



Annual Report and Accounts  
// 2017/18



# Patrons, Governors and Members

Motability is a registered charity in England and Wales No. 299745 incorporated by Royal Charter.

## Chief Patron

Her Majesty The Queen

## Patrons

The Rt Hon Theresa May MP

The Rt Hon David Cameron

The Rt Hon Ed Miliband MP

The Rt Hon Iain Duncan Smith MP

The Rt Hon Tony Blair

The Rt Hon the Baroness Hollis of Heigham DL

## Life Vice-President

Roly Stafford OBE

## Governors and Members

**Chairman:** The Rt Hon the Lord Sterling of Plaistow GCVO CBE

**Vice-Chairman:** Sir Gerald Acher CBE LVO

**Hon Treasurer:** Richard Bennison FCA

Alan Dickinson

Ed Humpherson

Barry Le Grys MBE (appointed 2 October 2017)

Joanna Lewis

Sir Bert Massie CBE DL (deceased 15 October 2017)

Paul Spencer CBE

Professor Adrian V Stokes OBE

## Members

Don Brereton CB

Brian Carte TD

Morigue Cornwell MBE

Christopher E Fay CBE

Tim Gooch

The Rt Hon the Lord Hague of Richmond

Joe Hennessy OBE

Raymond King

Edward Lester

The Baroness Masham of Ilton DL

The Hon Sara Morrison

Noel Muddiman CBE

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# About Motability and What We Do

Our Vision – Motability is an organisation which aims to transform the lives of disabled people by facilitating their personal mobility. This provides them with the freedom to get to work or college, meet up with friends, enjoy a day trip out with their families, attend a medical appointment; in short, to enjoy the independence that so many of us take for granted.

## Our Values

- We work together to enhance the lives of disabled people.
- We show empathy and respect to everyone.
- We value the expertise of those we work with.
- We are friendly, honest and approachable.
- We encourage a culture of continuous improvement.

## Our Purpose and Charitable Objectives

Motability is a national charity, established with all-party parliamentary support in 1977 and incorporated by Royal Charter. Our purpose is to help disabled people with their personal mobility.

Motability has one subsidiary, Motability Enterprises Ltd, whose activities are consolidated within the Motability financial statements, see page 39 for more information.

## The Motability Scheme

The Motability Scheme enables disabled people to use their mobility allowance to lease a new car, scooter or powered wheelchair. Take a look at page 6 for more information about the Motability Scheme.

Currently over 620,000 people use and benefit from the Motability Scheme. Since the first cars were delivered in 1978, the Scheme has provided over four and a half million cars, powered wheelchairs and scooters.

## Motability's Areas of Responsibility Include:

- Setting the strategic policies and direction of the Motability Scheme (which comprises the Car Scheme and the Powered Wheelchair and Scooter Scheme) and overseeing its performance to ensure that it meets the needs of disabled people.
- Providing charitable grants to disabled people who would not otherwise be able to afford the vehicle or adaptations they need. These grants are principally funded from Motability Operations and from The Motability Tenth Anniversary Trust, see page 3 for more information.
- Raising awareness of the Scheme among potential customers and the people who advise them, for example, health professionals, so that they can make an informed decision as to whether they join the Scheme or not.

## Motability Operations

Motability Operations Group plc (formerly Motability Finance Ltd) was established by the UK clearing banks in 1978, working solely for Motability to deliver the Motability Scheme. Any profits are non-distributable and are retained for the benefit of the

Scheme. This can include donations to Motability or to The Motability Tenth Anniversary Trust.

Motability Operations employs around 800 people, based in two locations, London and Bristol. They work with over 30 leading car manufacturers, who provide a choice of 2,000 makes and models to Scheme customers. The relationship with manufacturers and the 18,000 trained Motability Scheme Specialists at their franchised dealerships is invaluable to the Motability Scheme, helping to deliver a unique service and value for money to disabled people. Further detail can be found in Motability Operations, Annual Report, visit [motabilityoperations.co.uk](http://motabilityoperations.co.uk) to read this.

Motability's oversight of Motability Operations ensures that the Scheme delivers value for money and a unique level of customer service to disabled people, in a sustainable manner. Motability reviews Motability Operations' performance against contractual Key Performance Indicators (KPIs) on a quarterly basis; these are related to customer service, affordability and sustainability, and appropriate actions are taken in the event of any shortfalls in performance. Motability's oversight focuses on the outcomes for disabled people using the Scheme.



*“The one thing that has made the biggest difference in my life was getting my Motability Scheme car.”*

Over 620,000 people use and benefit from the Motability Scheme. People like **Rory**, who was on duty in Iraq as a medic when a roadside bomb blew up, resulting in him losing a leg. Following his recovery, Rory launched himself into a career of motivational speaking. He joined the Motability Scheme in 2010 and has since been using his car to drive to conferences all across the country.

## The Motability Tenth Anniversary Trust

The Motability Tenth Anniversary Trust (MTAT) is a separate registered charity. It was established in 1989 to hold and disburse funds to support Motability’s charitable objectives, principally by providing charitable grants to disabled people who wish to achieve personal mobility for the first time by joining the Motability Scheme, and to assure continued mobility over the years for those who have already joined the Scheme.

The Trustees of MTAT have provided ongoing support to disabled people, while endeavouring to preserve and enhance the real value of the funds. The Trust also offered to fund Drive-from-Wheelchair vehicles to a limited number of Scheme customers for the three calendar years 2016, 2017 and 2018. The Trust has agreed to make available, subject to annual approval, a further £10 million per calendar year to 31 December 2021. This followed the Department for Work and Pensions’

(DWP’s) decision in December 2015 to cease further payments to their Specialised Vehicles Fund (SVF), which Motability had previously administered on their behalf.

In addition, the Trust considers requests from Motability to provide funds for a range of charitable purposes, including grants to other charitable organisations engaged in projects related to mobility for disabled people. For example, during this year the Trust, in consultation with Motability, funded research on the usability of Wheelchair Accessible Vehicles (WAVs) and adaptations, as well as funding a project to identify policy initiatives that would support the employment of disabled people.

## Family Fund

During the year the Trust launched a pilot programme with Family Fund, a charity supporting families raising a disabled or seriously ill child under three years old. This scheme is called Family Fund Mobility Support and

is aimed at families who would otherwise struggle to afford the mobility solution that they need.

## Public and Charitable Benefit

This annual report looks at what Motability and its service provider, Motability Operations, have achieved over the past year, measuring success against the stated aims for 2017/18 and setting out the aims for 2018/19. Through the Motability Scheme, which it directs and oversees, Motability transforms the lives of over 620,000 disabled people and their families. The Scheme uses its purchasing power and management capability to provide affordable vehicles and adaptations, supported by the unique level of customer service required by disabled people. In reviewing the performance and future aims, Governors have due regard for the guidance published by the Charity Commission on public benefit and have complied with Section 17 of the Charities Act 2011 in this respect.

# Chairman's Statement

The Motability Scheme, which provides a road to freedom for disabled people and their families, is sustained by many individuals who show such wonderful empathy in their efforts, such as those working in motor dealerships up and down the country, patrol service staff providing roadside assistance, the motor manufacturers, and all those in the Scheme's insurers, conversion and adaptation companies and employees of both Motability and Motability Operations.



The Rt Hon the Lord Sterling  
of Plaistow GCV O CBE  
Chairman of Motability

It was on 6 December 1977 that David Ennals, Secretary of State for Social Services, announced the formation of Motability in the House of Commons, supported by Patrick Jenkin on behalf of the Opposition. The all-party parliamentary support expressed then has continued over the last 40 years and has played a significant role in helping disabled people and their families, across the UK to maintain their independence.

This support was yet again demonstrated in Prime Minister's Questions on 6 December 2017, 40 years after the original announcement:

"I'm sure the whole house is aware that 40 years ago this house came together and voted for a new charity, a Motability charity, which has transformed the lives of disabled people and their families. Would the Prime Minister agree with me that the success started by Lord Goodman when he was Chairman, and now by Lord Sterling, should be carried forward and it gives a golden opportunity for disabled people to get into the workplace and enjoy the things that everybody else does in this country?"

