

## **Motability and the NAO report**

Motability, the charity that has provided 'The Road to Freedom' for millions of disabled people and their families, notes with appreciation the NAO's acknowledgement of the excellent service which the Scheme provides.

Founded in 1977 by the late Lord Goodman and Lord Sterling, the Motability Scheme has provided, cumulatively, some 5 million vehicles, today helping 625,000 disabled people to remain mobile and independent.

The Governors of Motability accept the recommendations in the Report and, in many cases, are already in the process of implementing them. The Governors, however, maintain reservations about the way certain facts were presented in the Report itself.

Responses to each of the recommendations made to Motability are detailed in the Annex to this release.

Governors have warmly welcomed the Comptroller's personal conclusions that:

- The Scheme 'delivers an excellent service to customers, earning remarkable satisfaction levels (99%)'.
- Customers access 'lease prices that are 44% lower on average than competitors' (now improved to 45%).

Motability looks forward to continuing its excellent relationship with the Department of Work and Pensions to continue to meet the needs of disabled people and their families in the decades to come.

Lord Sterling, Chairman and co-Founder of Motability, said:

"Yesterday, to the very day, was 41 years since Motability's foundation was announced in Parliament with all-party support. The scheme has cumulatively delivered 5 million vehicles, many heavily adapted putting millions of disabled people and their families on "The road to freedom".

"I am very glad that Sir Amyas Morse, the Comptroller and Auditor General at the National Audit Office (NAO), has personally commended the excellence of our service and quality of our management. That praise, of course, is due to the wonderful dedication of all those employed at both Motability and Motability Operations.

"We have accepted all of the NAO's recommendations but have told them there are areas still open to further debate. One, in particular, is the suggestion that customers are being charged 'more than was required to cover lease costs'. This runs quite contrary to the fact that Scheme customers pay 45% less than the market rate for their vehicles, in addition to the support, insurance and vehicle enhancements that we offer. As such, every penny, surplus to sustainability and to this excellent price and service, goes to help enhance the lives of our disabled customers and their families.

"Furthermore, both the Motability Board with the support of the Motability Operations Board is commissioning - immediately - a review of Reserves held at Motability Operations in order to determine the degree of risk that the Scheme can handle, taking into account our third principle: sustainability."

## Annex

NAO Recommendation	Motability Response
<b>Motability should:</b>	
Develop and publish a long-term strategy, based on broad and open consultation, that sets out how it can put the significant income it expects to receive from Motability Operations to best use.	Motability had already established a decision-making framework earlier in 2018. This was adopted to select initiatives for the charitable use of this exceptional donation in support of disabled people. After intensive internal discussions, we are committed to widening our consultation with a wide range of external stakeholders in early 2019, to inform the emerging strategy.
Address all of the findings of its recent governance review and report transparently on the changes it makes as a result. It should publish an update on this in early 2020, once all changes have been implemented.	Motability's Board of Governors has accepted in full the recommendations of the recent governance review and is actively implementing them. Motability will publish an update in early 2020.
Commission external benchmarking on the level of reserves held at Motability Operations based on comparable companies in similar industries on a global basis, both regulated and unregulated. Such benchmarking should go beyond establishing adequacy and should also assess how conservative the level is relative to that held by the company's peers.	Motability is commissioning external benchmarking of Motability Operations' reserves.
Carry out a review of the performance framework for the Scheme, recognising that it is in a uniquely advantaged position, and that targets, including those linked to Motability Operations' executive directors' remuneration, have continuously been exceeded for many years.	<p>Motability will review the performance framework for the Scheme in the context of our guiding principles, which are:</p> <ul style="list-style-type: none"> <li>• to provide the highest standard of customer service;</li> <li>• to provide the best possible value for money, and</li> <li>• to ensure the financial sustainability of the Scheme for the long term.</li> </ul> <p>As part of the governance review, Motability will update the Scheme Agreement in order to seek improved mechanisms to better influence Motability Operations' executive remuneration.</p>