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“Together we are stronger”

BRIAN MADDERSON
CHAIRMAN

The Market Review 2017 was extremely well received by members, product and service suppliers, industry advisers, consultants, media moguls, Parliamentarians, Government officials – in fact the whole panoply of people involved and interested in our fascinating retail sector. We are very thankful to all the contributors providing insightful content and to all advertisers giving such great financial support. Having set the bar so high last year, it will be no mean feat to raise the level yet again with this 2018 issue.

Constantly we review our communication and interaction with members to improve the exchange of information and ideas. Therefore this year, we are changing the format of our Regional events to “Business Breakouts” with more emphasis on networking as well as delivering great content. There are to such events plus five ever-popular Roadshows, held in conjunction with Thames Communications, planned during the spring and autumn across all four home countries. Check the PRA website for dates and locations.

PRA continues to invest to make our website www.ukpra.co.uk a really valuable tool, especially with increasing content and cherished number plate dealers; who provide sales and bodyshops; motorcycle dealers; petrol retailers; auction houses car and commercial vehicle dealers; independent garages; and the whole panoply of people involved in and interested in our fascinating retail sector. We are very thankful to all the contributors providing insightful content and to all advertisers giving such great financial support. Having set the bar so high last year, it will be no mean feat to raise the level yet again with this 2018 issue.

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Our fortnightly e-newsletter, PETROL HEADS-UP, is now distributed to over 2,000 email addresses with an “opening” rate of close to 30% – well above the norm for such trade publications. Do send photos/press releases/updates about your own company to our Editor: Anne Bruce anne.bruce@rocketmail.co.uk

Finally, we are planning to hold another annual Forecourt Conference in conjunction with ACS on Tuesday 3 July. Do put this date into your diary as we already have a major conference in conjunction with ACS on Tuesday 3 July. Do send photos/press releases/updates about your own company to our Editor: Anne Bruce anne.bruce@rocketmail.co.uk.

Who’s who at the PRA

PRA MANAGEMENT TEAM
Brian Madderson, Chairman
07768 608332
brian.madderson@rmif.co.uk
Gordon Balmer, Commercial Manager
07771 854073 gordon.balmer@rmif.co.uk
Phil Monger, Technical Director
07831 357900 phil.psac@gmail.com
Ray Blake, Technical Manager
07496 692690 ray.blake@rmif.co.uk
Steve Coombe, Membership Manager
07831 373205 steve.coombe@rmif.co.uk

PRA EXECUTIVE COMMITTEE
Brian Madderson, Chairman
Joe Brough, Manor Service Stations
David Charman, Parkfoot Garage Ltd
Mike Garner, The Garner Group
Sue Kemble, Stanishawe Services
Graham Lambert, St Michaels Garage Ltd
Andrew Lawrence, Lawrence Garages

The Retail Motor Industry Federation (RMI) is a leading automotive trade body in the UK, representing franchised car and commercial vehicle dealers; independent garages; bodyshops; motorcycle dealers; petrol retailers; auction houses and cherished number plate dealers; who provide sales and services to motorists and businesses across the UK.

201 Great Portland Street, London W1W 5AB
Tel: 020 7307 3598 • Fax: 020 7307 3406 • www.ukpra.co.uk
2017: A YEAR OF CONSOLIDATION

PRA Chairman Brian Madderson reviews industry consolidation through 2017

In the last Market Review, I referred to ‘A Year of Surprises for 2016’ and this could have been the heading for 2017 provided the focus was on UK politics. Back in April, after Prime Minister May had called a snap election, the most generous price on a Conservative majority was then 1/14 and many considered this a decent investment. As it turned out anyone making this bet would have lost their shirts. However, the great British Electorate proved as fickle as with the Brexit Referendum by once again confounding the pollsters and very nearly seeing Corbyn and his Labour party into No.10. Only the unexpected comeback of the Conservatives in Scotland under their charismatic new leader Ruth Davidson, plus the last-minute deal with the Democratic Unionist Party in Northern Ireland saw a chastened May continue as PM.

Just as we thought politics was settling, we had enforced ministerial changes including the resignation of Defence Secretary Fallon occasioned by inappropriate personal behaviour and Overseas Secretary Priti Patel’s misadventure in Israel. As we go to press, news of First Secretary of State Damian Green’s resignation will force yet further Ministerial shuffles ensuring that PRA lobbying has to remain on full alert for 2018.

The issues and outcomes of an extremely busy year are covered in more detail on pages 32 and 34.

Meanwhile, a new punchier headline had crept across my mind ... “Fuel retailing in 2017 – As good as it gets?”

Some 20 years after the screening of Jack Nicholson’s romantic comedy with Helen Hunt, we may look back on 2017 (at least the first half) and pose the question was this year “As good as it gets” for independent retailers?

Some of the favourable conditions, in no particular order, included:

- Continuing fuel duty freeze
- Benign weather meant no travel disruption due to floods or snow
- Post-Brexit economic growth with ultra-low inflation and borrowing costs
- No supply disruption from strikes or major plant outages
- Continuing above-trend demand for both diesel and petrol
- No new fuel grades to accommodate
- Slow climb back of crude oil prices
- No exchange rate shocks between USD and GBP.

These factors enabled retailers to make improved and stable fuel margins with strong cash flow which further confirmed to banks, private equity funds and others that this was a financially sound sector. As a result, business consolidation in the forecourt sector accelerated:

- Exceptional offers up 12 x EBITDA made by acquirers with over 10 companies buying (or leasing) some 150 dealer sites
- Market confidence encouraged investment in 48 New-to-Industry (NTIs) and 33 Return-to-Industry (RTIs) forecourts and shops
- Fuel suppliers such as Harvest

Developments in the sector include new-to-industry sites and alliances with the grocery multiples
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Energy, BP Retail, Essar and Certas also buying (leasing) sites

The establishment of Intervias as the holding company for EG Group (360 sites) and European Fuels Retailing Group (over 1,200 sites) majority owned by TDR Capital proved to be a temporary measure. A new company EG Group was formed, which has acquired the 2,000 plus sites from ExxonMobil in both Italy and Germany to take their total forecourt number to over 3,500. A new head office is now under construction in Blackburn, which will provide 150 jobs.

It is disappointing to note that the Statistics Dept at BEIS no longer calculates the split between commercial and retail diesel volumes when publishing their quarterly data, quarterly in arrears. Twelve month rolling comparisons for the period ending September 30, 2017 indicate that fuel volumes may have started to reflect weaker demand from reducing economic activity.

Overall consumption of petrol and diesel was only 0.5% above the same period in 2016, whereas previous data had shown ongoing growth above 2%. The trend rate of reduction in retail petrol was only down (1.5%), the lowest level for some years. Diesel for both commercial and retail showed significantly reduced growth at 1.6%. Total annual volumes of 16.3bn/l for petrol and 30.0bn/l for all diesel still provide nearly £27bn/year in fuel excise duty to the Treasury. Add a further £7bn/year for VAT, and the gradual tax loss as EVs take an increasing share of the fuels’ market will be exercising the most able minds in Whitehall for a suitable replacement.

On the fuel supply side, there have been no changes to refinery numbers or ownership this year. With the prospect of retail demand for petrol increasing to outstrip diesel again, the gasoline heavy UK production units may soon be realising better profitability. Likewise, there have been relatively few changes to ownership or capacity at the UK pipeline network or at fuel terminals located at UK ports and inland since the formation of Navigator Terminals in 2016. This was the joint venture between Macquarie Capital and Greenergy, which acquired the UK’s largest terminal located on the north Thames from Royal Vopak. Others in the group include Seal Sands, North Tees and Windmill. BP are in negotiations to sell their interests in the Kingsbury and Northampton terminals but Hamble will not now be sold.

The most notable recent change is the acquisition of BP’s Belfast terminal by Puma Energy. This prompted a £2m investment by the new owner into an ethanol blending plant which now enables fuel distributors to access E5 petrol at all terminals in Northern Ireland.

For some time, forecourt operators have seen the potential for convenience retailing and this year have stepped up with exciting brand developments led by the “Super” dealer groups including:

- Rontec: trialled 10 sites with Morrisons Daily (formerly trialling with MFG) in late 2016/early 2017 which quickly moved to a roll-out programme involving a total of 40 shops by the year end. It is understood that a further tranche of up to 50 conversions is programmed for 2018.
- MRH: has entered into a new supply arrangement with Booker Retail Partners following successful trading at the Budgens convenience stores on the Peregrine Retail forecourts acquired earlier this year. This new deal will involve MRH rolling out a number of Budgens format shops across their portfolio during 2018 and withdrawing from the Co-op trials at the end of January.
- EG Group: undertook trials on 10 sites with Sainsbury’s Local and provided it is operationally and financially successful for both parties, the concept could be rolled out to further sites in 2018.
- Others: dealers across the UK continued to invest in shop extensions and development of convenience

A notable recent change was the acquisition of BP’s Belfast terminal by Puma Energy
Market Review 2018

Oil companies also focused on convenience

Lazard Ltd to review an Initial Placement Offer (IPO) option in the early part of 2018 for an estimated price tag of £1.5bn. This report has neither been confirmed or denied.

Likewise, EG Group also attracts rumours of an impending IPO but again the company has not commented.

Rumours circulating earlier this year that Clayton Dubilier & Rice, the US private equity majority owner of MFG, was seeking bids was vehemently denied by key directors/shareholders.

Oil companies also focused on their convenience offer:

► BP Retail: a heady and expensive cocktail of acquisition, leasing, KDRBs and NTIs moved their M&S Simply Food format to around 280 out of their 320 sites.

► Shell: has quietly upped the number of sites, especially around the M25, based on the Little Waitrose format. However, this is seen as a relatively limited development and the convenience symbol brand Budgens is being rolled out more extensively in 2018 after successful trials.

There has been unexpected consolidation in the specialist Motorway Service Area (MSA) sector as Roadchef took a policy decision to exit fuels retailing. This was accomplished by the end of November, with BP and EG Group picking up the majority of the forecourts.

The two retailing behemoths remaining are Welcome Break and Moto Hospitality, each with around 45 sites (including straddles). With Welcome Break already onboard, PRA are delighted to have Moto joining as members from 1 January 2018. Other independent MSA operators include EG Group, Westmorland, Rontec, MRH and Applegreen, so PRA now represents nearly 80% of this sector.

COLOSSAL DEVELOPMENTS

There have been some colossal developments across the wholesale and convenience sectors as consolidation became the driver for change. Tesco bid £3.7bn for Booker Retail Partners in an agreed merger that was referred to the Competition & Markets Authority (CMA) with unconditional approval confirmed in late December. Tesco has 3,200 UK stores, whereas Booker supplies 117,000 independent retailers, a headline figure that includes the 5,500 retail stores under its symbol group brands Premier, Londis, Budgens and Family Shopper.

Palmer & Harvey, established some 90 years ago, had become the leading UK tobacco wholesaler for JT and Imperial with a turnover exceeding £4bn/year and nearly 3,500 employees as well as a major supplier of convenience foods to the fuel retail sector. Under financial stress, PWC was advising the Board, with Tony Read arriving as new CEO in the summer, on a sale to private equity fund The Carlyle Group. This deal appeared to be gaining ground when news broke overnight on 28 November that the company had gone into administration. Supplies ceased immediately and 2,500 staff lost their jobs without compensation. The remaining staff are assisting the administrator.

The Co-op, after 14 quarters of consecutive like-for-like growth, brought forward plans to become the exclusive wholesaler in spring 2018 to the Costcutter Supermarket Group (CSG) embracing supplies to Costcutter, Mace, Simply Fresh, Kwiksave and Superstore brands.

Nisa, founded 40 years ago, was subject to an agreed bid of £137.5m by the Co-op. The Nisa members were balloted and a minimum 75% of shareholder operators were required to support the bid. Many considered this outcome unlikely but the final vote reached 75.5% and, subject to CMA investigation due for completion by March 31 next year, will proceed.

Morrison's announced on August 1 that it had won a contract to supply McColl’s portfolio of 1,300 convenience stores (including seven forecourts) and 350 newsagents from January 1, 2018 with national brands and exclusive access to the Safeway brand. This deal would eventually phase out all other suppliers to McColl's.

These developments potentially leave the market heading to a very different place.

With Tesco, Sainsbury’s and Morrisons, there are now three multiple retailers engaged in different ways in wholesaling. This will provide stiff competition for the 600 indie wholesalers supplying across mainly regional territories and one can assume further consolidation and closures ahead.

Independent forecourt retailers will need to be alert and ready for change at short notice.

<table>
<thead>
<tr>
<th>Motorway services operator</th>
<th>No of sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>WELCOME BREAK</td>
<td>45</td>
</tr>
<tr>
<td>MOTO</td>
<td>44</td>
</tr>
<tr>
<td>BP</td>
<td>27</td>
</tr>
<tr>
<td>EURO GROUP</td>
<td>15</td>
</tr>
<tr>
<td>SHELL</td>
<td>13</td>
</tr>
<tr>
<td>WESTMORLAND</td>
<td>6</td>
</tr>
<tr>
<td>APPLEGREEN</td>
<td>3</td>
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<tr>
<td>MRH</td>
<td>3</td>
</tr>
<tr>
<td>RONTEC</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>158</td>
</tr>
</tbody>
</table>

†Total includes: all UK countries; certain major A-road services eg A1(M) so is therefore higher than some data provided by Experian Catalist and Highways England
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We are now Petroassist UK. Same team with a new name - and with even more know-how to offer a broader range of services.

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Early in 2017 my wife and I were fortunate in being able to tick one of the wishes off our bucket list, by touring around New Zealand (NZ). While planning our trip we had an amazing piece of luck in that we managed to catch up with an old friend – Andy – who was over from NZ, where he’d emigrated to some 10 years earlier. It was during the few hours that we spent talking about our planned trip, that I began to realise many fundamental things that are, to a MUCH DIFFERENT APPROACH TO H&S

On a trip to New Zealand, amongst other things, the PRA’s Ray Blake compared our Health & Safety (H&S) on PFSs to theirs

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I’ve recently changed my stores to the Budgens brand. Their availability is excellent, and with a great rebate scheme my profits are already growing.

Oli Lodge

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a certificate). I would also have to sign an insurance waiver. Whereas, in NZ, I could turn up, pay my money, tell them I am okay, be strapped up, take off my glasses and launch myself off a bridge nearly three times the height of the crane at 435ft.

NZ VS THE UK
For well over a decade, I have been at the forefront of the drafting of guidance in the UK for operating unmanned petrol forecourts. All the guidance stems from the requirements of Section 3, of the Health and Safety at Work etc. Act 1974. This reads: “It shall be the duty of every employer to conduct his undertaking in such a way as to ensure, so far as is reasonably practicable, that persons not in his employment who may be affected thereby are not thereby exposed to risks to their health or safety”. Thus, making the operator of a petrol forecourt responsible for the health and safety of the public that visit their premises, the very opposite of the situation in NZ.

The reality is that the operation of petrol forecourts has evolved over a century in response to both demand and the available technology. The big step forward during the late 1960s or early 1970s was from a man in a brown coat and a satchel dispensing the fuel into the vehicle, to the customer serving themselves. However, I remember unmanned sites when I had just passed my driving test in 1974, when you posted a £1 note into a slot on the pump.