Sir Mike Penning MP  
(former Minister for Disabled People)

"I'm grateful to my right honourable friend for marking the 40th anniversary of Motability in this way, and I'm very happy to join him in marking that and I'm looking forward to becoming a Patron because they do excellent work for people with disabilities, enabling them to stay mobile and active and there are more people with a Motability car today, than there were in 2010."

Prime Minister, Theresa May MP

We were delighted that the Prime Minister acknowledged our 40th anniversary and the importance of the work that we do. We were also pleased to announce that the Prime Minister, Theresa May MP became a Patron of Motability, again demonstrating continued all-party parliamentary support.

Throughout our 40 years, we have weathered both economic and political uncertainty. A key challenge facing us today continues to be the implementation of Personal Independence Payments (PIP) and the impact this has on customers who find they are no longer eligible to remain on the Scheme as a result of their PIP reassessment. We continue to provide support and advice to help such customers through what will be a difficult time for both them and their families.

To date, Motability Operations have provided £175 million in charitable donations to our Transitional Support Programme with some £100 million having been spent to date. Changes made in April 2017, allowing customers the option of retaining their vehicle for up to 26 weeks, with a reduced transitional support payment, has meant that the overall cost of transitional support payments has reduced.

The programme to roll out PIP itself is running behind its original schedule and the latest forecast from DWP is that the reassessments from DLA to PIP should be completed by the end of 2019/20.



*Motability celebrated the first cars on the Scheme with a ceremonial presentation at Earls Court in July 1978.*

Both Motability Operations and Motability have been the subject of media and Parliamentary scrutiny in recent months, including a Joint Work and Pensions and Treasury Select Committee evidence hearing on 5 March. The Joint Select Committee subsequently published its report on 21 May. As a result of this, and in the interests of transparency, Motability Operations and Motability voluntarily agreed for the National Audit Office (NAO) to conduct a value for money review (under S6(3)d of the National Audit Act 1983) into the operations of the Scheme. We engaged with the NAO and we look forward to the completion and publication of the review.

I am grateful for the continued support and wise counsel of the Governors of Motability. It was with deep sadness that we learned of the death of Sir Bert Massie CBE DL. Sir Bert had been a Governor of Motability since 2002 and a lifelong campaigner for the rights of disabled people.

We welcomed a new Governor, Barry Le Grys MBE, to the Board in October

2017. Barry is currently the Chief Executive of Blesma, a Service charity that has specialised in assisting veterans overcome limb loss and loss of use since the end of World War One.

I would also like to personally thank Sir Gerald Acher, our Vice-Chairman and Chairman of the Scheme Oversight Committee and Remuneration Committee, Richard Bennison, our Honorary Treasurer and Chairman of the Audit and Risk Committee and Professor Adrian V Stokes, Chairman of the Funding and Grant-Making Committee. See page 8 for further details about our Governors.

I am pleased to announce the appointment of Paul Atkinson CBE to the role of Director, effective from 21 May 2018. Paul Atkinson was appointed following an open recruitment and selection process undertaken by the Governors of Motability. He succeeds Declan O'Mahony, who decided in 2017 to step down following 16 years of dedicated service to Motability.

The Governors and I would like to thank Declan for his excellent contribution in delivering Motability's strategic objectives over the past 16 years and we wish him and his family well for future years. We look forward to Paul bringing his own particular skills to the role and working with us to drive Motability even further forward, in order to transform and enhance the lives of disabled people and their families.

Despite the many challenges arising, not only from PIP but also from the ongoing economic and political issues ahead, I am confident that our financial strength and unique partnerships, which span both the charitable and private sectors and Government, will enable us to maintain our first-class service, supporting disabled people and their families in the years to come.

# The Motability Scheme

Disabled people can use their Higher Rate Mobility Component of Disability Living Allowance (HRMC of DLA), Enhanced Rate of the Mobility Component of Personal Independence Payment (ERMC of PIP), War Pensioners' Mobility Supplement (WPMS) or Armed Forces Independence Payment (AFIP) to lease a car, scooter or powered wheelchair on the Motability Scheme.

It is entirely up to the disabled person whether they choose to spend their mobility allowance by joining the Motability Scheme or in some other way. One in three of those currently eligible to do so have chosen to join the Scheme. Around two-thirds of Scheme customers drive but those who do not can lease a car as a passenger. Similarly, parents or carers can also apply on behalf of a child aged three and above. The car must be used by, or for the benefit of, the disabled person.

Scheme customers can lease a new car every three years; with insurance, road tax, servicing, tyres and breakdown cover all included.

A wide range of adaptations and WAVs are also available. A similar Scheme exists for disabled people wishing to lease a scooter or powered wheelchair instead.

For disabled people, the Scheme offers a leasing package that is over 40% cheaper than comparable market offerings (source: CAP Derwent, March 2018). Excluding the benefit of VAT and Insurance Premium Tax (IPT) concessions, the Scheme is still some 25% cheaper than comparable offers in the wider market, reflecting its buying power and efficiency.

Some Scheme customers are unable to afford the type of vehicle or any adaptations that they need. Motability, as a charity, may be able to help. This year Motability awarded a total of £22,832,000 (£23,844,000 in 2016/17) in charitable grants, helping 8,544 (8,626 in 2016/17) disabled people.

In addition to value for money, the quality of service provided by the Scheme must meet the unique needs of disabled people. Benchmarking research conducted by the independent Institute of Customer Service in 2017 again recognised Motability Operations as the highest performing organisation in the UK.

## Key benefits of the Motability Scheme

### Unique Customer Service

- UK-based customer service centre taking over 1 million calls each year.
- Customers are supported during periods of hospitalisation when their mobility allowance is suspended.
- Available to eligible disabled people across the UK with no pricing differentials.
- Customers can nominate drivers based on their care needs.
- Customers are supported with alternative transport, for example hire cars, if their vehicle is off the road.



**Aaron** is paralysed from the waist down following a motocross accident at the age of 15.

Once Aaron passed his driving test he decided to exchange his government-funded mobility allowance for a Motability Scheme car. He has an automatic with hand controls instead of foot pedals so it is suitable for him to drive.

*“My Motability vehicle has helped me so much. It enabled me to live at university independently and travel home when I needed to.”*

### Affordable Vehicles

- Over 300 vehicles available at nil Advance Payment.
- Wide range of adaptations at no additional cost.
- 60,000 mileage allowance over three years.
- £250 Good Condition Bonus at end of lease (subject to vehicle condition).

### Worry-free Motoring

- Comprehensive insurance, service, maintenance and repair are included in the lease.
- Breakdown and recovery service included.
- Replacement tyres included.
- Windscreen repairs or replacement included.

# Board of Governors

## Lord Sterling GCVO CBE

### Chairman of Motability

Lord Sterling GCVO CBE was co-founder of Motability (with the late Lord Goodman) and has been Chairman of Motability since 1994; he also chairs the Nomination Committee and The Motability Tenth Anniversary Trust.

Lord Sterling is active in other parts of the charity sector and has been a key advisor to numerous governments between 1982 and 1990, when he was Special Advisor to successive Secretaries of State for Industry.

Following a period of National Service in the RAF, Lord Sterling worked on the London Stock Exchange. In 1969 he formed his own company, Sterling Guarantee Trust Ltd, which merged with the Peninsular and Orient Steam Navigation Company (P&O) in 1985.

Lord Sterling joined the Board of P&O as a Non-Executive Director in 1980 and between 1983 and 2005 he was Executive Chairman. He is now Life President of P&O Cruises.

In 2005 Lord Sterling became Chairman of the Board of Trustees of the National Maritime Museum, stepping down in 2013. He has also chaired other important organisations, including The Royal Ballet School and the Young Vic Company.

Lord Sterling was appointed a Commander of the Order of the British Empire (CBE) in 1977 and knighted in the 1985 New Year's Honours List. He was created a life peer in December 1990. In 1998 Lord Sterling was admitted as a Knight in the Order of St John, and in August 2001 was appointed Chairman of the Steering Committee, The Queen's Golden Jubilee Weekend Trust. He was appointed Knight Grand Cross of the Royal Victorian Order (GCVO) in August 2002 in a supplement to that year's Birthday Honours List, in recognition of his services in connection with the Queen's Golden Jubilee.

In 2015, Lord Sterling was promoted from Honorary Rear Admiral to Honorary Vice Admiral, Royal Naval Reserve.

