider collection and delivery service for Aftersales and Vehicle sales
- Do not occupy the vehicle with a customer
- Consider no cash payments accepted.
- Establish clear processes for e-commerce-based documentation – ideally establish a fully digital process; finance, invoicing, (including digital signing).
- Re-plan the demonstration process (at 2-metre distance) to include vehicle disinfecting and unaccompanied test drive – ensure your insurance is adjusted to cover this. Now approved by Government (trade plates)
- Ensure Business Manager, Sales Manager and Sales Execs have a sanitised and protected closing area, safe for them to use with the customer
- Revise handover process
 - Create dedicated handover area
 - Ensure area is regularly sanitised and has sanitation and PPE equipment available at all times
 - Ensure dedicated entrance and exit

Sales and Aftersales Process – Action list

Vehicle Sanitisation

- All vehicles should be sanitised in advance of every customer presentation, test drive or handover
- Request that customers clean their part exchange vehicles before hand-over to you
- Ideally, apply a visual indicator that the vehicle sanitisation process is complete
- Disinfect keys before and after using and before replacing in key storage
- Use protective covers for all touchpoints on each vehicle

Exterior

- Clean door handles, Door frame, Boot handle to be sanitised after every contact

Interior

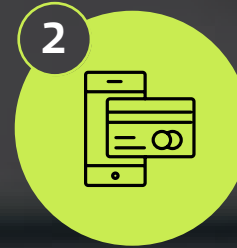
- Clean steering wheel, Gearstick, Handbrake, Door Handles, Infotainment controls, Steering column & stalks, Arm & Elbow rests, Seat position controls, Door frame etc
- Utilise mobile tech to support internal staff communication (Whats app and text groups etc)
- Also, ensure that service prospecting is in place with service customers being shared with the sales department, in advance of their visit to the dealership



Example revised aftersales customer process



1
Two people only - no more than two from the same household can enter



2
Please ensure you have electronic debit or credit card payment



3
Ensure you know your mileage and car registration number



4
Maintain a 2 meter distance from other customers and staff at all times



5
Upon entry, please immediately visit hygiene section

- Clean hands with gel
- Put on disposable gloves
- Place on a mask provided

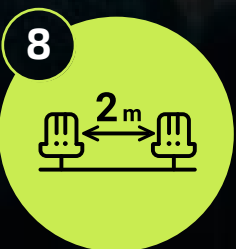


6
All your necessary documents e.g. service book and key will be placed in a sealable bag

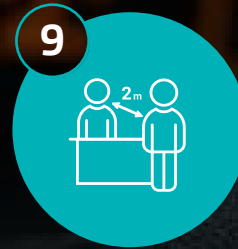
- A key tag is provided
- Please write any additional comments on the paper and pen provided



7
Please follow directional signage to the service corner.



8
If you are waiting please wait in the designated areas. (Please bring your own reading materials) bottled water will be provided



9
Only return to the service counter if asked to do so (this could be by call or text)



10
Follow directional signage to exit the building. If removing gloves or mask please leave in the bin provided

Example revised sales process review summary

1

Risk Assess and document revised sales process. Consider both staff and customer safety. Utilise Government guidelines

2

Ensure all staff are fully trained on revised processes and Dealership is adjusted to support sanitisation and social distancing requirements

3

Finalise Customer sales journey options, and communicate to database and prospects

4

Ensure use of phone and digital communications as much as possible. Pre-qualify online

5

Utilise video to support the sales process:

- Dealership safety confidence
- Customer buying options
- Product presentation
- Introduction to aftersales

6

Establish clear e-commerce capability to support the process (from part ex. valuation to finance to invoicing)

7

Re-plan the product presentation and demonstration process

8

Ensure deal closing and negotiation can be facilitated in showroom. Utilise mobile tech to support internal staff comms.

9

Review handover process create dedicated sanitised areas

10

Ensure individual staff members and teams remuneration is in line with and supports the revised sales process

Marketing & Communications action check list

- The key underlying message at all times is: "Customer and prospect safety"
- Your documented revisions to sales and aftersales processes (and the implementation of COVID-19 social distancing adaption plans for your dealership), should be converted into content suitable for online. You must clearly communicate the changes to your customers and prospects
- Capture each of the revised customer sales process options and create visuals and copy that clearly explain them and can be used online
 - Showroom appointments
 - E-Commerce Options (e.g. click and collect)
 - Collection and delivery
 - Part exchange valuation
 - Video options
 - Product presentation and demonstration process
 - Vehicle handover
- You need to supply a detailed copy to inform and reassure staff of the process and safety measure changes you are making however, customer content should be simple and clear. Use images, graphics and video to explain how your customers can now buy from you. Use simple copy to support illustrations
- Finalised content should be promoted online as soon as possible
- Websites first, not just home page, use throughout the site, i.e. at the start of each key section. The message and explanation should to be inescapable
- Social media – use the visual aspects of the content: video, images, graphics and post across social media channels: facebook, twitter, linkedIn, Instagram. Consider repeat listings on a regular basis to ensure awareness is optimised
- Database communication is key
- Communicate your 'return to trading' revised processes to your database as a priority. Use all media available to you: email, text, e-shot, phone, whats app
- Consider a repeat of this communication after a week or so to ensure reach and awareness





Marketing & Communications action check list

Stock focus

- Used car stock promotion is a priority
- Use video to support promotion online to customers. Have video content available for all your coverage/focus used cars
- Consider a specific timebound incentive on all used cars to drive traffic and sales
- Make incentives relevant (not just price reduction) finance offer with employment insurance attached or a deferred payment upfront (e.g. first payment in month four of contract) etc
- Consider refreshing car images on focus cars. Add reassurance messages in the graphics. Include collection, delivery and e-commerce messages
- Consider PPC advertising to promote your focus used car stock incentive message
- Ensure your website clearly displays used car incentives and your SEO is optimised
- Consider interruptive search to target customers and prospects via their mobile phones
- Ensure all third-party providers have up to date used car content with incentives, including safety message (e.g. Autotrader)
- Ensure data capture is robust and you have unfurloughed sufficient staff resource to support your marketing effort
- Review opportunities for joint promotions (across databases) with existing or new affiliate partners. It's not currently possible hold events, but some joint database promotion/return to trade messaging could be helpful to the reach of your incentive and safety messaging

Aftersales

- The second priority area for promotion is aftersales. This area should have more pent-up demand and faster response to promotional messages. It generates critically needed cash and revenue
- All customer and staff safety messaging applies to aftersales. (See earlier points from 'Sales and aftersales process action checklist') and the points in this section around communication of your revised processes and return to trading to your database.
- Consider "post lockdown" vehicle health check related incentives to build up a retail workshop lead-time and generate incremental work
- Promote online and direct to database (using video and images) the safety related process changes you have made specifically in aftersales.
- Consider parts promotions for essential maintenance items: Batteries, oil, screenwash, coolant, wipers, car care etc. via a click and collect service at dealership.
- Ensure service prospecting process is in place with sales in advance of their visit.

Example Suppliers

- Screens: Masters CNC, Showcase Interiors, Hunters
- Signage: MG Signs, Caters, Vario
- PPE: Snows
- Sanitiser: RDS, Zapptizer
- E-commerce related: Sales Force, Motordocs digital documents, Mstore digital document systems



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