Since my involvement, we have aimed to achieve the same level of control at an unmanned site as we have on a self-service site, using CCTV and all manner of clever intuitive systems and remote monitoring/controls. Plus, a response to incidents by the site operator. The exception being where a petrol station is provided as a service to a community, where the locals have an interest in ensuring that the site is safe and available.

According to the latest figures available (2008), there are 1,265 petrol stations in NZ. While in NZ, I observed that in the cities and towns, most of the sites looked very similar to a typical forecourt with a convenience store in the UK. However, I did see what were obviously newly developed ‘GULL’ branded unmanned sites in some towns selling fuel at significantly lower prices than other sites in the area. Although the dispensers and payment equipment were as you would find in the UK, I could see no evidence of remote monitoring. I certainly observed many unmanned sites in rural areas. In fact, I was pleased to find these sites, which were obviously located where they would serve tourists desperate for fuel, as well as the local community. Many of these sites were very basic, but with a card acceptor.

I had an interesting conversation with the owner of one site. He informed me that he had recently acquired the site as part of a swap deal with a major oil company that wanted another site that he owned. When he took over the site, it had newly installed below-ground tanks and pipework, however, as is typical in NZ the tanks and pipework were GRP. Where a site with this type of installation is affected by an earthquake, it must be recertified before it can open. There are very few people carrying out the certifying of petrol installations, and because of this, a perfectly sound site may be unable to trade for some months. To overcome this issue, he abandoned the GRP installation and installed above-ground fuel tanks and double-skinned monitored plastic pipework. This removes the requirement for recertification, and allowed him to remain in business following the November 2016 earthquake.

Remarkably, the site came with around 10 acres of land, on which he intends to build a museum where he will display his collection of American muscle cars and British motorcycles. I said I would call in when I was passing next!

The Health and Safety culture in the UK evolved from the strength of the unions when workers were deemed expendable by the employers.

On balance, I believe that what we have is fair. It is the interpretation of the words ‘so far as is reasonably practicable’ in our legislation that is the quandary. Should 4.4 million people leave NZ because, on average, six people per year are killed by earthquakes? Of course not.

Should the operators of unmanned sites in the UK have to spend tens of thousands of pounds on monitoring their forecourts, when they don’t in NZ? What is ‘reasonably practicable’ to prevent harm to their customers? I wonder if it will ever be tested in a court in the UK?
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They offer a full round service that manages contracts through to implementation with existing and new suppliers. We would be happy to recommend their service to other firms.

**Peter O'Connor @ Petrogas**

Head Of Finance UK

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If you would like to discuss your own energy situation with RMI Utilities then please call us on:

**01204 282062**
Argus Media’s analysis editor Charlotte Blum says Opec’s production cut heaved oil prices higher during 2017, but will it last?

Global oil prices are on an upward path thanks to a rare co-operation between Opec and Russia. In addition, growing global demand has boosted refinery margins, giving UK and other European refiners another lease of life.

From the start of 2017, Opec and non-Opec partners have been surprisingly unified and managed to stick to their pledges of 1.7mn b/d of production cuts. The cuts managed to turn round the oversupply that had swelled stocks to record levels and plunged Brent crude futures prices to an average $45/bl in 2016. Brent has climbed back above $10/bl though when the supply problem turned out not to be as bad as it had first looked.

When it came to diesel, UK and other European markets notoriously short of diesel had to scramble for alternative supplies. Diesel cargoes were even moving in the opposite direction across the Atlantic to normal, when Latin American markets usually supplied from the US Gulf had to import diesel from Europe.

For UK diesel importers a stronger pound softened the rise in prices. The referendum in favour of Brexit in June 2016 initially sent the pound tumbling by almost 12% against the US dollar that year, but sterling has recouped some of its losses. While dollar prices for diesel barges in northwest Europe are 16% higher than a year ago, they are only 9% up for UK buyers.

During 2017, diesel in UK and other European countries was increasingly vilified and targeted by new clean-air zones and extra charges, and it is clearly now falling out of favour with car buyers. Diesel’s share of new UK car registrations has fallen by 5 percentage points in the last year to just over 42%. But reports of diesel’s death are exaggerated. Trucks drive further than ever before, and this has pushed diesel consumption up to the largest ever in the first nine months of 2017. Diesel remains by far the most important road fuel in the UK, making up more than two-thirds of it. Still, petrol demand is growing faster, and diesel’s share has shrunk by a couple of percentage points from its peak in February 2017.

For 2018 and the outlook of crude oil, some oil producers are now using the recovery in prices to finance an increase in output, especially shale oil producers in the US. A series of big fields, whose development began when prices were high, are starting up in 2018.

Opec and its partners have decided to continue with their production restraint until the end of 2018, but they cannot stop the tide of new oil coming to the market, especially if their efforts help boost prices further. Demand will be crucial. If it flags, the market could well tip back into oversupply in 2018, with prices falling again impacting the wholesale price levels for fuels also for UK refiners.

ARGUS WHOLESALE CRUDE, GASOLINE & DIESEL PRICES 2016 – 2017
Argus downstream

Argus provides UK companies with direct access to wholesale fuels market information. This enables our clients to respond quickly to price developments and compete more effectively. You can access Argus data and insight through the web, PDF reports, direct data feeds or your mobile device.

To find out more, email info@argusmedia.com
PETROL RETAIL GOES DIGITAL

How forward-thinking retailers are embracing technology

It is the question that every independent retailer asks themselves: “How can I maximise my fuel margins whilst maintaining or increasing my volumes?”

Many retailers feel that their options are limited. Fuel margins are typically thin and your replacement cost may vary depending on your fuel supply contract. The pole price you decide on is not only influenced by your cost price, but can be squeezed by nearby competition.

Since the start of 2017, EdgePetrol have been talking to UK independents about these challenges and how you can overcome them. There are two consistent problems that retailers face:
1. Low data visibility in real-time hinders important decisions such as pricing and stock ordering
2. Business reporting and management information is unreliable and involves time-consuming manual calculations.

One of the retailers facing these issues was Highway Stops Retail Ltd, a Top 50 independent with 11 sites. Tony Head, Development Director, explains: “Immediate data visibility was a little behind the times, particularly in terms of live blended fuel margin achieved by both Platts and margin share supply contracts across our network.

“Historically, to find out our actual blended gross margin involved a lot of manual labour across various different supply terms with different fuel suppliers, which involved physically pulling out the cost prices across 11 sites with four grades. This is now fully automated. We needed a way to make sure we were on track in real-time in terms of sales and actual blended fuel margin, so we could act.”

By securely integrating with both your fuel supplier and your epos, EdgePetrol captures the price and volumes of the grades you are selling and calculates the weighted and blended cost of the fuel remaining in your tanks. This means you can access your volumes and your margins from anywhere in the world, in real-time, from one source of truth.

Independents like Highway Stops are already seeing the benefits. “We received an alert at the end of August from the MyEdge product stating our volumes spiked up considerably at two of our 11 sites. It turns out these sites were in areas of low affluence and that pay day was driving demand. This gave us the knowledge to either lower the price to drive volumes or increase the price to drive margins, depending on market needs. This also allowed our commission operator to adjust his dry-stock offering around the increased demand,” says Tony.

It doesn’t stop there. EdgePetrol’s intelligent model constantly learns about your sites, meaning that if they are influenced by anomalies such as pay day, local events, traffic and weather, they can accurately forecast your stock cover days and ullages by grade. This means you aren’t relying on sales data and cost price to make purchasing decisions. Cheaper fuel means further flexibility on pricing to drive margins and volumes. In the not-so-distant future, you will be able to receive accurate and intelligent optimal order form recommendations.

The EdgePetrol data science team is also working on building a model to recommend optimal pricing, not only based on fuel sales data, but considering site-specific characteristics and dry-stock offering.

Gideon Carroll, Founder of EdgePetrol, says: “We have been careful with our recommendations to clients at the early stages of their MyEdge subscription. Retailers know their sites better than anyone and there are so many variables that can influence the volumes of a specific site at any time.

“You have internal and external factors. Everyone knows they impact volumes, but it is important to be able to understand them on a site-specific level before offering an optimal pole price. Getting it wrong is not an option.”

Another common problem amongst retailers is the need for a reliable source of competitor prices. EdgePetrol have solved this by providing the live prices of platform subscribers.

Toby Butterworth, Product Manager at EdgePetrol, explains: “If you share your live price, you will receive the live price of other users, meaning you no longer have to rely on outdated pricing information when making decisions around your marker sites.

“We will continue to work with petrol retailers in 2018 to build a relevant and specific product for the needs of the market.”
Shell UK Retail Future Fuels Manager, Jane Lindsay-Green, discusses what ‘future fuels’ mean for the future of fuels retailers

Over the last year, stories about air quality and the future of transport have been headline news. In 2017, the UK Government made headlines after announcing plans to halt the sale of petrol and diesel-only vehicles by 2040. For Londoners, the Mayor laid out ambitious plans to encourage the use of electric and hydrogen vehicles to tackle air pollution in the capital. Vehicle manufacturers also made clear commitments to electrification – with Volvo being the first to tell us that every car it launches from 2019 will have an electric motor. In the months that followed, other major motor manufacturers followed suit, with brands including Jaguar Land Rover, Volkswagen, BMW and Daimler all announcing plans for hybrid and battery-electric vehicles.

A HOT TOPIC
In short, we’ve quickly seen the future of transport shift from being a conversation between fuel retailers and energy industry analysts, to being a hot topic for business and policymakers, and of great interest to the general public. People are increasingly talking about what the transport system of tomorrow will look like, and what this could mean for them and their vehicle choices today.

As such, this is a tremendously exciting time for those of us in the transport fuels industry, with no one knowing exactly what the route to a low carbon future will look like. I’ve been fascinated – and encouraged – by the many opportunities and innovations that are emerging to take us there. If there is one thing we do seem to agree on, it is that there isn’t a single or simple path.

A mosaic of transport fuels will be needed for a successful energy transition, not only in the UK but across the world. And we need to remember this is a transition. For the
Shell's new on-forecourt rapid charging service isn't going to happen overnight, or even over the next few years. Despite keen interest and direction from governments and business, we must remember that consumers still want to know what the energy transition means for them. I believe more people will choose to drive EVs if they can access a range of reliable and convenient charging solutions.

**ELECTRIC CHARGING SOLUTIONS**

Last October, we also announced the acquisition of NewMotion, one of Europe’s largest EV charging providers. Investments like these are vital to ensuring customers have choice, so that EVs become a credible transport option for them, ensuring that EV drivers can travel ever longer distances with confidence. That’s why Shell is developing a full raft of electric vehicle charging solutions to meet a variety of needs, whether at home, at work or on the road.

Electric vehicle charging solutions are just one of the ways that Shell is aiming to deliver more and cleaner energy to around 5 million fuel customers who visit our UK stations every week. We are also working to enhance petrol and diesel vehicle efficiency, including by providing advanced lubricants that can improve fuel economy.

In tackling emissions, cars are not the only challenge. Older, larger trucks are typically the biggest emitters of sulphur, nitrogen oxides emissions and other particulates – which are causing pressing air quality problems for many parts of the UK. Going back to the idea of a mosaic of solutions, here, liquefied natural gas (LNG) has an important role to play. There are already around 1,500 trucks running on LNG in mainland Europe and we plan to offer this cleaner fuel in the Shell UK Retail network this year.

We are also laying early foundations for hydrogen to be a part of fuelling the future of transport. We opened our first hydrogen refuelling station in Cobham, Surrey in February 2017, and will open two more in the UK in early 2018. Although it takes time for any new energy technology to really take off, hydrogen vehicles could be an important part of the future fuel mix because they can help to reduce carbon emissions and pollution, are currently quicker to refuel than EVs, and have a driving range of more than 200 miles.

A fundamental shift in the UK transport fuel mix will take many years, if not decades. But it’s a shift that Shell is already starting to make because – in the simplest terms – it is about offering our customers greater choice. We want to ensure that no matter what vehicles people drive, we have the products and services to meet their needs. That means listening to what they need now, understanding what they will need tomorrow, and preparing for their evolving needs over the decades to come.

For more than 100 years, Shell has been at the forefront of fuels and lubricants innovation. We pride ourselves on our ability to evolve our business, and we are currently focused on becoming a full ‘mobility services’ and convenience retailer.

We’re also thinking about what this could mean for the design of our Shell’s new on-forecourt rapid charging service
forecourts. For example, in urban areas where the urgent need to tackle local air pollution is already driving growth in EV and hydrogen bus use, we are exploring prototype designs which will look and feel quite different to the service stations with which we are all very familiar.

We are also looking beyond the fuel pump to offer more efficient, sustainable and smarter services to help our customers get on with fast-paced modern life. We are forming partnerships with other retail brands such as Costa Coffee, Waitrose and Budgens to expand our high-quality food and drink offering. We are changing the way we serve customers according to their changing expectations around convenience, service and digitalisation, and delivering innovative services that can make their journeys better.

DIGITAL SERVICES
An initiative we’re particularly proud of is our collaboration with fuelService, with whom we joined forces in 2017. Together, we offer UK disabled drivers assistance with their refuelling via an app, so they have the confidence of knowing someone will be available to assist them when they arrive at the service station. All our customers also have the option to use their smartphones to pay for their fuel at the pump using our Fill Up & Go service, developed in collaboration with PayPal, Apple Pay and Android Pay. Jaguar Land Rover and Shell also launched the world’s first in-car payment system in early 2017, allowing drivers of certain models to pay for fuel at participating Shell service stations in the UK via their car’s touchscreen.

As the world becomes increasingly connected by digital technology, we will continue to think about the future of our forecourts in terms beyond the bricks and mortar of the stations themselves. Nobody can claim to know what the future of fuel retail will look like 20, or even 10, years from now. Indeed, nobody can even predict what the transport-related news headlines will be in 2018.

But we do know that continued success means listening to our customers and adapting to their needs – providing an evolving range of quality fuels, welcoming breaks on their journeys and retail experiences that offer convenience, quality and choice.
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“very straightforward, easy to do and exactly what we have been looking for over the last few years”

Joe Brough – Manor Retail Group
HYDROGEN Q&A

Dr Graham Cooley, CEO of ITM Power, answers questions on hydrogen power

Tell us a bit about hydrogen power
Hydrogen is the most abundant element on earth, but it’s locked within water and hydrocarbons. It is produced from these resources and used in many applications, including oil refining, ammonia production, float glass production and as a transport fuel for Fuel Cell Electric Vehicles (FCEV). In addition, there are energy storage applications for balancing electricity grids and various renewable chemistry applications where green hydrogen can be used to reduce the carbon footprint.

How is the power made?
Hydrogen can be made using an ITM Power electrolyser. This uses a process called electrolysis where electricity is used to split water into hydrogen gas and oxygen. This approach allows the fuel to be made on-site, which eliminates fuel deliveries and downtime at the forecourt. The hydrogen is then used by FCEV, or in stationary applications to generate electrical power or chemicals.