## Sir Gerald Acher CBE LVO

### Vice-Chairman, Motability

Sir Gerald Acher CBE LVO is Vice-Chairman of Motability and Chairman of its Scheme Oversight Committee, Remuneration Committee and is a member of the Nomination Committee. He is also a Trustee of The Motability Tenth Anniversary Trust.

Sir Gerald is Deputy Chairman of the Imperial College NHS Healthcare Trust, where he is responsible for audit, risk and governance. He is also Chairman of the Brooklands Museum Trust.

He is President of Young Epilepsy and, until 2009, was Chair of the Royal Society for the encouragement of Arts, Manufactures and Commerce. He was a member of the Board of KPMG and the Senior Partner of its London office until the end of 2001.

He champions issues on sustainability, climate change, corporate social responsibility, diversity and educational agendas. He was a Non-Executive Director of Camelot UK Lotteries Ltd until 2015, where he also chaired the Advisory Panel on Social Responsibility.

Sir Gerald was awarded a CBE in the 1999 Birthday Honours for his work in this area and a Knighthood in 2012 for his services to charities. He has recently been recognised with the Award for Outstanding Achievement from the Institute of Chartered Accountants in England and Wales.

## Richard Bennison FCA

### Honorary Treasurer

Richard Bennison FCA chairs the Audit and Risk Committee and is a member of the Scheme Oversight Committee, the Nomination Committee and the Remuneration Committee.

Richard is a Non-Executive Director of Tokio Marine Kiln Group Limited, Tokio Millennium Re AG and is Chairman of

Tokio Marine Kiln Syndicates Limited and Tokio Marine Kiln Insurance Company Limited. He is also Chairman of Taylor Clark Limited and a Non-Executive Director of Prudential Assurance Company Limited, where he chairs the Board Audit Committee.

After 35 years Richard retired in 2013 from KPMG, where he held posts of Chief Operating Officer of KPMG Europe LLP and CEO of KPMG in the UK. Prior to that, he was KPMG's UK Head of Audit and a member of the Board for six years.

Richard is also a Trustee of The Underwood Trust.

## Professor Adrian V Stokes OBE

Professor Adrian V Stokes OBE is a founder Governor of Motability. He chairs the Funding and Grant-Making Committee and is a member of the Nomination Committee.

He has been disabled since birth due to spina bifida. His background is in academia and the NHS, with expertise in telecommunications, computer networks (he is recognised as one of the founders of the Internet) and health informatics. He took early retirement from the NHS Centre for Information Technology (where he was Director) in 2000 and then held a number of Non-Executive Director positions in NHS organisations and now works as an independent IT consultant. He chaired a number of British Standards Institution committees.

Throughout his career he has had extensive involvement with organisations for disabled people. He has been Chairman of Disabled Motoring UK (DMUK), for 22 years, having served a total of 50 years as a Trustee. He stood down as Chairman of DMUK in May 2018.

Professor Stokes was awarded an OBE in 1983 for services to disabled people. He has recently completed an undergraduate Law course and was awarded a First Class Honours degree of Bachelor of Law, followed by a Postgraduate Certificate in Commercial Mediation.

### Joanna Lewis

Joanna Lewis is a member of the Audit and Risk Committee, the Funding and Grant-Making Committee and the Remuneration Committee.

Joanna is a strategy consultant with over 25 years' experience in advising public and private sector clients at Bain & Company, KPMG and latterly as a Special Advisor to the Chairman of BT plc. Joanna co-founded Littlefox Communications and in 2014 she also co-founded eHealth Digital Media to focus specifically on using film-based communications to engage patients in becoming more expert in managing their long-term health conditions.

Joanna has an MA in History from St Johns College, Cambridge and is a Fellow of the Royal Society for the encouragement of Arts, Manufactures and Commerce.

She is a Board Member of the Web Science Trust and Commodore of Meneham Rythe Sailing Club, Hayling Island.

### Paul Spencer CBE

Paul Spencer CBE is a member of the Scheme Oversight Committee.

Paul graduated from Greenwich University with a degree in Business Management. His early career was spent at British Leyland and Rolls Royce where he was Group Treasurer. In 1986 he was appointed Associate Director and Treasurer of Hanson plc. After 10 years in this role he moved to Royal & Sun Alliance (RSA) as Group Finance Director. Paul was appointed Chief Executive (UK) of RSA in 1998 and remained in this role until 2002.

Paul has been involved in various Non-Executive roles, Chairman of NS&I (National Savings) and of the Association of Corporate Treasurers' Advisory Board.

He is an Independent Trustee of the BT Pension Scheme and is also Chairman of Prudential Assurance

Company. He was awarded a CBE in 2010.

### Alan Dickinson

Alan Dickinson is a member of the Audit and Risk Committee. He was educated at the Royal Grammar School, High Wycombe before studying Mathematical Statistics at the University of Birmingham. Alan has an MBA from Manchester Business School, is a Fellow of the Royal Statistical Society and a Fellow of the Chartered Institute of Bankers.

Alan is an experienced retail and corporate banker, with a strong strategic focus and considerable experience of the corporate world and the impact of current and past economic cycles upon markets and market participants. He is a former Executive Committee member of the RBS Group and Chief Executive of RBS UK.

Alan is currently a Non-Executive Director of Lloyds Banking Group and Chairman of their Board Risk Committee. Alan is Non-Executive Chairman of Urban & Civic plc. He is also a Cricket Non-Executive Director of the English Cricket Board and Chairman of its Audit and Risk Committee.

### Barry Le Grys MBE

Barry Le Grys MBE is a member of the Funding and Grant-Making Committee.

Barry Le Grys worked in the offshore oil industry before being commissioned into the Royal Engineers. He has led military engineers, from the UK and other nations, at all levels up to brigade, on five continents, including six years in the Royal Marines brigade. He has also been seconded to the United Nations on operations, the Cabinet Office in London and the Foreign and Commonwealth Office (on three continents).

Barry is currently the Chief Executive of Blesma, a Service charity that has specialised in assisting veterans overcome limb loss and loss of use since the end of World War One. He is also a Director of the Confederation

of Service Charities (Cobseo), a Director of Veterans Scotland, and a Member of the Independent Medical Expert Group advising the Ministry of Defence on the relevance and validity of the Armed Forces Compensation Scheme.

### Ed Humpherson

Ed Humpherson is a member of the Scheme Oversight Committee and the Nomination Committee.

Ed works at the UK Statistics Authority, where he is Director General for Regulation at the Office for Statistics Regulation.

Prior to joining the Authority, Ed was a Board Member and Executive Leader for Economic Affairs at the National Audit Office (NAO), a post he held since July 2009. This role included responsibility for the overall strategic direction of NAO's work on economic affairs.

Amongst other previous responsibilities, Ed oversaw the NAO's response to the recent financial crisis through building capability in capital markets and financial services work. He also coordinated the NAO's programme of work on the administration of the tax system and the welfare system; led the NAO's work on public private partnerships and major infrastructure developments, including in transport and energy; and oversaw the development of the NAO's audit of the Whole of Government Accounts.

Between 2007 and 2009, he was Assistant Auditor General, and before that was NAO's Director of Regulation between 2003 and 2007.

He was educated at the University of Edinburgh where he obtained a first-class MA honours degree in Politics and Economic History.

Ed is a Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales.

# Governors' Report (Trustees' Report)

The Governors, who are the Trustees of the Charity, present the audited Accounts for the year ended 31 March 2018 under the Charities Act 2011, together with their Governors' Report (Trustees' Report).

The Accounts comply with the requirements of the Act, the Royal Charter and the Statement of Recommended Practice (SORP) 2015.

Motability is a registered charity in England and Wales No. 299745.

The Chief Patron, Patrons, Life Vice-President, present Governors, any past Governors and Members who served during the year are shown on the inside front cover of this report. Details of the registered office, key executive staff and professional advisors are shown on page 69.

## Structure, Governance and Management

The Charity is governed by its Royal Charter, granted on 18 May 1988.

Under Motability's Royal Charter, Governors are appointed from the Membership. Any individual can apply to the Board for election as a Member (subject to not being a paid employee of Motability). When a vacancy arises for a Governor or if the Board considers the need to appoint someone with specialist knowledge, the Board will review the current Membership for candidates.

If none possess the necessary skill or experience, the Board would seek to recruit a new Member, whose appointment as a Governor would be put to the Annual General Meeting (AGM). One third of the Governors must retire each year and may offer themselves for re-election. Governors meet at least five times per year. These meetings include four quarterly Board meetings and the AGM.

The Board delegates responsibility for the implementation of policy and reviews of performance to a number

of Committees, as set out below. The Committees are required to meet prior to Board meetings and formally report to them, so that recommendations for changes in strategy or policy can be authorised by the full Board.

## Statement of Trustees' Responsibilities and Corporate Governance

The Governors, as Trustees, are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the reporting standard applicable in the UK and the Republic of Ireland.

The law applicable to charities in England and Wales requires the Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Charity and the Group, and of the income and application of resources of the Charity for that period.

In preparing these financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.



The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Group and enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the Group and Charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the Charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, published on 16 July 2014 and its subsequent updates.

The Governors are responsible for the maintenance and integrity of the

Charity and financial information included on the Charity's website, [motability.org.uk](http://motability.org.uk). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The systems of internal control follow Charity Commission Guidelines (CC8), designed to provide reasonable but not absolute assurance against material misstatement or loss.

They include:

- A strategic plan and annual budget approved by the Governors.
- Regular consideration by the Governors of financial results, variations from budget, details of cash flow and bank balances.
- Delegation of day-to-day management authority and segregation of duties.
- Identification and management of risks.
- An investment policy and regular reviews of investment risks and returns.

New Governors will undergo induction through briefings on the role of Motability and their duties as a Board Member. They will be provided with a Governor Information Folder that contains the Royal Charter, current Business Plan, recent financial reports and the Charity Commission Trustee Welcome document. Throughout the year Board Members receive updates on information relevant to their role and are supported with their training needs as appropriate.

### Scheme Oversight Committee

The Scheme Oversight Committee comprises four Governors who have appropriate skills and experience in relation to the oversight of the Motability Scheme. The Committee meets quarterly and is supported by senior management of both Motability and Motability Operations. The Committee is chaired by Motability's Vice-Chairman, Sir Gerald Acher, and is responsible for reviewing the performance of both the Car and the Powered Wheelchair and Scooter Schemes against agreed KPIs. The KPIs are described on pages 14-17.

These indicators set out to monitor customer service levels, value for money, affordability and reliability of service. The Committee also advises the Board on any issues that may arise in relation to the Scheme and also considers operational and financial risks to ensure continuity of service to customers.

### Audit and Risk Committee

The Audit and Risk Committee comprises three Governors, who are independent of management and free of any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgement as members of the Committee.

The Committee is chaired by the Honorary Treasurer, Richard Bennison, and is responsible for the oversight of Risk Assessment, Risk Management and Internal Control. The Committee is also charged with reviewing the performance of both internal and external audit, and for making recommendations to the Board in respect of the appointment of external auditors.

The Committee also advises the Board on the appropriate level of free reserves and any significant change in investment strategy.

### Funding and Grant-Making Committee

The Funding and Grant-Making Committee comprises three Governors and is chaired by a Governor with disability expertise, Professor Adrian V Stokes. The Committee reviews Motability's funding strategies, grants policies and oversees the administration of grants operations to ensure that it delivers value for money and a high level of customer service. The Committee also reviews funding issues and risks in view of the current economic climate.

### Remuneration Committee

The Remuneration Committee comprises three Governors and is chaired by the Vice-Chairman, Sir Gerald Acher. The primary purpose is to review the remuneration of the Director and key executive staff, as well as the staff pay and benefits strategy.

### Nomination Committee

The Nomination Committee comprises five Governors and is chaired by the Chairman of Motability, Lord Sterling of Plaistow GCV O CBE. The Committee makes recommendations to the Board of Governors in relation to the appointment of Governors, Committee members and Directors.

### The Director

The Director is responsible for the day-to-day management of the Charity's affairs and the relationships with stakeholders, including the DWP and Motability Operations. The Director is supported by a senior management team to ensure the implementation of policies agreed by the Governors. Key executive staff are listed on page 69.

### Corporate Social Responsibility

Motability embraces corporate social responsibility in a number of ways:

- Through the Scheme's core objectives, we help customers to gain freedom and independence through affordable, worry-free motoring.
- We work towards achieving a diverse workforce by supporting applications from disabled candidates and by recruiting, employing and promoting employees on the basis of objective criteria and the qualifications and abilities needed for the role.
- We are committed to creating a work environment in which our employees can be fully engaged and supported in their work.
- To assist employees in balancing home and work commitments, we consider all flexible working requests.
- Opportunities to develop skills and knowledge are encouraged through our online and formal training solutions, and support towards achieving professional qualifications.
- We provide and maintain a clean, healthy and safe working environment.
- We recognise the importance of understanding the impact of our activities on the environment and we communicate with staff regularly.

We are an Investor in People, with the Gold Status award. Being an Investor In People, we commit to: Leading and inspiring people, living our values, empowering and involving people, managing performance, recognising and rewarding high performance, structuring work, building capability, delivering continuous improvement and creating sustainable success. We are reassessed by Investors in People every three years.

Following staff feedback, during the year we launched a refreshed set of values, to reflect the ethos of Motability and make them easier to recall. The values were reworded in consultation with staff and can be seen on page 2.

Staff turnover was 7.7% in 2017/18 (6% in 2016/17). The average number of day's absence per employee was 11.5 days in 2017/18 (8.7 days in 2016/17), which includes both long-term and short-term absence.

### Motability Website Attained Accessible Rating

Motability received Shaw Trust Accessible Accreditation for [motability.org.uk](http://motability.org.uk)

The website is accessible, inclusive and user-friendly for people with disabilities. To achieve this status, the website goes through rigorous testing by people with a wide range of disabilities at the Shaw Trust. This amounts to over 60 hours of testing by disabled users.

The accreditation was attained in January 2018 and is valid for 12 months. The website will be retested annually by the Shaw Trust to ensure acceptable levels of accessibility.

### Engagement

Our staff survey results remain consistent and continue to outperform our benchmark, Charity Pulse, in most areas. In our most recent annual staff survey, Motability staff said that they

understand the role they play in enabling the organisation to help disabled people and support the values that guide what we do.

We believe our results can be attributed to:

- Frequent and open communication throughout the organisation including; regular staff briefings, team meetings, employee forums, one-to-one discussions, regular newsletters and the use of our company intranet, Pulse.
- Support for development and training through a number of mechanisms including; induction and on-boarding for new starters, e-learning and formal training, coaching, peer feedback, support towards achieving professional qualifications (where relevant) for both Motability and the individual's role, and involvement in specific projects or secondments to other areas within the business.

### Reward

Our remuneration is regularly reviewed against comparable benchmarks, to ensure that it is fair and relevant to the environment in which we operate. Remuneration decisions are taken in line with our Remuneration Policy.



*“Motability continues to pursue a policy of equality and diversity.”*



Motability is committed to promoting Equal Pay. We use the Hay Group Job Evaluation process to assess the relative value of posts. All salaries exceed the requirements of the National Living Wage.

We completed a gender pay analysis during the year, which identified an average £1 per hour pay gap between men and women (excluding director-level posts). We will continue to work towards gender pay equality with our remuneration.

We actively encourage our staff to engage with us on benefits, such as our pension scheme, salary sacrifice scheme, pension workshops and online retirement planning tools. Our Pension Management Committee meets

twice a year to ensure our pension arrangements continue to meet the needs and interests of its members.

The Governors, who are the Trustees, do not receive any remuneration for their services. Expenses may be reimbursed to them as shown in note 8 on page 55.

### **Equality and Diversity**

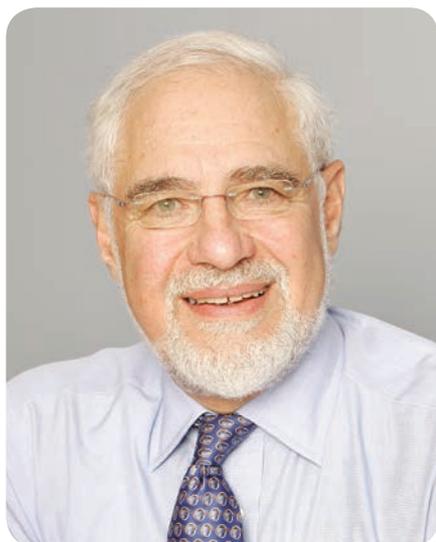
Motability continues to pursue a policy of equality and diversity and in particular, our policy is to ensure that disabled people receive equal and fair consideration in recruitment, training and career development. Support and adjustments are provided to ensure that the needs of disabled employees are met.