How do you see the hydrogen market developing in the UK?
As more FCEVs are rolled out there will be a stronger demand for hydrogen refuelling stations in the UK. This will be driven both by a need to improve the geographic spread of hydrogen refuelling stations across the country and by the use of fleet vehicles by commercial operators, including FC vans, buses and, in due course, trucks. In addition it is expected that the use of green hydrogen at refineries will grow as a means of decarbonising existing fuels and chemicals, while the gas distribution networks admit increasing concentrations of hydrogen to assist their decarbonisation. Overall, green hydrogen will contribute across the energy system (with applications in the transport, heat and power sectors) and in the long-term hydrogen will be stored in underground salt caverns to provide a buffer for managing high energy demand periods in winter.

Hydrogen circumvents the difficulties associated with battery electric vehicles by offering longer range

The Government seems very ‘pro’ electric, are you in talks with the Government about hydrogen power?
There are a number of EU and UK government schemes in place which are providing support to enable early market development for hydrogen in the mobility sector, with funding for stations and FCEVs. The funding levels are quite modest compared with the support for battery electric vehicles and charge points, but hydrogen is increasingly being seen as the next wave for decarbonising road transport. Indeed in most market segments it will provide a superior solution than plug-in electric vehicles on the one hand and petrol/diesel vehicles on the other hand. Hydrogen circumvents the difficulties associated with battery electric vehicles by offering longer range, rapid refuelling, no waiting for a charging space, and no need to invest in electricity networks to enable wide adoption of home charging.
TLM LAUNCH NEW CLOUD-BASED REPORTING & ALERTING APPLICATION FOR CONVENIENCE & FUEL

TLM Technologies provides world-class technology and support to convenience & fuel retailers. Covering EPOS, back office and head office the TLM team develop unique technologies and integrate the systems necessary to make smarter, more profitable decisions.

TLM recently announced the launch of evo+, the latest solution from the TLM ‘evolution’ product suite. Officially on sale from October 2017, evo+ promises to revolutionise business decision making, giving convenience & fuel retailers unparalleled access to their store’s data from anywhere, enabling them to maximise profit, increase sales and optimise margins.

The data generated from the various systems in a cstore, on a forecourt or from an estate of sites is invaluable, but the time taken to compile this can become a burden, and knowing what it means and what to do with it can be equally difficult.

evo+ brings all this data together in a user-friendly cloud-based application that provides customisable reports to help retailers take control and improve visibility of their businesses, no matter where they are.

THE GATEWAY TO EVOLUTION

evo+ is a cloud-based real-time reporting tool, giving retailers trend analysis, dashboards, exception reporting and alerts anywhere, on any device. One affordable monthly fee includes software support, licensing and hosting so users of the solution can be safe in the knowledge that their subscription covers everything they need.

Seamless integration into the existing Oracle CFS EPOS solutions means that existing customers don’t need to wait until the launch of TLM’s evoPOS – they can start using evo+ straight away, acting as the gateway to the evolution product suite whilst ensuring maximum freedom of choice and flexibility.

Key features include snapshot dashboards with drill-down capabilities, real-time reports – available anywhere on any device, central reporting for multi-site retailers, trend analysis – so retailers can make informed business decisions based on store data and intuitive key line reporting, and configurable email alerts.

Fuel retailers will be able to take advantage of functionality such as wet stock monitoring, fuel specific alerts such as pump not used for a defined time period, and fuel price changes – all from their smartphone.

Adrian Felton, CTO at TLM said, “we are really excited to bring this solution to the market; with critical real-time data and rich reporting capabilities at their fingertips, our customers can take control of their businesses, getting right to the heart of what each transaction means for their stores.”

“THE REPORTING CAPABILITIES HAVE SO MUCH POTENTIAL”

Clare Halesworth, Office Manager at Budgens Holt said, “having seen evo+ at the recent TLM evolution user group I was really impressed; I am definitely looking forward to trialling it instore – the reporting capabilities have so much potential, and the notifications that you can set about events such as discounts will be invaluable for auditing purposes!”

The TLM team saw the opportunity for retailers to use the data from their stores to improve their margins and make more profit – they just needed the tools to be able to do so. evo+ solves the problem of data analysis for retailers; not only compiling their data and presenting it in a meaningful way to help them make smarter business decisions, but also using the live data to alert them to instore events enabling them to take action to avert potential issues, saving them time and money.

For more information on how evo+ from TLM can help your business grow, visit http://www.tlmtechnologies.co.uk/evo-plus-enquiry
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Can you outline the pros and cons of hydrogen versus electric?
Essentially a FCEV is a form of electric car. The electric powertrain provides the highest efficiency means of converting stored energy to motion – about twice as efficient as a modern diesel car. The FC vehicle stores energy as hydrogen and utilises a fuel cell to generate the required electricity; the battery electric vehicle relies on the electricity grid and stores the energy in a large battery to provide the electricity. The battery vehicle cannot be refuelled as quickly as a conventional diesel/petrol vehicle, whereas the FC vehicle can. The battery vehicle cannot achieve the same range as a petrol car, whereas a hydrogen car can. Battery vehicles cannot provide the long range and rapid refuel characteristics required by commercial fleet operators of heavy vehicles (buses, vans and trucks), but hydrogen vehicles can. Hydrogen vehicles do not perturb the normal routine of private or commercial vehicle operators, while battery vehicles do. Therefore, when the overarching objectives are to achieve very large reductions in atmospheric pollutants and CO2 per mile travelled, transitioning to hydrogen is the relatively straightforward option for all types of vehicle and all types of user.

Are forecourt sites the best places to offer hydrogen power to drivers?
Yes. Forecourts offer a familiar environment to locate hydrogen refuelling points. But in some locations hydrogen refuelling stations at new sites make sense, for example where electricity is to be taken from an adjacent solar or wind farm, or in districts where the electricity network operator is seeking new load to help manage constraints and supply/demand variability due to rising renewable power levels.

What is ITM’s deal with Shell?
ITM Power has in place a siting agreement with Shell so that hydrogen stations can be located in convenient locations for users, in order to enable the growth of early markets for FC vehicles. In the UK, South East England is the initial geographic focus but in time a network of stations will be developed to provide basic national coverage. In addition we will see hydrogen refuelling stations emerge at bus depots in towns and cities to enable bus operators to transition their fleets to the zero emission, rapid refuel, long range solution that only hydrogen can provide.

ITM Power has also recently won a tender to supply a 10MW electrolyser to Shell, which is to be used at a refinery in Germany.

How is the industry communicating to drivers about hydrogen?
The number of FC vehicles in the UK is growing and drivers are trained to refuel upon receiving the vehicle. ITM Power has held station opening events at every station which has resulted in press coverage. We also engage in social media and are invited to present at events, where we can communicate messages further afield.

How safe is hydrogen on-site?
On-site production, storage and dispensing enables the whole solution to be carefully engineered as one system. Hydrogen doesn’t leak from the electrolysis, compression, storage or dispensing processes.

In an extreme emergency situation where a leak occurs or the gas is vented, it escapes rapidly upwards and disperses into the atmosphere, compared to diesel/petrol which pools around the base of a vehicle and ignites and spreads.

How often is maintenance required?
Planned maintenance occurs at regular intervals, with annual run time availabilities of >98% or >8500h.

Are there any figures re costings to drivers for hydrogen fuelled vehicles?
The Toyota Mirai is available with incentives to receive free fuel for two years. The hydrogen gas is £12/kg (including VAT), most vehicles would hold 4-5kg (so £48-60 for 350 miles). In addition, an FCEV avoids any clean air/emissions charges. A service consists of a 20-minute check. The replacement parts would only be tyres, brakes, windscreen wipers (there is no gearbox, clutch, exhaust, starter motor, alternator etc.). At the end of life, the vehicles will not depreciate at the same rate as a conventional vehicle. They have many parts which do not move or degrade, and importantly the fuel cell catalyst can be recycled.
GOOD PRACTICE

PRA Technical Director Phil Monger explains the new (ACOP L133) form

In 1990, a committee was set up by HSE to draft new legislation for the transport, loading and offloading of petrol. In 1992, after extensive consultation, the Carriage of Dangerous Substances in Road Tankers and Tank Containers Regulations were published. Amongst the schedules was Schedule 4, which prescribed how tankers must be unloaded at PFSs and, for the first time, controls on driver-only offloading were introduced (Driver Controlled Deliveries or DCDs). Before a site could be considered for DCDs, an application had to be made to the Petroleum Licensing Authorities (PLA).

Other sites, where the site operator was present, were defined as Licensee Control Deliveries, which was a misnomer as suppliers nearly always dictated what had to take place, in spite of the duty to provide the information to the driver being on the site operator, who is also the Primary Duty Holder in law.

In 1996 the legislation was repealed and replaced by the Carriage of Dangerous Goods by Road Regulations (CDG) and Schedule 4 was carried forward to become Schedule 12. At the time of drafting, it was with the mistaken belief that it was better to have two people to do the offloading. During the following period, the number of delivery incidents (spillages/overfills) increased and various investigations led to one common cause in most cases, which was confusion between the site operator and tanker driver with each blaming the other for the error.

When the EU Chemical Agents Directive and Explosive Atmospheres Directive had to be transposed into UK law, it was agreed that a code of practice for the unloading of road tankers would be put together. When HSE drafted the first issue it got rid of the flawed system of having two people doing the unloading and split the duties between three duty holders: the tanker operator, the tanker driver and the site operator. On an assisted delivery, the duties of the site operator are to provide the necessary information regarding the ullage to the driver and, as far as is practicable, ensure that there are no sources of ignition likely to enter the hazard zone, that no activity is going on outside the hazard zone that might pose a risk to the unloading process, that vehicles are monitored so that they don’t collide with the tanker and generally look after the safety of the public on site, and to be on hand to assist in an emergency.

Unfortunately, the failure of some companies to fully follow the ACOP (approved codes of practice) has led to a proliferation of various forms for the provision of information to the driver and to the continuing erroneous practice of drawing site operators into the unloading process, in particular signing for delivery hose connections, thereby preventing them from complying with their duties whilst the road tanker is being unloaded.

All in all, it was not a good situation, which is why the work to get a common form agreed has taken place.

The Petroleum Enforcement Liaison Group (PELG) decided that the only way to ensure compliance was to produce a Standard Delivery Form, based fully on the format in L133. The PRA delivery form, which we developed in 2003 using the model contained in Annex 1 in the first edition of L133, was used as its basis. An extensive consultation then took place. After taking into consideration all the comments made, the form was eventually signed off by PELG last May.

At its meeting in September 2017, PELG approved the production of a new advisory note (PELG-PETEL 18) which notifies petroleum authorities, retailers, suppliers and hauliers, of the new standard form to ensure that everyone involved in fuel deliveries is fully aware of what procedures and forms they should be using. It is also expected that petroleum inspectors will ensure that the right forms are being used when inspecting site records and documentation. We hope that use of the standard delivery form will lead to a reduction in the numbers of incidents and improve the safe unloading of fuel on PFS.

We also give a timely reminder that predictive ullage figures are not acceptable and must not be used. L133 makes this clear. Various factors might affect the available ullage by the time a tanker is parked for offloading. L133 states: “It is acceptable for the information to be given to the driver when they leave the terminal, provided that the ullage figure is the actual ullage and is always greater than the quantity to be delivered".
“Volumatic fits very much with our own ethos”

Operating 15 sites, and expanding, The Kay Group (UK) Ltd has won multiple awards for design, innovation and customer service with its fuel and convenience offer forecourts.

The Kay Group’s ethos has always been that of high standards, with the focus being on the customer experience, along with the quality of their sites. It was a fitting combination for them to seek out Volumatic to solve their cash handling issues.

Richard Cox, Managing Director of The Kay Group, was faced with the challenge to find a new cash handling solution that would revolutionise their current processes. In a bid to overcome their challenges, Richard attended one of Europe’s biggest industry events, PetroForum, where he was first introduced to Volumatic, and their CCi (Counter Cache Intelligent) solution which can reduce cash handling costs and speed up the time it takes to reconcile cash on a daily basis.

Overcoming the challenge

By tradition, their existing process would involve sales staff skimming their tills multiple times a day, forcing downtime. It consumed valuable time and prevented staff from giving their full attention to the customer. Other issues were the possibility for human error and security risks associated with excess amounts of cash being left in the tills.

One of the key obstacles they face is that they operate 24 hours a day, every day. With a cut off point for banking reconciliation at around 11pm, till points need to be reconciled to the penny for that day. So, they looked to transition from their current method to something that would revolutionise the way in which they operate, and free up valuable time, allowing more focus on their customer’s needs.

Moving forward with the trial

“CCi enables us to save site management up to 2 hours per day that can be reallocated to other areas of the business. We can clearly see benefits in time saving”

After identifying that Volumatic could offer a solution to streamline their current cash handling processes, a two-month trial was agreed and the first installation of Volumatic’s CCi was introduced to one of their main sites.

Key teams from both companies worked closely to implement CCi. Volumatic’s involvement was integral to ensuring that the trial was a success. Volumatic UK Sales Director, Mike Severs, along with the technical department worked closely with The Kay Group’s accounts and operations teams to create a bespoke spreadsheet to enable fast efficient and accurate reconciliation.

CCi would prove itself to save The Kay Group time, making the shift handovers smoother and quicker, resulting in zero impact on customer service and reducing their security concerns. In short, the solution was a no brainer!

CCi becomes a part of the setup

It was not long before The Kay Group began to see the significant benefits that the CCi presented. Instantly it offered reliability, accuracy, security and quicker reconciliation reports from the click of a button. Additionally, the instant forgery detection removed any concerns regarding forged notes. For Richard, the ROI for him was proven with the additional time enabling the management team being able redeploy time in other areas of the business. Especially, in terms of customer service. The benefits were clear. With The Kay Group growing from strength to strength, the CCi solution has now become an integral part of each sites set up moving forward.

“Furthermore, it received a positive response from the management team on each site. If asked to go back to the old way of reconciliation of daily taking we would now face resistance. As it does exactly what it says on the tin!”

2018

Advertisement feature
As members will be aware, the PRA entered into a Coordinated Primary Authority Partnership with Hampshire County Council during February 2017. We must admit that while this initiative was and remains, well intentioned, the timing could have been better. This is because the legislation and guidance under which the scheme is operated was undergoing review and the resultant changes were implemented from October 1, 2017. This led to us transitioning from one set of operating arrangements to another during the second half of 2017.

From the members’ point of view, the service that can be provided remains fundamentally unchanged; it is simply a matter of how it is managed by the Technical Team of the PRA and their colleagues within Hampshire County Council. Previously, the partnership was between the member and the Primary Authority (PA), with liaison through the PRA. Now the partnership is between the PA and the PRA, which represents all members that have signed up to the scheme.

To date, a good cross-section of members – from a large national operator to some with only one site – have joined the scheme. Prior to the implementation of the new regime, a member could cherry-pick the categories of legislation they wished to have covered by their participation in the partnership. Now, they are deemed to be covered for all the ‘regulatory functions’ enforced by the PA. However, they can choose whether to abide by any Primary Authority Advice given by the PA.

From the perspective of the operators of petrol stations, the ‘regulatory functions’ are as follows:

- Trading Standards – such as metrology and age-related sales
- Petrol Storage Certification – all legislation related to the safe keeping of petrol and other motor fuels
- Explosives – storage and sale of fireworks
- Licensing – sale of alcohol.