We are members of the Business Disability Forum. We are accredited by the DWP as a Disability Confident employer. The percentage of our workforce with a disability or long-term health condition is 36% (34% in 2016/17).

We continue to work with partners to promote our work experience programme for candidates with disabilities, with another successful placement in 2017. This year we have held a number of workshops for staff, including disability confidence, mental health awareness and provided training for managers supporting employees with cancer.

# Report of the Scheme Oversight Committee

Oversight of the Motability Scheme is carried out by a dedicated team at Motability, reporting to the Scheme Oversight Committee which meets quarterly.



**Sir Gerald Acher CBE LVO**  
Chairman of the  
Scheme Oversight Committee

The role of Scheme Oversight is to ensure that both the Car and the Powered Wheelchair and Scooter Schemes perform in line with our expectations and support customers effectively. To do this, we agree policies and procedures with Motability Operations and also have a range of KPIs and the Scheme objectives agreed with Motability Operations annually, to ensure that they remain relevant and focused on the most important elements of customers'

experiences. Objectives are set at appropriate levels to ensure excellent customer service over the long-term. The aims for 2018/19 are the same as for 2017/18 and we continue to address these as detailed below.

## Customer and Disability Expertise

Customer satisfaction is critically important and independent biannual customer surveys confirm that satisfaction is very high and is generally stable. The surveys are based on 600 telephone interviews and are conducted by external market research organisations in April and October each year. Overall satisfaction with the Car Scheme is 99% (98% in 2016/17), and for the Powered Wheelchair and Scooter Scheme is 96% (95% in 2016/17). The results of all customer surveys are used to guide policy decisions and further develop customer service.

The three headline measures of customer satisfaction from the most recent independent survey (carried out in October 2017) remained significantly above our Scheme objectives (see table below).

In 2017 the Institute of Customer Service (ICS) once again rated Motability Operations as the highest

performing organisation in the UK across all sectors, with a satisfaction level of 94.8% (94.7% in 2016/17). The ICS is an independent, not-for-profit professional organisation which works with its members to raise the standards of customer service in the UK.

## Value and Choice

A wide range of affordable products is offered on the Scheme, including over 150 different car models available in over 2,300 different derivatives or variants. As well as ensuring a large choice, we also support customers in looking for greener options and provide guidance on CO<sub>2</sub> emissions and fuel efficiency.

Average CO<sub>2</sub> emissions for the fleet are closely monitored and have increased slightly over the last year. This is primarily the result of a shift towards petrol vehicles among Scheme customers, a trend that reflects the UK market as a whole.

The selection of vehicles remained strong, including offering over 300 model derivatives at nil Advance Payment, which includes automatics (see page 15). Customers can also choose a vehicle that costs less than their full allowance and therefore

## Customer Satisfaction Performance Indicators – Car Scheme

	2016/17	2017/18	Scheme Objective
Overall satisfaction with the Scheme	98%	99%	92%
Customers who would recommend the Scheme	97%	98%	92%
Customer intention to renew their leases	97%	98%	92%

retain some payment from the DWP. Currently, the cheapest car on the Scheme represents a saving of over £10 per week. We also continue to ensure that a number of highly fuel efficient vehicles are included amongst the most affordable Scheme vehicles.

During the year, pressure on vehicle pricing increased as vehicle manufacturers reacted to the fall in value of sterling. In addition, there is increased uncertainty about the future value of fleet vehicles, especially diesel models.

Revised “On The Road” price and Advance Payment limits were introduced in January 2018 to expand customer choice. These changes continue to ensure that we remain focused on affordable and appropriate vehicles for customers’ disability requirements.

A wide selection of options are also available, including a range of adaptations that can be fitted to standard vehicles post-manufacture, or WAVs that meet the requirements of people who wish to travel seated in their wheelchair. WAV pricing is regularly reviewed to ensure that they remain as affordable as possible. There are currently over 28,000 WAVs on the fleet.

The Scheme continues to offer excellent value for money for customers. Independent analysis indicates that the prices for the top 50 models on the Scheme represented, on average, a cost saving of over 40% (over 25% excluding VAT and IPT relief) on a like-for-like basis, compared with a number of other major leasing companies. The Scheme continues to work closely with suppliers to reduce costs and maintain affordability for customers.

### Reach and Awareness

Motability continued to broaden its awareness campaign, working with partners to ensure that all people eligible to join the Scheme can make an informed decision about doing so. Leaflets were sent to all recipients of the HRMC of DLA who are currently not on the Scheme, resulting in 34,897 (37,644 in 2016/17) information pack requests. This has been expanded to also include recipients of the ERMC of PIP.

The transition from DLA to PIP continued to progress and 25,000 customers lost eligibility to the Scheme. As a result, customer numbers fell from 632,722 in March 2017 to 610,406 in March 2018. It is anticipated that there will be a further reduction in customer numbers in the year ahead.

### Long-Term Sustainability

Securing best value for vehicles sold at the end of the lease is a key element of maintaining affordability. The used vehicle market generally remained strong, resulting in strong disposal values. Demand for some diesel vehicles has fallen, although conversely, there has been an increase in popularity for some petrol models. New vehicle sales fell during the year for a variety of reasons, including uncertainty on future Government policy on diesel vehicles. There is some limited evidence that the weakness in new vehicle demand has resulted in increased demand for used vehicles. The future strength of the used vehicle market is uncertain, especially in the light of the continued supply of large numbers of two and three year old vehicles sold on manufacturers’ Personal Contract Purchase finance agreements.



The Scheme has developed an effective online disposal channel, mfldirect, that sells cars direct to trade buyers. This channel minimises the time taken to sell vehicles and secures best value, and at the same time minimises sales costs. Almost 80% of the 231,247 vehicles sold during the year went through this channel (almost 80% of the 249,070 vehicles sold in 2016/17). Vehicles not sold through mfldirect are sold through a dedicated programme of Motability branded auction sales.

### Affordability Performance Indicators

	2016/17	2017/18	Scheme Objective
Number of models with nil Advance Payment – Automatic	38 (28)*	28(22)*	8 (4)*
Number of models available with nil Advance Payment – Manual	79 (53)*	77(48)*	25 (16)*

\*Figures in parentheses indicate those with average-in-class MPG performance or better.

# Report of the Scheme Oversight Committee continued...

## Continuous Mobility Performance Indicators

	2016/17	2017/18	Scheme Objective
Customers taking delivery of a new car on the same day as handing back their old car	100%	100%	98%
Average number of days from incident to replacement for thefts and write-offs	0.1 days	0.1 days	5 Days
Roadside assistance – average response time	38 mins	40 mins	45 mins

### Continuous Mobility and Roadside Assistance

The availability of short-term lease extensions ensured that there were no gaps between vehicles for customers during their renewal process (see table above). Unexpected gaps caused by accidents or theft continued to average just one day.

RAC attended almost 190,000 incidents (almost 190,000 in 2016/17), meeting or exceeding their target response time each month of the year. During the year the RAC tried to minimise the use of subcontractors to respond to customer incidents as this improves both the fix rate, which is in excess of 90%, and customer satisfaction.

### Scheme Policy

Motability continues to monitor the Scheme offering, to ensure it remains appropriate and continues to deliver value to its customers, while remaining consistent with the Scheme's core objectives. We protect the integrity and reputation of the Scheme by ensuring that policies related to the vehicles offered and how the cars are used (and by whom), are appropriate and effective.

### Countering Fraud and Abuse

The Scheme works with a range of partners, including vehicle dealers, the DWP and Police, to ensure that effective procedures are in place to protect the Scheme and that we respond effectively to all allegations of Scheme misuse. This year Motability

Operations evaluated 18,382 cases (14,648 in 2016/17) relating to potential fraud or abuse of the Scheme. These included cases of uninsured driving (not nominated drivers), unauthorised use of Scheme cars and criminal activity. Action was taken in 6,988 cases (5,984 in 2016/17), resulting in 3,759 customers (3,139 in 2016/17) being removed from the Scheme or prevented from re-applying to the Scheme.

### Trackers

Motability continually reviews the measures it has in place to protect the Scheme from misuse. Location trackers are fitted to vehicles where it is believed there is a risk of the vehicle being used outside Scheme rules and, in particular, not providing a direct benefit to the Scheme customer. As at 31 March 2018, 7,695 vehicles were fitted with a location tracker (7,380 as of 31 March 2017).

In every case where a location tracker is fitted, the proposed use of the tracker is discussed with the customer and this provides an additional opportunity to discuss how the vehicle will be used. In some cases this has led to a clear understanding that the proposed use of the vehicle is outside of Scheme rules, and has resulted in the vehicle application being withdrawn by the Scheme or, frequently, independently by the customer. There were 2,481 such cases during the year (2,791 in 2016/17).

Information from the location tracker is reviewed to monitor how the vehicle is being used and to confirm that the disabled customer continues to receive the anticipated benefit of the vehicle. If inappropriate vehicle use is suspected, the customer is contacted to discuss how the vehicle is being used. This may include nominated drivers using the Scheme vehicle for their personal journeys only. The customer will be given the opportunity to correct the use of the vehicle to ensure it is in line with Motability Scheme rules. A warning will be issued for any unacceptable use. Any continued use outside of the Scheme rules may result in the lease agreement being terminated. In the last year, warnings were issued in 1,065 cases (1,171 in 2016/17), with 304 customer agreements being terminated as a result of the location tracker data (233 in 2016/17).

### Family Fund Pilot

In early 2018 vehicles were provided, at the direction of Family Fund charity, to families with profoundly disabled children under the age of three who are excluded from the scope of HRMC DLA. The vehicles are being provided to assist mobility, especially for children who require the assistance of bulky equipment.

Family Fund are receiving financial support from Motability Tenth Anniversary Trust in connection with this pilot.

## Powered Wheelchair and Scooter Scheme

	2016/17	2017/18	Scheme Objective
Overall satisfaction with the Scheme	95%	96%	92%
Number of small scooters available for less than 35% of the mobility allowance	42	44	30
Number of medium scooters available for less than 45% of the mobility allowance	30	28	15
Number of large scooters available for less than 50% of the mobility allowance	35	59	5

### Insurance

The provision of fully comprehensive insurance as part of the worry-free package, irrespective of vehicle, location, credit standing or disability is a key part of the Scheme. In 2013 Motability Operations introduced a new insurance model which resulted in the majority of the insurance risk being assumed by Motability Operations and controlled by a number of re-insurance measures. This model has resulted in Motability Operations acquiring significant insurance expertise and increasing the scale of their operation. This has also changed the overall risk profile of the organisation. Virtually all Scheme vehicles are covered under this provision.

### Refinancing

Motability Operations is financed by a combination of bank borrowing and corporate bonds. Accordingly, maintaining a strong credit rating is a key objective. During the year, new bonds were issued, ensuring a phased maturity profile over the long term and locking in to historically low interest rates.

### Risk Management

The Scheme is exposed to a number of risks, including the uncertain value of cars at the end of their three year leases. Economic Capital principles are used to determine and manage the capital structure of the Scheme,

to ensure that the Scheme remains stable and sustainable. A summary of Scheme risks is shown on page 22. The Scheme Oversight Committee monitors these operational and financial risks on an ongoing basis. This ensures that risks are identified and managed appropriately for the provision of a continuous, responsive and affordable service to customers.

### Powered Wheelchair and Scooter Scheme

Motability Operations has been operating this Scheme since 2010 and the customer proposition continues to be developed and performance continues to improve:

- An independent survey of customer satisfaction shows that overall satisfaction is 96% (95% in 2016/17).
- 96% (94% in 2016/17) of Scheme customers would recommend the Scheme to others.
- Customer intention to renew is 97% (96% in 2016/17).
- The number of customers grew marginally during the year from 14,813 in March 2017, to 14,816 by March 2018.
- The Scheme continued to provide customers with a wide and representative choice of scooters and powered wheelchairs to meet a wide range of mobility requirements, with stable pricing and excellent service.

### Aims for 2018/19

- Maintain the Scheme's excellent customer satisfaction performance.
- Maintain a close working relationship with the DWP during the Government's programme of benefit reforms.
- Work with Motability Operations to implement the transitional support programme for disabled people who can no longer use the Scheme as a result of being reassessed for PIP.
- Maintain price stability and the Scheme's financial health in an uncertain economic climate.
- Continue to monitor and develop policies and processes to protect the integrity and reputation of the Scheme.

Sir Gerald Acher CBE LVO  
Chairman of the Scheme  
Oversight Committee

# Supporting Scheme Customers Affected by PIP

The Government is in the process of replacing DLA with PIP for disabled people aged between 16 and 64. This process began in April 2013 and the DWP expects it to be completed by the end of 2020. During the assessment process and transition from DLA to PIP, some people will lose their eligibility for the Motability Scheme.

In September 2013, Governors announced a one-off transitional support package, designed to assist customers who lose their eligibility to remain on the Scheme when they are reassessed for the new benefit. N.B. this is only for those Scheme customers impacted by their initial DLA to PIP reassessment, not PIP to PIP.

For customers returning the car in good condition and within the agreed time frame, Motability is, subject to terms and conditions, providing a transitional support package:

- The Scheme offers customers an opportunity to buy their vehicle.
- The Scheme has established an arrangement with a leading insurance broker who provides quotes to former Scheme customers, which takes account of their claims history with the Scheme. This can allow them to accrue no-claims discounts of up to 60% which would otherwise not be available to them.
- For customers who lease a WAV, Motability works with them on a case-by-case basis to assist them with their future mobility arrangements, including (where appropriate), help to purchase their current Scheme vehicle.
- For customers whose vehicles have been fitted with adaptations, Motability assists with the cost of fitting the same or similar adaptations to a non-Scheme vehicle.
- The Motability Scheme also provides a package of support and advice to customers currently leasing powered wheelchairs or scooters, with the objective of helping them to purchase their current product wherever possible.

Since September 2013, the Scheme has allowed customers to retain their vehicle for up to three weeks after their DLA payments end.

In April 2017, we were pleased that the Minister for Disabled People, Work and Health, Penny Mordaunt agreed to announce the series of enhancements to Motability's transitional support package that Motability developed, which now allows Scheme customers to retain their car for up to eight weeks. In some cases, this can be extended to 26 weeks, although the customer will then receive a lower transitional support payment than they otherwise would have received. This additional time and flexibility will be valuable to Scheme customers going through this difficult transition, in particular those who are challenging the DWP award decision through reconsideration and appeal. This support is for Scheme customers who are eligible for DLA to PIP transitional support payments and are pursuing an appeal. This is only guaranteed for 26 weeks if the customer has chosen this option. The underlying principle is that, if a qualifying benefit is withdrawn by the DWP, eligibility for the Scheme is lost; the lease is automatically terminated; and the vehicle must be returned.

Further details are available on our website [motability.org.uk/pip](http://motability.org.uk/pip)

In July 2014, a donation of £15 million was received from Motability Operations, with further donations