We are now able to work with Hampshire to begin the process of providing Primary Authority advice. During 2018 and beyond, we aim to publish advice on the following matters:

- The PRA/Safety Passport Alliance, E-Learning package for forecourt staff
- The unmanned operation of petrol filling stations
- The filling of customer-owned refillable LPG cylinders from autogas dispensers
- The use of the standardised delivery form.

The scheme is free for members to join. All help and advice currently provided to members by the Technical Officers remains included within the annual membership fee. The only time additional costs could be incurred would be if an individual member requires specific statutory advice, or should there be a need for the PA to intervene if a local authority is proposing enforcement action.

As a direct result of the reduction in the number of expert enforcing officers, the Technical Officers are receiving an increasing number of enquiries from members. Often this is where less experienced officers are imposing unjustified requirements.

We believe the PA scheme will become a common route of resolving issues.

You can contact Ray Blake on 07496 967269 or ray.blake@rmif.co.uk

We believe the PA scheme will become a common route of resolving issues.

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WORKING FOR YOU

Chairman Brian Madderson runs us through the PRA’s vital lobbying work

**TREASURY/HMRC**

- **Fuel Duty** – both retail petrol and diesel have been levied at 57.95ppl and the latest 2018/19 freeze means it will have been frozen for eight years, but these levels, especially diesel, still leave the UK with higher duty than most other EU countries. PRA lobbied firmly, with support from freight haulage associations, to maintain parity between grades, against any rise in duty and for a fuel duty cut.

- **HGV Levy** – each year some two million trucks enter the UK via Dover ferries and Eurotunnel. In April 2014, a new Levy was implemented by the UK Government but with charges restricted by the EU. Brexit provides an opportunity to review these charges and again PRA is working with freight haulage associations plus local MPs and DfT.

- **Rural Fuel Duty Rebate Scheme** – PRA worked closely with the Treasury to successfully introduce both Schemes 1 and 2. The derogations under Article 19 of EU Directive 2003/96, authorising the UK to apply reduced levels of taxation to motor fuels under the rural fuel scheme, ran for an initial period of six years. Budget 2017 made reference to the fact that the Scheme 1 for the Scottish Isles and Isles of Scilly has been extended until 2023. The Scheme 2 applying to mainland areas runs to 2021.

**DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS (DEFRA)**

- **Clean Air** - Following successful court action by ClientEarth, the Secretary of State was under legal pressure to tackle harmful NO2 (or NOx) caused by dirty diesel fumes. Having consulted with industry, the Air Quality Plan was announced in July 2017. The steps highlight 19 Local Authority areas with 51 “hot spots” requiring immediate action but did not:
  - Impose a blanket ban on diesel vehicles across cities and towns.
  - Introduce an unattractive diesel scrappage scheme.
  - Allow unfair penalties to be imposed on diesel drivers by Local Authorities without seeking alternative policies.
  - Apply to large vans, HGVs, motorbikes, tractors and other off-the-road equipment.

  The principal aspiration for improving future air quality related to a ban on new cars after 2040 with conventional petrol or diesel engines. PRA’s subsequent discussions with DfT confirmed that plug-in hybrid electric vehicles (PHEVs) would still be permitted after this date. PHEVs use batteries to power an electric motor and use another fuel, such as gasoline or diesel, to power an internal combustion engine. PHEV batteries can be charged using a wall outlet or charging station, by the internal combustion engine, or through regenerative braking.

  Moving on from 2040, an even more restrictive target from DEFRA is to ensure new cars have zero tailpipe emissions after 2050.

- **Trade effluent** – One of the issues which gives unregulated hand car washes (HCW) an unfair competitive advantage over automated mechanical car washes (ACW) is the indifference shown by the Environment Agency for England to their handling of trade effluent. PRA has closely collaborated with Scottish Environment Protection Agency (SEPA), Northern Ireland Environment Agency (NIEA) and Natural Resources Wales (NRW) to produce an updated guideline GPP13, which was launched in June 2017, for those countries but ignored in England. We are working to persuade DEFRA Ministers to prioritise this national pollution epidemic.

**DEPARTMENT FOR TRANSPORT (DfT)**

- **Fuel quality** – considerable effort has been expended to better understand the cause(s) of Filter Blocking Tendency (FBT) which is manifested more in winter months and down the east coast. This has involved Working Parties formed by officials and relevant trade associations.

- **RTFO** – the Road Traffic Fuels Obligation has been updated with implications across industry.

- **Biofuels** – PRA has met the appropriate Minister to discuss repeated attempts by the Government to introduce a higher ethanol content petrol (E10). A significant number of vehicles, perhaps as many as 5%, are non-compliant (at least 40% of motorcycles/scooters affected) and would have to use a protection grade (98 or 99) at higher costs. E10 has a lower mileage performance and DfT has so far been unable to persuade HMT to reduce fuel duty to compensate. Experience with a market-led introduction in Germany has been deeply unsatisfactory. In France, where E10 was launched in 2009 and a duty incentive provided,
Electric vehicles – the opportunity for forecourts

The Automated and Electric Vehicles Bill, announced by government in October 2017, sets out proposals to require large fuel retailers and service areas to provide charging points for electric vehicles.

While, as Brian Madderson said in his evidence to the Public Bill Committee, this could appear to be “all stick and no carrot” for petrol retailers, this will certainly not be the case if retailers take advantage of the opportunity from Chargemaster, the UK’s largest provider of EV charging infrastructure.

Chargemaster was founded in 2008 and has since installed more than 40,000 charging points at homes, workplaces and in public locations. It operates POLAR, the UK’s largest EV public charging network, which has more than 5,500 charging points across the country.

It is unlikely that most forecourts want cars parked on their sites several hours charging up on slower 3kW or 7kW charge points, so the opportunity for petrol retailers lies in rapid charging instead, which can charge most pure electric cars to around 80% in 30 minutes.

Chargemaster is currently deploying rapid chargers around the country free of charge to site hosts, already targeting strategic locations such as hotels and restaurants near motorway junctions.

So, the “carrot” for retailers is the potential to have one of these rapid chargers installed on their forecourts at no cost, with the additional incentive that it will undoubtedly attract marginal business from EV drivers who want to buy food or drink and other items while they are topping up for 20 minutes or so.

David Martell, chief executive of Chargemaster explains: “Our Ultracharge units are the only rapid chargers made in the UK and can charge any EV that is capable of rapid charging. The units also fall below planning permission height in most cases, making them quick to install. Our investment programme is enabling us to deploy these rapid chargers at no cost to sites hosts, providing they are 24/7 accessible, allocated dedicated EV charging bays and have sufficient power available to supply the unit.

“We have a successful programme with a major hospitality chain where we are seeing over 50% of drivers going into the destination when they stop to charge, and it is reasonable to assume this figure would be even higher for petrol forecourts, which offer a greater number of convenience items.”

The benefit of choosing Chargemaster, and operating the rapid chargers on the POLAR network, is that it already has around 40,000 EV drivers using its charge points, who will seek out new locations as they appear.

Retailers will not want to have infrastructure on their forecourt if it is not being used.

If petrol retailers are interested in looking at the potential to get a rapid charger installed at no cost, they can email the Chargemaster team on info@chargemasterplc.com and quote ‘PRA Market Review’.
consumer acceptance has been very slow and retailers are having to manage three grades of petrol: 38% E10 (95), 38% std (95) and 24% premium (98), which would not be feasible for the majority of UK retailers. We oppose the introduction of E10 unless it is mandated with appropriate new grades and compensations provided. To date, our arguments have proved persuasive.

- **Automated & Electric Vehicles Bill** – PRA was invited to the Standing Committee, with the Minister present, to give oral evidence. Main issues were compelling motorway service areas (MSAs) and “large fuel retailers” to install EV charging points and the lack of funding as seed investment. The PRA made clear this amounted to “too much stick and not enough carrot”. This position has subsequently been formally confirmed to the Minister and in a personal meeting explained to the Head of the Office for Low Emission Vehicles (OLEV).

- **Alternative Fuels:** the PRA is taking every opportunity to ensure that Government makes a balanced assessment so that electric vehicles are considered along with hydrogen, CNG, LPG, GTL, LNG for different applications. It is imperative that rapid improvements with cleanliness and performance of fossil fuels are not unfairly sidelined by Government in the trendy rush to EVs.

**DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT (DCLG)**

- **Business Rates at ATMs** – PRA is working with ATMIA and others to halt the penal treatment of through-the-wall (TTW) and external pod ATMs with separate business rates. The result of this move, together with increases to interchange fees, is that forecourt retailers face a choice between charging for the service at £1.50 to £2 per transaction or removing the equipment. At a time when both banks and the post office are severely reducing their branch numbers, the “last man standing” for cash provision in many rural areas has been the local forecourt.

- **Business Rates (Shop)** – the methodology for valuing standalone convenience stores on an ITSA (in terms of square area) basis can provide a significant competitive advantage over forecourt shops, which are valued by turnover. This unreasonable practice must be amended for the next Scheme Revaluation.

- **Business Rates (Inflation)** – PRA joined with other trade associations to demand that the RPI measure of inflation be replaced with the lower CPI. This successful campaign has resulted in a change for April 2018.

**HOME OFFICE**

- **Forecourt Crime** – PRA was a founder member of the Forecourt Crime Senior Steering Group (FCCSSG), which was established in early 2016 under the aegis of the Tackling Crime Unit reporting to the Minister for Crime & Vulnerability. Some progress was made but lack of engagement by the Police Authorities restricted its effectiveness. The real key to self-help by retailers and their professional advisers is to have an electronic feed to DVLA for Registered Keeper data. This data is already provided to the car park industry and, prompted by PRA, pressure is being brought to bear on the DfT and DVLA by MPs to allow this data to be accessed electronically by petrol retailers.

- **Human Trafficking and Slavery** – PRA met the new Minister responsible and is now working with the Office for Labour Market Enforcement (LME) set up earlier this year under Sir David Metcalf (see pages 38 and 40) as well as the Gangmasters’ Labour and Abuse Authority on measures to root out modern slavery at hand car washes.

**REVENUE & CUSTOMS (HMRC)**

- **Fuel Duty** – PRA has been meeting Treasury (HMT) and HMRC officials in joint meetings throughout 2017 to make the case that increases in fuel duty would be counterproductive.

- **HGV Levy** – Fuel purchased on the Continent and brought to the UK in tanks which were not fitted by the vehicle manufacturer is liable to UK excise duty. In meetings with the PRA, HMRC have acknowledged the problem but officials say they have no resource to combat this tax evasion. We are working with HMRC and HMT to try to find a way of deterring this practice.

- **Illicit Trade** – PRA has undertaken a review of measures with Salford and London-based staff to counter illicit trade in tobacco and human trafficking. We have a close relationship with HMRC’s Belfast office which has UK-wide responsibility for fuel laundering and smuggling.

**BUSINESS, ENERGY & INDUSTRIAL STRATEGY (DBEIS)**

- **National Emergency Plan (Fuels)** – PRA and some major retailers have been advising on the total revision to this plan. We have been in contact with retailers with Designated Filling Station (DFS) and engaging with Local Resilience Forums (LRF).

- **Emergency Supply** – PRA has attended all Working Parties on the deployment of alternative manpower, equipment and site monitoring. After an introduction by the London Emergency Supply Team to the devolved Emergency Supply team in Northern Ireland, PRA has been appointed to be their media spokesperson in any fuel crisis. The same already applies in Scotland.

- **Energy Statistics** – PRA has been working closely with the team producing all energy-related data.

**DEPARTMENT FOR HEALTH**

- **Tobacco** – PRA continues to consult with members and input into Government consultations on tobacco.

- **E-cigarettes** – PRA has engaged with both the Westminster and Scottish Government to consider age-related sales, advertising and promotion and licensing proposals for e-cigarettes.

- **Low-burn products** – PRA has been learning about these products and considering what rules are appropriate for them.
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GEARING UP FOR A NEW FUTURE

Accenture looks at the move towards electric vehicles

The UK government recently announced plans to ban the sale of new ‘conventional’ petrol and diesel cars from 2040, as part of its strategy for tackling nitrogen dioxide emissions. This means that from 2040 only plug-in electric or hybrid vehicles will be available to new car buyers. This spells the end of a near 150-year reign for the traditional internal combustion engine (ICE). In taking this step, the UK is following in the footsteps of other leading economies that have announced similar bans including France, Norway, India and China. There’s also pressure from Germany for the EU to introduce a more far-reaching law.

Today, electric vehicles (EVs) account for just 1.8% of the current share of total car registrations in the UK. But this figure has been trending upwards since 2012. This can be attributed, in part, to the UK government’s introduction in 2011 of a programme for plug-in car grants, geared to help reduce the upfront cost of eligible EVs. This was the UK government’s first move towards encouraging consumers to purchase zero-emission vehicles.

The transition from petrol and diesel cars to alternative fuel vehicles is taking longer than anticipated. New car registrations are nearly 4% behind where they were this time last year, with private sales down by over 6%. They also show year-to-date diesel registrations down 13.4% (since September 2016) with new alternative fuel vehicle registrations rising by just under 35%.

Most automotive original equipment manufacturers (OEMs) are already planning to introduce electrified vehicle fleets. And as more consumers start to trust the technology, manufacturers will release additional EV models and a competitive marketplace will be created. Infrastructure will be key to ensuring the widespread rollout of EVs across the UK.

For mass-market ownership of EVs to be viable, consumers will require access to charging points on demand. Statistics show that only 3% of consumers charge their car en route, meaning that fuel retailers will need to diversify and originate new solutions in order to compete.

Currently, EVs are recommended primarily for drivers with access to off-street parking. However, 30% of UK households do not meet this criterion (40% in London). To help consumers get over this barrier to adoption, the UK government introduced a grant to provide residential on-street charge points. The Office for Low Emission Vehicles has allocated £2.5m in funding to this with the maximum funding per charge point of £7,500.

Fuel retailers are already starting their electric mobility journeys in preparation for the impending rise in demand for EVs. They’re doing this by purchasing, or evaluating the purchase of, large EV charging networks. This demonstrates their readiness to improve and increase the infrastructure available to consumers.

Reactions to the market shift and new legislation are also evident in other sectors. For example, we’re seeing postal and delivery companies starting to bring EVs into their fleets.

Consumers currently view car refuelling as a distress purchase. Because they see the forecourt as an unwelcoming environment, they seek to minimise the time they spend there. This is in direct contrast with the current perception of electric charging as a clean, bright, guilt-free source of energy.
Fuel retailers need to alter this perception if they’re to attract consumers to ‘charge’ their vehicles. This could be achieved by making use of renewable sources of energy to power the station, positioning retail fuel stations in consumers’ eyes as forward-thinking and environmentally conscious energy sources. By incorporating a ‘clean agenda’ throughout their sites, retailers will play their part in preparing the way for EV roll-out at scale.

As the focus for the consumer road vehicle industry shifts from traditional internal combustion engines to electrified drivetrains, there are many unknowns for fuel retailers. However, there’s likely to be continuing strong demand for petrol and diesel. It will be more than 20 years before the legislation takes full effect and hybrid fuel vehicles – exempt from the government’s ban – will still make up a large proportion of road vehicles.