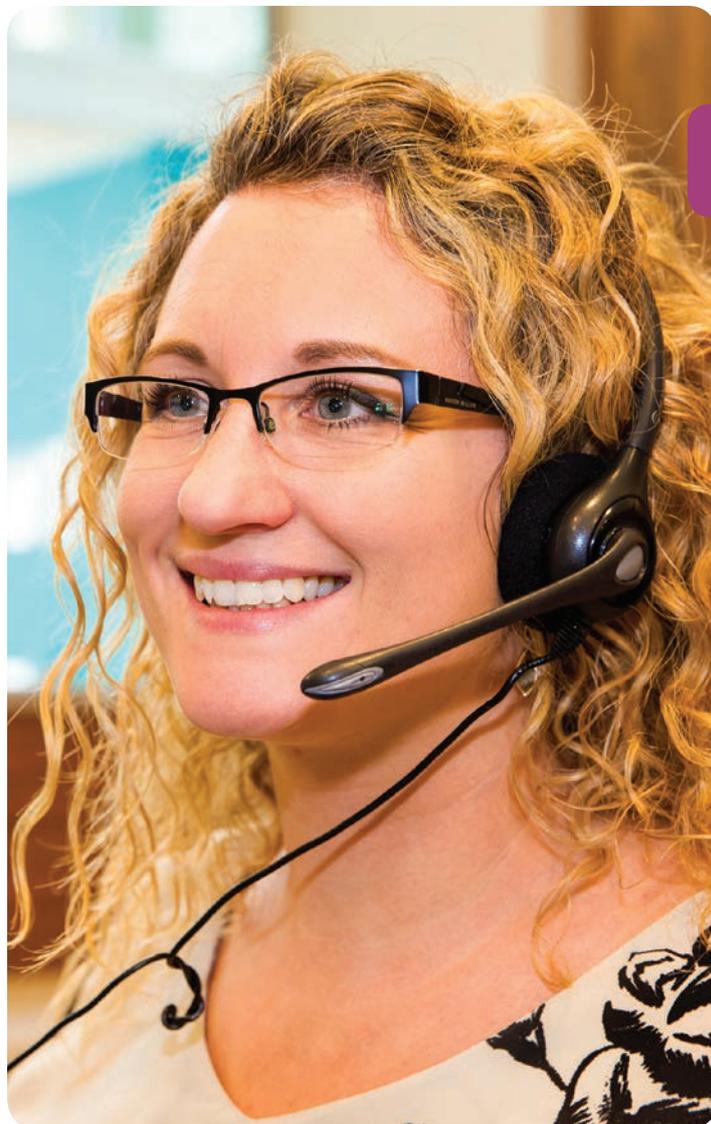


of £135 million in September 2014 and £25 million in September 2015. These donations, totalling £175 million, are restricted and will be used only for transitional support payments to departing customers. In order to ensure the most effective use of the available funds, Governors reviewed all aspects of the support package in December 2017, taking account of customer feedback, economic circumstances and our experience to date of PIP implementation. We will consider the continuation of the transitional support programme annually to ensure it continues to meet the needs of customers, where relevant.

The deployment of DLA to PIP reassessments is currently running behind schedule. However, over 50% of eligible customers have gone through a reassessment. The number of transitional support payments was

Feedback from a customer that has been through the PIP process. **Steven from Stoke-on-Trent explains his recent experience:**

*“The DWP wrote to me inviting me to apply for PIP. When I heard the decision that I was only awarded the Standard Rate of the Mobility Component I was disappointed as it meant that I was no longer eligible for the Motability Scheme. Following this decision, I called Motability to discuss my options. Motability told me I was eligible to receive a support payment of £2,000. This meant that I could purchase a second-hand car and use my standard rate of PIP towards the running costs of the car”.*



17,839 (26,544 in 2016/17); these payments amounted to £29.9 million (£49.0 million in 2016/17). This reduction is attributable to the extended length of time customers can retain their vehicle, as referred to on page 18. There remains uncertainty about the future timing of reassessments.

Our research on the impact of the transitional support programme confirms how useful it has been to Scheme customers affected by the move from DLA to PIP. In October 2017, we again commissioned an external research company to conduct 400 telephone interviews on customers' experience of leaving the Scheme. The results show that 82% of people leaving the Scheme felt that they had retained mobility to a large extent. Of these customers, 74% had purchased a car and 95% believed that the transitional support was important in helping them stay mobile.

In addition to the transitional support programme, Motability also provides additional transitional support to customers who are experiencing exceptional hardship due to leaving the Scheme. This can include transferring or replacing expensive adaptations; enabling customers to remain in the car they have been leasing through the Scheme or helping with the cost of purchasing a suitable vehicle after leaving the Motability Scheme.

During 2017/18 we also provided 322 (596 in 2016/17) former Scheme customers with almost £0.9 million (£1.6 million in 2016/17) of additional transitional support, funded by a grant from The Motability Tenth Anniversary Trust.

We remain in close contact with the DWP to ensure that we can respond effectively during the next stage of reassessments.

### Aims for 2018/19

- Continue to monitor the pace of the DWP reassessments, ensuring the smooth administration of additional transitional support to those customers losing access to the Scheme as a result of the introduction of PIP.
- Continue with further research among former customers to ensure our transitional support programme is structured to support their ongoing mobility as effectively as possible.

# Risk Management

Effective risk management is key to successfully delivering our strategy and developing the sustainability of Motability for the future.

## Risk management

An organisation-wide risk management approach is in place. This identifies our key strategic and operational risks and ensures they are effectively managed through clear accountability and escalation when needed. Risks are assessed to determine their likelihood and impact, confirm that they are effectively managed and that further mitigation actions are taken where needed.

The Board of Governors, its Audit and Risk Committee and the Executive Team review risks on an ongoing basis, evaluating the mitigations that are in place and identifying any new risks.

A comprehensive Risk Register is maintained and reviewed quarterly by senior management through the Motability Internal Governance and Risk Assurance Committee (MIGRAC). This Committee provides assurance to the Executive Team and to the Audit and Risk Committee that appropriate arrangements are in place to ensure

the effective management of the risks to Motability's internal operations and to recommend any changes to policies or processes which may be required. Each risk is assessed in terms of gross risk value and net risk value, based upon the mitigation control in place. Each risk has an owner assigned to ensure clear accountability and ownership.

## The Audit and Risk Committee

The Audit and Risk Committee monitors the resulting risk profile and reports its findings to the Trustee Board.

## Motability Scheme Risks and Mitigations

Operational and financial risks arising from within Motability Operations are addressed by their own separate Audit Committee, which is chaired by an independent Non-Executive Director.

The Motability Board has put in place a number of actions to review and report on emerging Scheme risks as they affect the overall responsibilities of Governors:

- The Chair of Motability's Audit and Risk Committee, together with the Director and Director of Finance of Motability, attend Motability Operations' Audit Committee meetings, in order to appraise the Board of any emerging risks.
- The Scheme Oversight Committee review a wide range of Scheme performance indicators which include the impact of economic factors on vehicle affordability. Unexpected movements in used car values can have a significant impact on affordability and future pricing. In order to mitigate this risk, Motability Operations use Economic Capital principles to evaluate the potential risks it faces in order to ensure that the business remains sustainable through the economic cycle.

## Summary of Motability's Key Risks and Mitigation

Risks	Potential Impact	Mitigation
A significant event that impacts negatively on Motability, including the effectiveness of our oversight of the Scheme	<p>Loss of potential customers and reputational damage</p> <p>Loss or reduction in funding or VAT/IPT concessions</p>	<p>Effective communication and PR strategy, and interaction with disability organisations, DWP and other stakeholders</p> <p>Effective Scheme Oversight Committee and detailed monitoring of KPIs</p>
Welfare reform, including the replacement of DLA with PIP, may result in customers dissatisfaction	Negative press coverage of the Scheme	Effective PR communication strategy together with our transitional support programme
<b>Financial Risks</b>		
The number of customers qualifying for PIP transitional support payments may exceed forecast	Liability exceeds available reserves	Governors conduct an annual review on the continuation of the PIP programme and can also review available funding. In addition, there is continual dialogue with Motability Operations to provide support in advance of projected need
<b>Compliance Risk</b>		
There are ever-increasing ethical, legal and regulatory obligations, for example General Data Protection Regulations (GDPR), being placed on all organisations, including charities	Risk of non compliance with relevant legislation or regulatory requirements	We recognise the importance of having a thorough and resilient approach to managing compliance, both to those external requirements and to the internal policies and rules that we set
<b>Operational Risk Including Cyber Risk and Information Security</b>		
Motability's data or systems suffer a malicious attack or other disruption to business continuity	Lack of service availability of required system and data loss leading to financial and reputational risk	<p>Robust control environment including Information Security framework aligned to best practice and industry standards</p> <p>Active monitoring of Business Continuity and Disaster Recovery plans</p> <p>Designated data protection officer</p>