We’ve talked before about the possible transition to ‘energy hubs’, that’s to say single sites offering a converging range of services and retail offers. These will present UK retailers with opportunities to enhance their customer service proposition.

Future proofing for EVs may be a good way to promote a cleaner, forward-facing brand image – especially when coupled with a revitalised service-based in-store experience. Greater emphasis will need to be placed on what the forecourt can offer the consumer over and above refilling or recharging their vehicle.

With an expected decrease in revenue from fuel sales, retailers will need to identify ways to make up this delta. This could include using the forecourt to provide space for outlets that consumers can use while they wait (beauty/hair salons, coffee shops or gyms, for example).

Fuel retailers should also be ready for increased collaboration with utility providers, which will supply power to charging points, avoid power surges during peak times and also store power that may be generated by renewable resources, such as solar panels, on the forecourt.

The move from petrol/diesel-powered cars to fully electric vehicles will not be immediate. Because they continue to offer the ‘best of both worlds’, hybrid cars are likely to dominate the market for a long time. This means fuel retailers will need to hold on to their fuel pumps for several years after the implementation of the legislation, adopting a gradual phase-out approach.

Fuel retailers can take advantage of this dynamic by offering a similarly ‘hybrid’ forecourt, with both fuel pumps and charging stations. They could also offer battery swap-out services to allow for faster powering-up of EVs and replacement of faulty batteries. This could be run in tandem with battery lease schemes.

Another opportunity for fuel retailers is roadside charging points. Innovative on-street charging solutions such as lamp-post charging, pop-up bollards and cable channels can provide a way for fuel retailers to supply power to their consumers where they live and work.

There’s no doubt that the fuel retail industry will look very different in 25 to 30 years’ time. It is currently in the early stages of a major transition.

This is the biggest change in the industry for over 150 years and it’s hard to predict exactly what the future will look like. However, this uncertainty means there are numerous opportunities for fuel retailers to diversify and establish new identities that ensure they can remain relevant.

It’s likely that fuel retailers’ businesses will move away from the forecourt, with retailers going to the consumer to offer their services, rather than the other way around. That said, some retailers may look to develop new ways to attract consumers to the forecourt. With charging times significantly longer than refuelling times, there may be scope for a range of innovative new approaches.

Whichever route a retailer takes, transformation will be needed to keep pace with the fast-changing industry. The top priority? Changing current perceptions of the fuel retailer brand/image. Fuel retailers need to find ways to prove to consumers that they are moving with the times by offering alternative means of refuelling. This will ensure that they are disrupting, and not being disrupted.
The decision, in late 2016, by the Petrol Retailers Association (PRA) to take on the running of the defunct Car Wash Association (CWA) was warmly welcomed by both our members and by equipment manufacturers.

As our industry faces the prospect of alternative energy sources reducing demand for conventional fossil fuels, it will be essential to offer diverse attractions to ensure that motorists still appreciate your forecourt as a destination. Whether your diesel or petrol driver migrates to electric only or even to hydrogen drive train, the vehicle will still need cleaning.

By offering a range of high quality washing and valeting facilities that meet all relevant regulations, there is a great opportunity beckoning to re-create a significant profit centre that your customers will really appreciate.

For a long period of time, perhaps 10 to 15 years, regulated Automatic Car Washes (ACW) had struggled to compete with low cost hand car washes that sprang up on disused forecourts, on empty brownfield sites and on so many car parks operated by supermarket retailers. The latter tended to be controlled by gangmasters who rented out wash trolleys on a daily basis to all and sundry. The fact that this activity takes place on the premises of the big grocers with strong brands and a reputation for quality has led the public to believe the hand car washing activity was legally compliant, even though in 99% of cases it wasn’t.

Hand car washing (HCW) is a peculiarly British phenomenon that has just grown and grown as our regulatory enforcers have turned a blind eye to the activity – due to lack of resources and being preoccupied with other priorities. Nowhere else in the EU is this activity tolerated to the same extent.

The pie chart depicting market share by wash type clearly reveals that with an estimated 16,000 to 20,000 outlets, unregulated HCW now have more than a 70% share. This has badly damaged the ACW sector and the many forecourt retailers for whom this had been a valuable ancillary activity.

Fortunately, one of the more successful initiatives completed by the present Prime Minister (The Rt Hon Theresa May MP) was to sponsor the Modern Slavery Act 2015 when she was Home Secretary. This became the Immigration Bill in September 2016 and prompted Government to extend the power of the Gangmaster’s Licensing Authority (GLA).

Sir David Metcalf was appointed Head of LME in January 2017 and reports jointly to the Home Office and to the Department for Business, Energy and Industrial Strategy.

The CWA recently held a meeting in London bringing together officials from the LME, GLAA, Association of Labour Providers (ALP), Independent Anti-Slavery Commission (IASC) and the Church of England. The purpose was to pool ideas and actions to identify HCW that should be investigated for potential infringements of immigration laws, tax evasion, environmental breaches, money laundering etc.

Separately, one of the large grocers has already invested heavily in new facilities for both ACW and HCW that meet all the regulatory requirements. CWA has been invited to participate in the conversion of all the major retailers’ car wash activities to similar standards. For certain, 2018 promises to provide a new dawn for regulated car washes as we create a competitive but level playing field, as authorities take action against rogue hand car washes across the country.
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In August 2016, 40-year-old Sandu Laurentiu-Sava was electrocuted to death in the shower. He was living in cramped, rat-infested living quarters above the east London hand car wash at which he worked. This tragic case drew attention to the exploitation and forced labour happening in hand car washes across the country. The economics should make it obvious: if these businesses are offering services for strikingly low prices, yet appear to have a number of workers on their premises, how can they be paying them National Minimum Wage rates and still make a profit? As the UK’s first Independent Anti-Slavery Commissioner, my role is to spearhead our efforts to eradicate modern slavery and protect victims like Sandu.

The most recent global estimate from the International Labour Organization and the WalkFree Foundation, in partnership with the International Organization for Migration, shows that more than 40 million people around the world are in modern slavery. Of those 40 million, around 16 million are working in the private sector. Many of these will be in the supply chains of large companies, but a significant proportion are working on our high streets in high risk, unregulated industries like hand car washes.

A number of steps are being taken to crack down on this pernicious trade. I have been pleased to support the efforts of the Clewer Initiative which is working with Church of England dioceses and wider networks to train communities on detecting the signs of slavery in hand car washes. Understanding the signs of slavery and what to do when we suspect wrongdoing is crucial. In hand car washes, this can mean spotting that workers are not wearing appropriate gear to protect them from chemical splashes or water-logging. Identifying whether the workers seem hungry, intimidated or are living on the car wash site in containers or other squalid conditions are also tell-tale signs.

It is not just civil society which has a role to play in wiping out this egregious practice. Law enforcement is also taking up the helm. A recent joint operation between the Gangmasters and Labour Abuse Authority (GLAA), HMRC and the Met’s Modern Slavery and Kidnap Unit saw raids on a number of hand car washes. People were found to be working 12-hour days, earning markedly under the National Minimum Wage and without adequate protective gear. Some had no identification documents or bank accounts, leaving them trapped.

Innovative new ways of identifying abuse are also being developed. The University of Nottingham’s Rights Lab is working on computer modelling to help identify high risk car washes. By using traffic data to estimate how many cars are being cleaned and seeing how many workers are based at a business, the programme will be able to determine the likely profits being made and whether they make sense when cross-checked against the number of workers on-site. Tackling slavery is a complex task, but to eradicate this abuse requires the will and work of a cross-section of organisations and the public. Exploitative practices are hidden in plain sight and so we must urgently ensure health, safety and employment regulations are adhered to.

I am pleased that the Petrol Retailers Association is taking this issue seriously, working hard to raise awareness and drive up standards in the sector. I believe that together, we can eradicate this crime from British high streets.
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Here we provide you with a summary of the data in the latest release of the Experian Catalyst UK database. All data is based on ‘open’ sites (including sites under development and excluding non-retail sites).

**MARKET SHARE BY BRAND**

Brands are listed in order of market share for motor fuel volume sales (see definition below).

<table>
<thead>
<tr>
<th>Brand</th>
<th>Number of open sites</th>
<th>Average MF volume per site (kl p/a)</th>
<th>% Market share MF volume</th>
<th>% Outlet share</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>TESCO</td>
<td>504</td>
<td>11,449</td>
<td>16.1</td>
<td>6.0</td>
<td>2.69</td>
</tr>
<tr>
<td>BP</td>
<td>1,287</td>
<td>4,254</td>
<td>15.2</td>
<td>15.3</td>
<td>0.99</td>
</tr>
<tr>
<td>SHELL</td>
<td>1,028</td>
<td>4,248</td>
<td>13.5</td>
<td>12.2</td>
<td>1.11</td>
</tr>
<tr>
<td>SAINSBURY'S</td>
<td>311</td>
<td>11,830</td>
<td>10.3</td>
<td>3.7</td>
<td>2.77</td>
</tr>
<tr>
<td>MORRISONS</td>
<td>333</td>
<td>10,541</td>
<td>9.8</td>
<td>4.0</td>
<td>2.47</td>
</tr>
<tr>
<td>ASDA</td>
<td>310</td>
<td>8,796</td>
<td>7.6</td>
<td>3.7</td>
<td>2.05</td>
</tr>
<tr>
<td>TEXACO</td>
<td>751</td>
<td>2,558</td>
<td>5.4</td>
<td>8.9</td>
<td>0.60</td>
</tr>
<tr>
<td>CERTAS ENERGY †</td>
<td>790</td>
<td>2,175</td>
<td>2.8</td>
<td>9.4</td>
<td>0.30</td>
</tr>
<tr>
<td>JET</td>
<td>331</td>
<td>2,413</td>
<td>2.2</td>
<td>3.9</td>
<td>0.56</td>
</tr>
<tr>
<td>UNBRANDED</td>
<td>85</td>
<td>3,506</td>
<td>0.8</td>
<td>1.0</td>
<td>0.81</td>
</tr>
<tr>
<td>FOOD STORE</td>
<td>100</td>
<td>1,312</td>
<td>0.7</td>
<td>1.2</td>
<td>0.72</td>
</tr>
<tr>
<td>MINOR BRAND</td>
<td>218</td>
<td>1,103</td>
<td>0.4</td>
<td>2.6</td>
<td>0.26</td>
</tr>
<tr>
<td>MURCO</td>
<td>89</td>
<td>1,189</td>
<td>0.7</td>
<td>2.2</td>
<td>0.28</td>
</tr>
<tr>
<td>HARVEST ENERGY</td>
<td>89</td>
<td>2,183</td>
<td>0.5</td>
<td>1.1</td>
<td>0.51</td>
</tr>
<tr>
<td>FOOD STORE</td>
<td>100</td>
<td>3,121</td>
<td>0.7</td>
<td>1.2</td>
<td>0.72</td>
</tr>
<tr>
<td>MAXOL</td>
<td>97</td>
<td>1,594</td>
<td>0.4</td>
<td>1.2</td>
<td>0.37</td>
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<tr>
<td>TOPAZ</td>
<td>49</td>
<td>1,685</td>
<td>0.2</td>
<td>0.6</td>
<td>0.40</td>
</tr>
<tr>
<td>ESSOR † †</td>
<td>40</td>
<td>1,470</td>
<td>0.2</td>
<td>0.5</td>
<td>0.34</td>
</tr>
<tr>
<td>SOLO</td>
<td>60</td>
<td>877</td>
<td>0.1</td>
<td>0.7</td>
<td>0.21</td>
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<tr>
<td>GLEANER</td>
<td>59</td>
<td>817</td>
<td>0.1</td>
<td>0.7</td>
<td>0.19</td>
</tr>
<tr>
<td>STAR</td>
<td>35</td>
<td>1,170</td>
<td>0.1</td>
<td>0.4</td>
<td>0.27</td>
</tr>
<tr>
<td>RIX</td>
<td>33</td>
<td>287</td>
<td>0.1</td>
<td>0.4</td>
<td>0.18</td>
</tr>
<tr>
<td>THAMES</td>
<td>30</td>
<td>772</td>
<td>0.1</td>
<td>0.4</td>
<td>0.18</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,407</td>
<td>4,277</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:**
- Certas Energy – includes Gulf, Pace, Power, Scottish Fuels, UK and other brands
- Brands include sub-brands or subsidiaries as appropriate (identified as Share Brand in the database)
- Open sites includes all currently operating petrol stations and those sites that are under development at time of publishing
- MF Volume refers to all grades of fuel bought on the forecourt by cars, vans and light commercial vehicles (petrol, diesel, LPG etc) and is based on Experian Catalyst estimates. This excludes fuel sold to the HGV commercial sector usually through separate facilities away from the normal forecourt.
- Effectiveness is Volume Market Share divided by Outlet Market Share

**TOP 5 DEALER GROUPS – SITES BY FUEL BRAND:**

<table>
<thead>
<tr>
<th>Brand</th>
<th>No. open sites Y3 2016</th>
<th>No. open sites Y3 2017</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>TESCO</td>
<td>1,290</td>
<td>5,004</td>
<td>3,714</td>
</tr>
<tr>
<td>BP</td>
<td>5,577</td>
<td>2,418</td>
<td>-3,159</td>
</tr>
<tr>
<td>SHELL</td>
<td>1,540</td>
<td>10,418</td>
<td>8,879</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,407</td>
<td>4,277</td>
<td>-4,130</td>
</tr>
</tbody>
</table>

**MARKET SHARE BY OWNERSHIP**

The table below shows how the UK market is divided according to ownership.

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Number of open sites</th>
<th>Average MF volume per site (kl p/a)</th>
<th>% Market share MF volume</th>
<th>% Outlet share</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPANY</td>
<td>1,290</td>
<td>5,004</td>
<td>17.9</td>
<td>15.3</td>
<td>1.16</td>
</tr>
<tr>
<td>DEALER</td>
<td>5,577</td>
<td>2,418</td>
<td>37.6</td>
<td>66.3</td>
<td>0.57</td>
</tr>
<tr>
<td>HYPERMARKET</td>
<td>1,540</td>
<td>10,418</td>
<td>44.6</td>
<td>18.3</td>
<td>2.43</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,407</td>
<td>4,277</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**DEFINITIONS:**
- Company: owned by the supplying oil company whose name appears on the brand sign.
- Dealer: an independently owned site usually supplied under an agreement with an oil company whose name usually appears on the brand sign. Also includes unbranded sites with no oil company identification.
- Hypermarket: owned and operated by the multiple retailers (hypermarket groups). Also includes sites that may be away from the main hypermarket store but are owned and branded by the hypermarket; and includes Co-op Stores with Co-op fuel branded forecourts.

**MARKET DEVELOPMENT BY BRAND**

This table compares the number of open and under development sites by brand for the current release of data and the same period last year. It also shows the change in site numbers for each brand during the past 12 months to give a clearer picture of which brands are expanding and which brands are reducing their site numbers.

<table>
<thead>
<tr>
<th>Brand</th>
<th>Number of open sites V3 2016</th>
<th>Number of open sites V3 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TESCO</td>
<td>1,290</td>
<td>1,287</td>
<td>-3</td>
</tr>
<tr>
<td>BP</td>
<td>5,577</td>
<td>5,577</td>
<td>0</td>
</tr>
<tr>
<td>SHELL</td>
<td>1,540</td>
<td>1,540</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,407</td>
<td>8,407</td>
<td>0</td>
</tr>
</tbody>
</table>
We’re looking for the best sites, in the best locations that are run by the best dealers.

Becoming a BP dealer offers:

- Strength of the BP brand
- A major oil company that invests in innovation to help future-proof your site
- Leading Ultimate premium fuel grades
- Nectar the UK’s largest loyalty programme
- Expert advice and support from our field-based team
- Best in industry forecourt signage
- A flexible deal that suits your needs
- The BP Plus Fuel Card, used by over 340,000 customers in the UK

Talk to our dedicated team today to find out how we can help your fuel retail business.

Contact **Simon James** on **07717 361542**
or email **simon.james2@uk.bp.com**

Green lights all the way
NUMBER OF SITES WITH A SHOP OR WASH BY BRAND

The table below shows the percentage of sites with a shop and car wash by brand.

<table>
<thead>
<tr>
<th>Brand</th>
<th>Number of Open Sites</th>
<th>% Sites with Shop</th>
<th>% Sites with Car Wash</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPLEGREEN</td>
<td>85</td>
<td>100</td>
<td>52</td>
</tr>
<tr>
<td>ASDA</td>
<td>310</td>
<td>20</td>
<td>36</td>
</tr>
<tr>
<td>BP</td>
<td>1,287</td>
<td>100</td>
<td>57</td>
</tr>
<tr>
<td>CERTAS ENERGY</td>
<td>790</td>
<td>72</td>
<td>29</td>
</tr>
<tr>
<td>ESSAR</td>
<td>40</td>
<td>95</td>
<td>25</td>
</tr>
<tr>
<td>ESSO</td>
<td>1,083</td>
<td>100</td>
<td>45</td>
</tr>
<tr>
<td>FOOD STORE</td>
<td>100</td>
<td>98</td>
<td>72</td>
</tr>
<tr>
<td>CLEANER</td>
<td>59</td>
<td>71</td>
<td>46</td>
</tr>
<tr>
<td>HARVEST ENERGY</td>
<td>89</td>
<td>94</td>
<td>54</td>
</tr>
<tr>
<td>JET</td>
<td>331</td>
<td>99</td>
<td>63</td>
</tr>
<tr>
<td>MAXOL</td>
<td>97</td>
<td>90</td>
<td>60</td>
</tr>
<tr>
<td>MINOR BRAND</td>
<td>218</td>
<td>58</td>
<td>27</td>
</tr>
<tr>
<td>MORRISONS</td>
<td>333</td>
<td>99</td>
<td>91</td>
</tr>
<tr>
<td>MURCO</td>
<td>189</td>
<td>87</td>
<td>26</td>
</tr>
<tr>
<td>RIX</td>
<td>33</td>
<td>48</td>
<td>3</td>
</tr>
<tr>
<td>SAINSBURY’S</td>
<td>311</td>
<td>97</td>
<td>64</td>
</tr>
<tr>
<td>SHELL</td>
<td>1,028</td>
<td>100</td>
<td>52</td>
</tr>
<tr>
<td>SOLO</td>
<td>60</td>
<td>93</td>
<td>40</td>
</tr>
<tr>
<td>STAR</td>
<td>35</td>
<td>100</td>
<td>46</td>
</tr>
<tr>
<td>TESCO</td>
<td>504</td>
<td>98</td>
<td>49</td>
</tr>
<tr>
<td>TEXACO</td>
<td>751</td>
<td>99</td>
<td>56</td>
</tr>
<tr>
<td>THAMES</td>
<td>30</td>
<td>70</td>
<td>53</td>
</tr>
<tr>
<td>TOPAZ</td>
<td>49</td>
<td>100</td>
<td>31</td>
</tr>
<tr>
<td>UNBRANDED</td>
<td>595</td>
<td>52</td>
<td>18</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,407</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

COMPARISON OF SHOP SALES IN RELATION TO SHOP AND FUEL SALES

This table gives average shop sales per annum and average shop size and looks at the relationship between the two. It also shows average shop sales per annum per thousand litres of fuel sold, which gives an insight into the strength of the relationship between fuel and shop sales across the various brands.

<table>
<thead>
<tr>
<th>Brand</th>
<th>Average Shop Sales (£’000 p.a.)</th>
<th>Average Shop Size (sq m)</th>
<th>Average Shop Sales/Sq Metre Shop Space</th>
<th>Average shop sales in £’000 litres fuel sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPLEGREEN</td>
<td>644</td>
<td>81</td>
<td>7,918</td>
<td>184</td>
</tr>
<tr>
<td>ASDA</td>
<td>515</td>
<td>66</td>
<td>7,745</td>
<td>57</td>
</tr>
<tr>
<td>BP</td>
<td>802</td>
<td>99</td>
<td>8,076</td>
<td>188</td>
</tr>
<tr>
<td>CERTAS ENERGY</td>
<td>325</td>
<td>51</td>
<td>6,384</td>
<td>204</td>
</tr>
<tr>
<td>ESSAR</td>
<td>273</td>
<td>49</td>
<td>5,582</td>
<td>180</td>
</tr>
<tr>
<td>ESSO</td>
<td>889</td>
<td>90</td>
<td>9,936</td>
<td>236</td>
</tr>
<tr>
<td>FOOD STORE</td>
<td>962</td>
<td>120</td>
<td>8,011</td>
<td>309</td>
</tr>
<tr>
<td>CLEANER</td>
<td>195</td>
<td>43</td>
<td>4,482</td>
<td>199</td>
</tr>
<tr>
<td>HARVEST ENERGY</td>
<td>336</td>
<td>44</td>
<td>7,310</td>
<td>131</td>
</tr>
<tr>
<td>JET</td>
<td>395</td>
<td>57</td>
<td>6,904</td>
<td>183</td>
</tr>
<tr>
<td>MAXOL</td>
<td>776</td>
<td>92</td>
<td>8,446</td>
<td>471</td>
</tr>
<tr>
<td>MINOR BRAND</td>
<td>302</td>
<td>50</td>
<td>6,064</td>
<td>249</td>
</tr>
<tr>
<td>MORRISONS</td>
<td>401</td>
<td>38</td>
<td>10,648</td>
<td>38</td>
</tr>
<tr>
<td>MURCO</td>
<td>340</td>
<td>56</td>
<td>6,031</td>
<td>264</td>
</tr>
<tr>
<td>RIX</td>
<td>326</td>
<td>48</td>
<td>6,810</td>
<td>280</td>
</tr>
<tr>
<td>SAINSBURY’S</td>
<td>395</td>
<td>67</td>
<td>8,245</td>
<td>49</td>
</tr>
<tr>
<td>SHELL</td>
<td>533</td>
<td>72</td>
<td>8,233</td>
<td>125</td>
</tr>
<tr>
<td>SOLO</td>
<td>418</td>
<td>56</td>
<td>7,455</td>
<td>466</td>
</tr>
<tr>
<td>STAR</td>
<td>641</td>
<td>73</td>
<td>8,775</td>
<td>547</td>
</tr>
<tr>
<td>TESCO</td>
<td>501</td>
<td>46</td>
<td>10,802</td>
<td>43</td>
</tr>
<tr>
<td>TEXACO</td>
<td>570</td>
<td>75</td>
<td>7,579</td>
<td>222</td>
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<tr>
<td>THAMES</td>
<td>163</td>
<td>36</td>
<td>4,501</td>
<td>165</td>
</tr>
<tr>
<td>TOPAZ</td>
<td>961</td>
<td>106</td>
<td>9,032</td>
<td>571</td>
</tr>
<tr>
<td>UNBRANDED</td>
<td>227</td>
<td>44</td>
<td>5,134</td>
<td>299</td>
</tr>
</tbody>
</table>

FURTHER INFORMATION

For an explanation of these figures or if you require any further information, please contact:

ARTHUR RENSHAW
Major Account Manager, UK and Ireland
Experian Catalist
Tel: +44 (0) 7971 070 716
Email: arthur.renshaw@catalist.com

JAMES HAIGH
Business Consultant
Experian Catalist
Mob: +44 (0) 777 914 0937
Email: james.haigh@catalist.com

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PARTNERSHIP OPPORTUNITIES

Over 750 Subway® stores now open in non-high street locations including forecourt sites, transport hubs, convenience stores, colleges and universities, hospitals, and visitor attractions

- High rental returns
- Flexibility in terms of space and design
- Full menu on sale every hour you trade*
- No need for grills or fryers
- Proven control systems
- On-going training and support

(*subject to local authority permissions, licenses and approvals)

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The 2017 Revaluation became effective in April 2017, which is when the appeal period opened. An appeal now comprises the new government process of Check/Challenge/Appeal (CCA). The initial impact of CCA was horrendous with difficulty registering and accessing assessments on the new public Beta website. This is slowly improving and we have Checks and Challenges underway on a selection of sites and results are being achieved, although it is still early days.

Despite an accepted Valuation Scheme, we are still finding a need to go to CCA on over 50% of sites. Anyone who hasn’t registered yet should go to: www.tax.service.gov.uk/business-rates-property-linking/start

TIPS ON REGISTRATION
► It is easier to start a new Gateway rather than sharing an existing tax one
► Don’t click too quickly as it does need to settle at times. Allow plenty of time for the whole process
► Have your ownership evidence ready in soft copy (eg a rates bill).

Meanwhile, the Chancellor announced key points relating to Business Rates in the Budget in November. The switch to CPI from RPI in order to determine the annual increase in rates payments for properties outside of transitional relief will now take place two years earlier than planned. By bringing this change forward from April 2020 to 2018, the Chancellor has ensured that rates bills in England will rise in April by 3% rather than the previously expected 3.9%. The cost of this switch is estimated at £2.3bn over five years. In terms of detail on individual properties, however, this is a drop in the ocean. For example, a property with a rateable value of £100,000 will save a mere £430 on 2018/19 rates.

The Chancellor confirmed that, after the next Revaluation, the cycle will become three-yearly. This suggests Revaluations in 2022, 2025, 2028 and 2031 and so on, and this matches the new cycle in Scotland that was announced recently.

Meanwhile, you may have heard of the Staircase Tax, which is an emotive term covering the changes to assessment following the Supreme Court decision in the Mazars case. If an occupier has two areas of accommodation, but they are separated by common parts or another tenant, they now have to each be assessed separately, with implications for loss of sole property reliefs like SBR, loss of allowances for configuration and possible increases to unit prices due to loss of quantum adjustments. The Chancellor now says he will legislate so that an occupier affected by this can have their original bill reinstated and backdated, if they so choose. As ever, the devil will be in the detail. My take on what he said is that this will not alter the current situation where a split in assessment has taken place because there is more than one occupier. In other words, it will not affect the situation where the VOA starts to assess an ATM or delivery locker.

Moving onto ATMs, the test cases went 80:20 in the VOA’s favour at Upper Tribunal. All parties have appealed to the Court of Appeal, so we are expecting this process to run for another two years at least. This is holding up the resolution of 2010 List appeals on sites with an ATM, as we endeavour not to agree any reductions which could be overwritten by successful appeals in the higher courts.

- MUA are Chartered Surveyors, acting on behalf of over 1,500 petrol stations. Details can be found in the PRA Members’ section.

Despite an accepted Valuation Scheme, we still need to go to CCA on over 50% of sites.
You want flexibility and commitment. We want you.

Talk to Bestway Multiple Accounts because:

- **Like you, we’re independent**
  We value your independence and are committed to growing your forecourt business. Convert to best-one or retain your current fascia, it’s up to you.

- **We have great availability**
  Plentiful supply of products across all the categories you need including alcohol, soft drinks, confectionery, tobacco, grocery, chilled, fresh and frozen.

- **You’ll benefit from fantastic prices and promotions**
  Great prices and sector-leading promotions tailored to suit your needs to drive your footfall, sales and margin.

- **We provide exceptional customer service**
  You’ll receive a dedicated account manager who will work with you every step of the way to grow your food and drink sales.

- **Interested in taking your business to the next level**
  If your business has between 3 to 300 stores, with one central buying point, we’d love to talk to you and we will add value to your business.

For more information, contact **Steve Caldecourt on 07971 034369** or email **steve.caldecourt@bestway.co.uk**
Forecourts continue to fuel growth but all eyes are on convenience to drive increased profitability and a new world of innovation. The market is experiencing massive change driven by the bigger supermarkets, who are anxious to find an alternative route to income as they combat the ceaseless rise of new Aldis and Lidl, and this change can be seen on three levels – the consumer, property and supply levels.

One way big supermarkets have tackled this is to boost their convenience credentials and some are pinning their hopes on expanding their presence on forecourts through franchising. Indies now own the majority of the PFS market as a result of divestment programmes. As a result indies have priced for margin, superseding the major oil companies’ high volume strategy.

At the same time, major grocers are also developing their channel to market through independent retailers. Successful strides into the wider indie convenience sector have been made, such as Morrisons unveiling a deal with McColl’s Group to supply their 800 stores, while the Co-op and Sainsbury’s came close to buying Nisa. More recently the demise of P&H left the way clear for the Co-op Wholesale Society (CWS) to supply Costcutter (and associated branded) stores from spring 2018.

As supermarkets have drastically reduced the number of large store developments, they have also reduced the number of associated PFS proposals, which are now virtually non-existent. Almost all planning applications for PFS related developments are now made by indies who are either investing in their existing estates or new industry sites.

In terms of property, the top indies will grow as much as they can in the short-term, but the balance will likely tip in favour of selective single acquisitions when sites are better than those already owned. This leads to the possibility for estate churn in 2018.

We have seen a surge in the value of PFS due to a number of overarching factors. Petrol stations are valued on their trading potential, measured by profitability. For the last few years, many businesses have seen results move into increasing profitability. So it follows that values should rise. Interest rates remain historically low, fuelling demand which exceeds the supply of available sites. This has driven prices achieved through a formal sale process. Finally, the Private Equity-backed operators have deep cash resources. The need to grow their business for investors has resulted in the best groups being snapped up often off-market at premium pricing.

Retailers will have to innovate to combat the higher prices that are coming on the consumer level as a result of the National Living Wage and inflation, particularly in food.

Food-to-go is now growing 16 times faster than grocery and is expected to account for £21.7bn in sales in the UK by 2021. Likewise, the convenience of food and drink on-the-go has contributed to a new sustainable level of profitability in the PFS market over the last few years.

The success of retailers such as Eat 17, an independently owned group that effectively fuses dining and food shopping, is likely to encourage others to evolve the convenience model. Exactly this type of concept would be welcomed in our rapidly changing town centres, where the demise in high street retail could be replaced by residential developments.

Additionally, major change is expected to occur in the car industry. The UK wants to be at the forefront of the technological revolution with Electric Vehicles (EVs) and Alternatively-Fuelled Vehicles (AFVs) at the centre of Budget and Government proposals. The question then becomes how the Government will roll out these plans and in what timeframe?

Christie & Co is proud to support the important work done by the PRA in lobbying for independent fuel retailers and we look forward to meeting members around the UK at the 2018 Business Breakout meetings.
If driving an electric vehicle were 10 times more expensive than driving an equivalent petrol vehicle, how many drivers would switch?

One of the great myths about electric vehicles (EVs) is that drivers can charge at home. According to the National Grid, 4 out of 5 drivers would have to use public charging points because they either live in an apartment or a house that has no suitable drive or garage.

This would mean if all cars were electric around 30 million drivers using public charging points.

For this widespread adoption of EV’s the charge time must be reduced to 5 or 10 minutes, which is the time it takes to fill a tank with petrol or diesel today. If not drivers will ‘block’ chargers for hours, and forecourts would become waiting areas and ‘free’ car parks.

To make 5 or 10 minute charging possible, new National Grid infrastructure is required that would require billions of pounds of new investment. If the cost of this infrastructure was recovered through the price of electricity, then the running cost of an EV would be 10 times more expensive than an equivalent petrol or diesel vehicle.

So, wouldn’t the Government just subsidise this?

Well if they did it would be a double whammy, because not only would they lose the 70% VAT and fuel duty, the tax on electricity is only 5% and raising general taxation on petrol or diesel vehicle.

The Zap&Go solution

A bit of geeky stuff first: to drive a mid-size EV family car with more than one person in the vehicle for 100 miles at motorway speeds with heating or air conditioning on, requires about 30kWh (kilo-Watt hours) of energy. To deliver 30kWh of energy onto a vehicle in 5 minutes requires a 350kW high-rate DC (Direct Current) charger. 350kW chargers don’t exist yet in the UK. The 5-minutes requires a 350kW high-rate DC (Direct Current) charger.

Most people will need to use public charging points

4 out of 5 drivers in the UK would be unable to plug in and charge an electric vehicle in a garage at home because either they don’t have a garage, or it has been converted for another purpose. In inner city areas most people live in apartments, so very few will be able to charge at home.

How the system works:

1. A bank of ultra-fast charging C-Ion cells is installed on board the EV, alongside the lithium-ion (Li-ion) battery pack.
2. Also, a large bank of 1 MWh (Mega Watt hour) C-Ion is installed in a shipping container. Ultimately these may be in storage tanks underground in a similar way that petrol and diesel fuel is stored today. This is possible with C-Ion because they do not catch fire; it would not be possible for highly flammable batteries like Li-ion.
3. There is a standard electrical connection to the bank of C-Ion cells. On a filling station site this may be a spur from the on-site shop, and is likely to provide a standard 43kW (kilo-Watt) AC (Alternating Current) 3-phase connection. This electricity will be provided on a standard variable tariff, and low-cost electricity may be available overnight. The C-Ion bank may be charged up overnight at a cheap rate, but also topped up during the day as required. It will take about 24 hours to fill the 1 MWh bank at a rate of 43kW.
4. An EV out on the road signals to the driver that it will need to recharge soon. The on board telematics unit seeks out the nearest filling station equipped with C-Ion energy storage and a ‘spot’ price is agreed electronically.
5. The EV is remotely allotted a portion of the stored electricity in the C-Ion bank and when the driver arrives plugs in for a few minutes while the energy is transferred to the C-Ion cells on board the vehicle.
6. The energy transfers to the vehicle at 350kW DC, so that 30kWh of energy can be transferred in around 5 minutes.

How does the filling station make money?

The filling station makes money on the ‘bit of cake’ on the electricity. Zap&Go plans 500 of their energy storage sites across the UK providing a 500kW grid storage capability. Electricity is purchased at wholesale costs and sold through Artificial Intelligence (AI) software linked to the vehicle sat-nav systems at a ‘spot’ price.

As the KWh of energy required by the vehicle and the estimated time of arrival at the filling station is predictable, the price can be fixed before the vehicle arrives.

This makes the price competitive, because there is no National Grid infrastructure to pay for. If high rate cables and switching equipment has to be installed at the filling station the price of the electricity would have to rise to recover this cost.

Zap&Go in Oxford is looking for filling station sites for the trial of a new system that provides 5-minute EV charging but without requiring the grid infrastructure investment.

For further details, please contact Stephen Voller, the CEO, on 01235 567223 or Stephen.voller@zapgo.com


ZAP GO

The Ultra Fast Charge

People imagine that we plug in electric vehicles directly to the national grid, and that the grid will be able to respond instantly with unlimited amounts of energy, at anytime of the day - this is just not possible

Large banks of energy storage will be filled up with electricity by then national grid, a bit like having large batteries in the ground. Vehicles are then re-charged quickly from the banks of energy storage at very high charge rates.

Advertisement feature
PRA EVENTS

2017 was another busy year for the PRA team, with events held all across the UK.

The PRA stages events on behalf of members and it is great to see so many investing precious time to come along to support them. We staged 12 “Live and Locals” and five “Roadshows” in 2017 visiting, amongst other venues, Belfast, Cardiff, Dartford and Plymouth.

We have put these on in some interesting venues including sports grounds, for example: Brighton and Hove Albion FC’s Amex Stadium, Leicester Tigers RFC Welford Road and also racecourses such as Warwick Racecourse and Stirling University.

We have also enjoyed a record amount of support from a diverse range of companies who come along to address members. In 2017 the following companies supported us and a big thanks goes to:

- a2i Systems – Petrol Pricing Automation & Optimisation with Pricecast Fuel
- Accenture – Opportunities for forecourt retailers in an EV market in the UK
- Blazin Digital – Delivering the Future of Forecourt Advertising
- Carbon Trust – Energy Efficiency Fund
- CBE – Innovators in EPOS Technology
- Certas – Fuel Supply With Quality, Endurance and Passion
- Christie & Co – Trends in the UK Property Market
- Contacta – Inclusive Systems: Hearing Loops & Popular Refuelling Assistant Tool – My HaiLo
- Essar – A Fresh Approach To Fuel Retailing
- Forecourt Eye – How To Try and Reduce Crime On The Forecourt
- GPC Solutions – From Spill To Recoverable Material – Dealing with Forecourt Spillage
- Keep Scotland Beautiful – Roadside Litter Campaign
- KPMG – Small Business Accounting: Real Time Information For Petrol Retailers
- Instavolt – Free Electric Vehicle Charging For Petrol Retailers
- LCM – Fuel Quality Update
- Grip Hero – Hand Protection On The Forecourt: A Revolutionary Approach
- Jackaman Insurance Services – Are You Fully Covered?
- Platts – An Overview Of Platts Approach To Assessing Petrol and
- ULSD Wholesale Price
- Shell – Building a network of future fuels
- TLM – Evolution of POS
- Topaz – Miles, Quality for the future
- Valero – Don’t Blend In, Stand Out With The Crowd
- Winckworth Sherwood – Legal Update, Alcohol Licensing and Immigration
- Shopworks – Effective Staff Rostering, Saving You Time And Money
- SPA – How Do You Provide Your Staff With Adequate Training?

Members who attend get the opportunity to:
- Network with other members and non-members.
- Learn about products and services from a diverse range of companies.
- Find out what is going on in the industry.
- Ensure they are up to date on all matters market-specific businesses.
- Learn about new technology can help their business.
- See how the application of new technology can help their business.
- Network with other members and non-members.

These events are put on solely for the benefit of members and all members within a reasonable distance of the events will receive an email invitation. Please look out for this and also don’t forget to check your spam file.

The PRA’s website also contains full details of all events including an opportunity to register for them.

A considerable amount of time and effort is invested in delivering these events to members and we believe that if you invest your time, you will get a return.
COSSU (CUSTOMER OPERATED SELF SERVICE UNIT) BY BRENNTAG – THE ADBLUE® CAR DISPENSING SOLUTION

In response to growing requirements for AdBlue into the passenger car and light vehicle markets, Brenntag - one of the main distributors of AdBlue on the world stage - have designed an innovative, low cost, environmentally friendly solution for the forecourt owner.

Although diesel registrations are declining, current European emissions legislation means that all new diesel vehicles need to meet increasingly lower levels of harmful pollutants. This cannot be done in most cases without the use of AdBlue in the vehicle. Even with reduced diesel car registrations, it is estimated that 6-7 millions cars will require AdBlue within 10 years.

As limits become tighter, more AdBlue is required and where once the thought was that top-ups would be a ‘service’ item, drivers will now be required to put AdBlue in their vehicles between services. There is a huge opportunity for forecourt operators, with currently less than 10 car AdBlue dispensers in the whole of the UK & Ireland.

Dispensed AdBlue means a higher margin than packed, and means no empty plastic containers on the forecourt. It is a proven fact that early adopters of AdBlue dispensing sell more diesel and increase shop sales.

Key features of Brenntag's Customer Operated Self Service Unit (COSSU):
- Specifically designed for passenger cars and vans
- Small footprint – will fit on almost any forecourt
- Sited away from fuel lanes to maximise revenue
- Minimal installation with no disruption to forecourt
- Token or contactless payment options
- Fixed dispense – time or volume enables simple & accurate profit calculation
- Increases footfall in to the shop
- Low investment/quick and increasing returns.

Also available:
4 Litre, spill-free Canister

def.sales@brenntag.co.uk  |  +44 (0)1270 502 900  |  www.brenntag.co.uk/adblue
have worked in and around the petrol retail sector for 30 years, it is one of those businesses that simply gets into your blood. Over the last 17 years, my career has moved into the world of payments and my team and I work with some of the world’s largest merchants and banks. Despite all the hype and the excitement, I have always believed that petrol will remain the fastest of all FMCGs. As a result, not being able to make a payment is essentially an operational disaster. The internet may operate in real time, but if a payment transaction fails while you are sat on your sofa, you simply go to another website. That doesn’t apply to a petrol purchase.

I started selling payment solutions to petrol retailers in 1990, with Texaco Card Services, and it is only when you see payment practices in other sectors, that you realise how innovative the petrol retail sector has been. But is it prepared for the future? I would say that the last two years have seen the biggest changes in the retail payments sector. To be honest, it is hard to keep up with the plethora of new payment types beyond debit/credit cards and cash. Recent forecasts suggest by 2026, global payments revenue will increase by USD 0.9 trillion as emerging markets continue to grow and cashless transactions become more widespread. I believe the main reasons for this change are:

The investment that has taken place in the financial technology space (Fintech). Digital tools, technologies and capabilities are changing the way customers purchase goods and services.

New and easier ways to manage point of sale devices. As someone who lives and breathes payment and fraud management every day, I can categorically say that the payment landscape is changing – payment digitisation is here to stay. Just like the evolution of payment cards, new payment methods are being developed and used in other sectors. Some of these are card-based, but others centre on mobile payments. Unlike many articles, this piece is not intended to frighten retailers, but is meant to be a helpful nudge in the right direction and a guide to future-proofing retail technology to stay aligned with the wider retail marketplace. As I mentioned, I believe payments should become invisible, so you can focus more on managing customers and spend less time worrying about:

- Managing and maintaining IT requirements and hardware
- Changing financial and security regulations
- Data security
- Managing fraud and identity
- Complex governance and managing multiple suppliers.

WHAT THIS MEANS FOR YOU
When selecting a retail automation solution, you need to carefully select an omni-channel payment provider, which gives you and your customers the control you need to make payments invisible. Pay-as-you-go cloud-based services, which are based around well-defined service agreements, are imperative. If you are looking to accept new mobile payment types, and you should, it is important to ensure your provider has a state-of-the-art fraud prevention solution.

In order to take advantage of the mobile payment revolution (taking either bank cards or fuel cards) it is essential that your payment technology provider has a robust fraud solution and can help you navigate through new payment types as they appear in the marketplace.

Even though the quest of seamless payments may seem daunting, from what I have described above, the reality is that your chosen provider should be helping you. These elements coupled with well documented functionality roadmaps, will help ensure that your business is future-proofed.

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Dispensers ● Payment ● POS
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If you haven’t got to see Applegreen’s award-winning Lisburn site on the M1 southbound in Northern Ireland yet, don’t worry, as plans are afoot for similar sites in the mainland UK.

At the time of writing, Applegreen had three motorway service area applications in for planning at: Jct 33 at Rotherham, Kirby Hill on the A1M, and one on the M42. John Diviney, UK managing director of Applegreen, says they intend to use M1 Lisburn as a template for the new sites and expand on it. And what a template it is. Judges at the 2017 Forecourt Trader of the Year Awards said it was a site with the ‘wow’ factor and as such was the highest-scoring operation across all the regional entries in the awards, “with its striking design, full of innovation and flair”. That innovation and flair spans across a total floor area of 1,560 sq m, including seating for 300 customers and a third of the building dedicated to ‘customer circulation’. This means there’s space for people to move around and rest, no matter how busy the site is.

Diviney says customer feedback has been excellent; they love all the facilities and the food offer. As well as a traditional forecourt convenience mix of grocery and impulse food and drink, there’s a self-service coffee and snacks island plus six more food offers: Burger King, Chopstix, Greggs, Lavazza, Subway and Applegreen’s own brand café called The Bakewell.

There is also a mezzanine floor which can be accessed via an escalator. Half of this upstairs is used for the Applegreen lounge.

“We identified a customer need for an area within our services where people could meet safely, close to the motorway,” explains Diviney. “The area is designed to be discreet, comfortable and functional.” It is divided into an informal rest area as well as space for meetings. There are free charge points and free wi-fi.

The other half of the upper level is home to the Lavazza Café, a pioneering new concept conceived and led by Applegreen, partnering with Lavazza.

“M1 is our third Lavazza Café in the estate, with our first two innovative offerings in M1 Templepatrick and Ballymena,” says Diviney.

“Coffee is nothing new in a convenience store. However, we have broken new ground with this premium offer. The coffee bar has been given a much larger space to work within compared with many traditional coffee offers in this setting.”

The ambience is helped by plush soft furnishings and soft lighting, and Diviney says products for sale are in keeping with this premium brand and layout, with a nod towards indulgence.

Applegreen say M1 Lisburn was designed to be bigger and better than anything they’d done before and it seems it’s only the beginning for their plans across our motorway network.
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Have we reached the tipping point for electric vehicles?

Was 2017 the tipping point for electric vehicles? There barely seems to have been a day in the last year when either a car manufacturer hasn’t made an announcement on a new line of plug-in electric vehicles (PEVs) or a nation hasn’t promised a future ban on petrol and diesel cars.

A pertinent question, though, when determining whether we’ve really hit the tipping point is: what does tipping point even mean? The Cambridge Dictionary defines a tipping point as “the time at which a change or an effect cannot be stopped.”

Meanwhile, in his book “The Tipping Point”, Malcolm Gladwell asserts that when 10% of the population holds an unshakable belief, the majority of society will eventually adopt it.

Using these definitions and drilling down – to use a petrochemical term - the figures therefore suggest that the world is still some way off hitting the tipping point when it comes to electric vehicles.

To date, only one country globally has passed Gladwell’s 10% tipping point – albeit spectacularly. Despite a population of just over five million, 43,700 PEVs were sold in the Scandinavian nation of Norway in the first nine months of 2017 – making Norway the third largest market for electrically chargeable vehicles. Only the USA and China have higher total plug-in sales. Regarding plug-in share, then, Norway is the undisputed leader, with 32%; no other country is even close to this result.

Of the G20 countries, China leads the way but with just 1.6% of plug-in electric vehicle market share for January - September 2017, closely followed by France and the UK.

The question on the lips of many industry experts is whether Norway is a case study of what lies ahead for the UK. Norway was always in a pioneering position, having been the first market to reach 1% PEV share back in 2011; in 2013 again it was first and this time to reach 5% share. However, as with other countries, the growth of electric vehicles in Norway is little about environmental reasons and a great deal about economic reasons. PEVs in Norway are exempt from purchase taxes: 25% VAT; annual road tax; and all public parking fees and toll payments. According to the Norwegian Electric Vehicle Association, about 72% of buyers are choosing an electric car for economic reasons, and just 26% for environmental ones. The UK’s subsidy scheme for electric vehicles remains far less generous than that of Norway. However, a bigger barrier to the UK’s own Norwegian style boom is the all-important charging infrastructure. Norway has been aggressively installing electric vehicle charging stations and, even with this investment, has been struggling to keep up with rising demand and avoid long queues at stations – something that could halt market growth. In January 2017 there were just under 12,000 charging stations in the UK – 4,000 more than in Norway – but catering to a population twelve times the size. In the UK government’s November budget, a total of £500 million was allocated to boosting the electric vehicle market. Just £100 million of this will be allocated to encourage drivers to switch to a PEV by guaranteeing the continuation of the Plug-In Car Grant until 2020 to help with the cost of purchasing a new battery electric vehicle. Currently under the Plug-In Grant, drivers can receive a £4,500 contribution towards a new all-electric car. The remainder is being allocated to roll-out advanced charging infrastructure across the UK, though critics say this is insufficient to provide a substantive boost to the sector.

With only one country past Gladwell’s tipping point, it is clear that currently the uptick in electric vehicle purchase and use globally is not yet significantly denting oil demand or impacting current oil prices. However, the point at which major economies hit the tipping point is highly uncertain with industry forecasts. In 2016, the Organization for Petroleum Exporting Countries (OPEC) - an organization with little incentive to bullish promote the uptake of PEVs - increased by 50% its earlier 2015 forecast for the amount of PEVs in 2040 from 46 million to 266 million, while a 2017 study by Bloomberg New Energy Finance predicted a staggering 350 million electric cars sold by 2040.

Predicting the uptake of new, transforming technology is notoriously difficult but recent history points to dramatic underestimations. Perhaps a useful comparator can be drawn with the mobile phone industry. In the mobile phone industry's 1980s infancy, Motorola, the then-leading US telecommunications company and mobile phone pioneer, predicted that in the year 2000 mobile phone sales in the US would amount to around 200,000. The actual figure in 2000 was 109 million. The electric vehicle industry today is in a far more advanced position than the mobile phone industry was in 1980, but the inability of experts to predict the timing of the advance of transforming technology is perhaps the one thing in which we can be certain of.
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get data smart
Kevin Whitlock, editor of Wholesale News, discusses the changes in the wholesale sector

How often do you think about your wholesaler? Not, perhaps, as often as you think about your customers or your petrol supplier; as long as your forecourt is supplied with everything you need, when you want it, at a price you are willing to pay, why would you?

In a way, invisibility is how the best wholesalers should operate – quietly, seamlessly and unobtrusively. In the background, they’re busy adding value to the supply chain and providing a conduit between supplier/manufacturer and retailer.

And the UK wholesaling industry has operated pretty efficiently for decades; which is why wholesaling has always been seen as a bit of a backwater – a bit of technology here, a takeover or merger there, punctuated by the occasional management buyout. Until 2017, that is.

The year began with quite a momentous event: on the morning of January 27, the UK’s biggest retailer, Tesco, announced that it was ‘merging’ with the UK’s biggest wholesaler, Booker.

In wholesaling, Booker is a giant – it has hundreds of thousands of customers: independent shops and c-stores, forecourts, caterers and small businesses. It owns and supplies the Londis, Premier, Budgens and Family Shopper retail fascia shops. It owns Makro. It supplies a number of prestigious national accounts such as Enterprise, Wagamama and Rick Stein.

Sales through its Booker Wholesale and Makro cash and carry depots totalled £3bn in the year to March 2017; its direct and delivered sales topped £2.3bn in the same period.

In the world of UK wholesaling, it is a giant, admired, respected and feared. Yet Tesco is about 10 times its size, and for all both parties’ talk of a merger of equals, it’s a takeover. And why does Tesco want Booker?

Three reasons, I think. The first is Booker CEO Charles Wilson, a widely admired figure who’s credited with turning the wholesaling giant from a basket case 10 years ago into the company it is today. The second is that Tesco has seen that the real growth in food and drink is not in retail grocery, but foodservice.

The term foodservice covers a number of markets – from high-end restaurants through to the guy who sells coffee from a van parked outside the railway station. In between, you have pubs, clubs, burger vans, cafés, coffee shops, care homes, schools, hospitals, takeaways, canteens and hotels. This food-to-go market is regarded as the engine of growth in the wholesale sector. The wholesale channel was formerly divided up into retail-focused and foodservice specialists but, in recent years, with cash and carry operators sensing the higher margins to be had in foodservice, more have become hybrid operators. A foodservice offering can also help wholesalers offset the huge declines in tobacco sales in cash and carries.

Research body, the Institute of Grocery Distribution (IGD) forecasts the UK wholesaling industry will be worth £31bn by 2021, representing a compound annual growth rate (CAGR) of just under 1% – but foodservice

Food-to-go is regarded as an engine of growth in the wholesale sector
independent retailers and/or caterers.

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Co-op was of the same mind when

in November when the Booker deal, and what

3,5bn. So hospitality’s definitely the place to be.

testing thing a few years ago, purchasing the

harry & Hoole coffee shop and

neither was the huge success, but buying Booker

gives it access to the latter’s 441,000
catering customers.

And thirdly, Tesco (along with rival

Morrisons) seems to have woken up to the idea that if the big grocery

multiples are to achieve further

growth, it won’t be from opening new

stores; the UK grocery market is well

served by stores and, perhaps, over-

served.

In addition, the growth of the

German discounters, Aldi and Lidl,

has largely been at the expense of the

multiples, who are reduced to gaining

growth by stealing market share

from each other. Growth can only

from elsewhere – and the big

grocers, with their highly developed

infrastructures, are well placed to

enter the wholesaling sector, supplying

independent retailers and/or caterers.

This is what Tesco wants to do

with the Booker deal, and what

Morrisons was thinking when in

August it struck a surprise supply deal

with the 1,650-store McColl’s chain

groceries. And presumably the

Co-op was of the same mind when

in November it bought the mutually-

owned wholesale operator and retail

chain Nisa (with the approval of

members) for £137.5m.

The Booker-Tesco deal was always

controversial – it was memorably
described as ‘wholesaling’s Brexit’

– and most of Booker’s wholesaling

rivals were (privately at least) against it.

A number of leading operators

lobbied the Competition & Markets

Authority (CMA), urging it to block the

deal. But the CMA waved it through in

December.

In November, another catastrophic

event happened. The UK’s second

biggest wholesaler (and the biggest

delivered operator), Palmer & Harvey,

fell into administration on November

28. This was not entirely unexpected – P&H’s parlous financial state was

subject to speculation all year – but

the fall-out was dramatic.

First of all, most of P&H’s 90,000

customers found themselves without

supplies on the morning of November

29. Secondly, 2,500 people lost their

jobs; and finally, P&H’s major creditors

lost hundreds of millions of pounds.

Blame for the collapse was directed at

both P&H management, and the CMA

for provisionally (at that time) waving

through the Tesco-Booker deal.

While in the short-term, other

wholesalers were able to step into

the breach (in the forecourt sector

Shell, Rontec and Moto activated

contingency plans to ensure their

outlets were supplied), long-term the

P&H collapse will, like the ‘Tesbook’
deal, lead to further shake-ups in

the formerly sleepy wholesale sector.

First of all, there will be increased

competition for your custom.

Secondly, there will be increased

consolidation – wholesalers joining

together to gain scale to protect

themselves against predators. It’ll be

much more difficult for wholesalers

to survive outside groups (Landmark,

Today’s, Sugro, Confex and the like)

and eventually only the true giants –

Bestway, Bidfood, Brakes and Costco –

will be outside of groups. These giants

(Bestway in particular, which is known
to be looking for acquisitions) will be

themselves looking to buy, increasing

their scale and reach.

In December, one group – Fairway

Foodservice – even joined a larger

group (Landmark Wholesale) and I

predict that this year we may see more

groups joining together (if not actually

merging) to share certain buying and

administrative functions.

The Booker-Tesco deal was always

two of which have since closed). It

stores at the time of its acquisition,

market (Whole Foods had just nine UK

Amazon has yet to break into the UK

purchase of Whole Foods last June,

poses to the wholesale sector. I think

its B2B offer could be attractive to

small- and medium-sized businesses,

the kind of people who currently buy

from the likes of Makro or Costco.

But despite the much-hyped

purchase of Whole Foods last June,

Amazon has yet to break into the UK

market (Whole Foods had just nine UK

stores at the time of its acquisition,

two of which have since closed). It

is likely that for the moment at least,

Amazon is interested in the B2B

space as opposed to the B2C sector

occupied by wholesalers. Someone

like Ocado or upscale supermarket

Booths would be a much better fit for

Amazon than the likes of Blakemore

Wholesale or any of the other names

touted about.

Who’d have thought that a low-

margin, relatively unsexy industry like

wholesaling could be so interesting?
ALLIED FOR SUCCESS

The biggest and the best in the forecourt world opt for the symbol route

M

MRH signs supply deal with Booker and extends Budgens. Shell UK and Booker sign new three year deal. Award-winning retailer David Charman signs to Spar for another five years. Best-one excels in Which? c-store survey... These were just some of the success stories surrounding symbol groups during 2017.

Around 64% of forecourt sites now sport a symbol brand fascia above their shop. The reasons for this are many and varied. Specifics vary according to symbol operator but benefits generally include: a recognised name about your door; a reliable supply chain; access to better deals and margins; co-investment in return for loyalty; business advice and support; marketing investment; access to training... the list goes on.

Booker’s Premier is the UK’s number one symbol group with over 3,300 stores nationwide. However, it is Spar that has the biggest presence on forecourts, with 1,200 stores on sites. In 2017, the group celebrated its 60th anniversary. Speaking at the celebratory event, Spar UK MD, Debbie Robinson, said the Spar brand has gone from strength to strength globally in recent years with this global success reflected in the UK with six consecutive years of growth, and sales and profits up.

Meanwhile at Booker Premier, brand director Martyn Parkinson says the group is committed to delivering more profits for retailers, driving footfall and delivering a better shopping experience for consumers. “By listening to and working closely with our Premier customers, Premier has enjoyed 14 years of consecutive growth,” he explains.

He adds that backed by Booker, Premier retailers can take advantage of delivery at cash and carry prices, as well as having the ease and convenience of shopping at any Booker branch.

Then there’s Londis. Brand director Martin Swadling, says: “We have a specifically designed forecourt package which combines the strength of our chilled offer with a bespoke forecourt promotion package and our dedicated Forecourt Development Team has a wealth of experience in forecourt retailing focused on making sure our package is fit for the future and well set to help our retailers maximise any opportunity.”

Forecourts currently represent almost half of Londis’ 1,900-strong estate and numbers are growing all the time. “As well as independent forecourt operators, we are delighted to serve large multiple site operators such as MFG and Petrogas, and also a number of regional groups.

“While we recognise that forecourts are increasingly becoming more like convenience stores, we still appreciate that they have a unique set of needs to maximise both sales and profits,” says Swadling.

Booker’s Budgens brand can be seen on more than 200 stores, half of which are on forecourts. Mike Baker, brand director Budgens, says: “Our knowledge of the fast developing convenience and forecourt sectors coupled with our comprehensive fresh food ranges provides independent retailers with a market-leading solution.”

Budgens is well known for its fresh and chilled offer of over 2,000 lines and, in response to market trends for ever more ‘out of home’ eating, new food to go ranges are currently being developed and trialled in stores.
“With Londis my sales have tripled and profits have increased and I’m now more of a convenience store that sells fuel.”

Steve Vaughan
Londis Handbridge, Chester

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ARE YOU READY FOR THE NEW DATA REGS?

Motor Industry Legal Services (MILS Solicitors) outlines the new General Data Protection Regulation (GDPR)

The GDPR has effectively rewritten the Data Protection Directive, the mainstay of the current data protection regime. From May 2018, the GDPR will have a significant effect on your responsibilities when storing data and the uses you can put data to. All businesses are affected. Failure to get this right can result in fines, or worse.

In May 2016, GDPR replaced the Data Protection Directive, which is the European legislation governing the way data is processed. The current legislation, the Data Protection Act 1998 (DPA), was drafted when storage was large filing cabinets and before computers took over. The GDPR is geared towards electronic storage and processing, and will therefore be more rigorous as it is a comprehensive rewriting of the rules which increases obligations on both data controllers and data processes.

The definitions are broadly the same as under the DPA, the eight data protection principles are similar but with added detail in places, and there are new accountability requirements.

There is also an increase in data subjects rights as well as restrictions on how data can be used. There will be ‘conditions for processing’, which means there must be a legal basis before personal data can be processed.

Under the GDPR it becomes more of an issue because the legal basis for processing has an effect on an individual’s rights.

COMMON QUESTIONS

I’ve been told I can only use data with the subject’s consent is this true?

No. Any processing, including storage, must be lawful, fair and transparent. Even without clear evidence of consent there are six lawful grounds to process personal data. These are: (a) consent; (b) processing is necessary for the performance of a contract to which the data subject is party or in order to take steps at the request of the data subject prior to entering into a contract; (c) processing is necessary for compliance with a legal obligation to which the controller is subject; (d) processing is necessary in order to protect the vital interests of the data subject or of another natural person; (e) processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller; and (f) processing is necessary for the purposes of the legitimate interests pursued by the controller or by a third party, except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data, in particular where the data subject is a child. However, there are some activities such as unsolicited marketing which can only be done with consent.

I run a newsletter for my customers I give them an option to opt out, is this okay?

From May 25, 2018 this will not be enough. In order for any consent to be valid there will have to be some kind of positive action. You cannot assume people consent if they have not opted out. It must be the other way around.

I don’t take any personal details do I need to do anything?

Yes. The GDPR will also apply to employee data. It can also apply to credit card and banking data where an individual can be identified. As a minimum you should carry out a data audit to assess precisely what data you hold and how it is used.

Petrol retailers are probably the least likely to be affected from a customer standpoint. However, it must be remembered that the GDPR will apply to employee records and how these are held and used. Businesses will need to review how data is collected, used, stored and destroyed and ensure their policies comply with the GDPR.

For further information please visit the Information Commissioner’s Office website at: https://ico.org.uk/for-organisations/data-protection-reform/overview-of-the-gdpr/

Remember, 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 require further information in respect of the article above, contact the legal advice line at any stage for advice and assistance as appropriate.
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Mr S Patel, owner of SK Fuels, operates nine JET forecourts throughout Yorkshire and Humberside.