## Risk Management continued...

### Summary of the Motability Scheme Key Risks and Mitigation

Risks	Potential Impact	Mitigation	Link to Strategy
<b>Residual values</b> Unexpected movements in used-car values, failure to achieve market value on disposal	Volatility in profitability, reserves and pricing. Potential impact on affordability and choice	Sophisticated in-house residual value setting and forecasting process Risk capital management for asset risk using Economic Capital principles Market-leading remarketing approach	The setting of residual values is one of Motability Operations' core competencies. Motability Operations' strategic approach ensures that they invest appropriately to maintain a market-leading capability (in terms of people, methodology and technology)
<b>Insurance</b> Exposure to insurance claims that exceed expectations or supplier failure	Financial impact of claims exceeding priced expectations Failure of a reinsurer could transfer risk back to Motability Operations Legislative changes (for example Ogden rate changes).	Conservatively placed Reinsurance programme effectively limits the Group's net risk Risk capital in place to cover net risk Access to extensive expertise Diversification of supply across highly rated reinsurers	Motability Operations' revised insurance arrangement has been carefully designed to ensure that the structure delivers value for customers and is sustainable into the long term
<b>Treasury</b> Exposure to interest or exchange rate movements, liquidity, funding, counterparty and operational risk	Potential impacts include volatility in funding costs, with knock-on effects on lease pricing, and lack of availability of growth or replacement funding	Majority of funding on fixed rates or fixed through interest rate and/or foreign currency swaps Balanced portfolio of funding maturities and diversification into bond market Maintenance of strong credit rating Robust treasury system, controls and governance	The strategic pillar of ensuring long-term sustainability guides Motability Operations' approach to determining treasury policy, which is designed to be 'vanilla' and risk-averse

Risks	Potential Impact	Mitigation	Link to Strategy
<b>Supplier failure</b> Failure of key manufacturer or other key Scheme supplier	Compromised customer service provision and potential financial impact of securing alternative supplier In case of manufacturer failure, likely impairment of residual values and threatened availability of parts and warranties	Active monitoring of credit ratings and market announcements Strong supplier relationships and communication Diversification of supply Diversified portfolio	Through Motability Operations' annual strategic review they assess the performance and stability of all main Scheme suppliers, including contingency planning in the event that a major failure occurs
<b>Operational</b> Risk of failure of key systems, controls or processes	Potential financial and reputational risk Risk of business disruption	Robust control environment Active monitoring of Business Continuity and Disaster Recovery plans Focus and investment in IT infrastructure providing a stable and resilient operating platform	Motability Operations' ensure that they make appropriate strategic investments in their infrastructure, systems and processes
<b>Cyber risk and information security</b> The loss or harm related to unauthorised access to infrastructure or data	Potential impacts to customer and stakeholder confidence Potential financial and reputational risk Risk of business disruption	Information security framework aligned to best practice and industry standards Designated Data Protection Officer Ongoing employee awareness programme Cyber Insurance and Incident Response plan in place	Customer confidence in the Scheme underpins Motability Operations' strategy The strategic pillar of ensuring long-term sustainability ensuring compliance with key regulation
<b>Credit</b> Risk of default of key income streams and exposure to bad debt	Potential impact on cash inflows and consequent write-off to income statement	Principal income stream received directly from DWP – therefore minimal credit risk Residual credit risks are managed through credit assessments and an effective credit control function	The assignment of customers' allowances directly to the Motability Operations Group is a fundamental strategic underpinning of the effective and efficient operation of the Scheme

# Report of the Audit and Risk Committee

The primary focus of the Audit and Risk Committee is to review a range of financial, internal control, audit and risk management matters, and to make recommendations to the Board as appropriate.

## Report of the Audit and Risk Committee

The Committee's review includes:

- Integrity of the financial statements.
- Internal control and risk management systems.
- Results and the effectiveness of the internal audit work
- External auditor's independence and objectivity.
- Effectiveness of the external audit process.

The Committee makes recommendations to the Board regarding:

- The appointment and remuneration of the external auditor.
- The appropriate level of reserves of the Charity and associated investment strategy.
- Any changes in accounting policies or disclosures, in accordance with UK GAAP, the Charities Act 2011 and the Royal Charter.

## Significant Matters in Relation to the Financial Statements

The Audit and Risk Committee reviewed a number of significant matters which have a bearing on the integrity of the financial statements:

- **PIP transitional support programme**  
We reviewed the assumptions underlying the provision for transitional support for customers who can no longer use the Scheme following their DLA to PIP reassessment. Motability's commitment is to fund all allowable claims that have been agreed or initiated until the annual

review of the package is completed by Governors (due by the end of December 2018). The changes in assumptions following the enhancements to the transitional support programme announced in April 2017 had a material impact on the provision at 31 March 2018. The basis of the provision is described in more detail on page 48.

- **Defined benefit pension liability**  
We reviewed the assumptions used in the actuarial valuation as at 31 March 2018.

The Defined Benefit Pension Scheme was closed to new employees in 2005 and to future accrual for existing members in April 2012. The valuation of the pension liability is subject to changes in bond rates used to discount the liability to today's value, changes to the actuarial assumptions used to determine likely average lifespans, and other economic factors.

- **Going concern**  
In assessing our ongoing financial viability, we considered the future potential impact of: changes to pension assumptions, costs of the PIP transitional payments and other financial risks and opportunities, covering the period of 12 months from the signature of the financial statements. We had regard to the ongoing support that is provided by The Motability Tenth Anniversary Trust and Motability Operations.

## Internal Controls, Risk Management and Policies

At each of our meetings we reviewed a summary of the major and emerging risks facing Motability.

The Committee examined the effectiveness of the systems of internal control in mitigating risks through reviews of the:

- Risk Register maintained by management and actions taken to reduce the likelihood and impact arising from risk scenarios.
- Reports arising from the implementation of the approved internal audit programme.
- Nature and scope of the external audit and any matters raised by the external auditor for the attention of management.
- Control reports specifically requested by the Committee.

The Committee has procedures for reporting failings immediately to the appropriate levels of management and to the Board. The Scheme Oversight Committee review the performance and key risks faced by the Motability Scheme which are shown on pages 22 and 23. A summary of key risks is reviewed by the Board on an annual basis.

Key areas discussed during the year by the Committee included the DWP/ Treasury Select Committee inquiry referred to in the Chairman's Statement, aspects of Governance of the Charity and the increasing threat of Cyber activity. We also received an update at each meeting on progress with the requirements of the GDPR.

Motability has adequate controls that meet privacy industry standards in relation to data and security. These include restrictions on access to customer information as well as our own information and strict password usage.

Motability takes cyber security very seriously and we regularly carry out ethical hacking (penetration) testing. IT systems are regularly updated to mitigate security risks.

A comprehensive programme for GDPR compliance was initiated in 2017 and the Charity believes it is well prepared to meet the requirements. In keeping with best practice, this includes having recruited a dedicated person in the role of Data Protection Officer.

The Whistleblowing Policy is reviewed annually by the Committee and provides a route for Motability staff to escalate any issues, as appropriate, to the Chair of the Audit and Risk Committee and to the Financial Conduct Authority (if necessary).

The Committee also updated our Treasury Policy to include both PIP and Funds held for specialised vehicles, ensuring best practice in cash management alongside the continued appointment of Barclays Wealth to manage the investment portfolio for this fund.

During the year, the Committee reviewed and approved an updated procurement policy, a new Audit Tender Policy and revised finance authority limits, to bring them in line with current best practices.

### Internal Audit

We reviewed the internal audit plan and considered a report from our Internal Auditor at each of our meetings. The report covers progress against the annual plan, a summary of findings from audits completed since the previous meeting and progress with management's implementation of internal audit recommendations. A three year internal audit plan was developed and approved by the Committee in March 2016. The second

year of that plan has been completed satisfactorily in 2017/18.

The plan is based upon a detailed assessment of the potential risks associated with each of the charity's activities.

Risks were assessed in the following areas:

- Financial.
- Legal.
- Operation and technical.
- Reputational.
- Potential exposure to fraud.

As a consequence of this process, 16 audit areas have been identified and have been divided between those requiring high, medium and low levels of scrutiny. Activities classified as high risk are audited annually, whilst those classified as medium risk are audited biennially and the remainder triennially.

During 2017/18 we considered reports from internal audit covering the following areas:

- Financial management of VAT.
- Treasury and cash management.
- Facilities.
- Charitable Grant operations.
- PIP transitional support scheme.
- Legislative compliance and risk management
- DWP information security compliance.
- IT general controls
- IT project governance

All recommendations made by Internal Audit have been accepted by management. At each of its meetings, the Committee reviewed progress, with outstanding recommendations arising from both the internal and external audits and was satisfied that appropriate progress had been made.

### External Audit

The Committee reviewed the external audit plan at its March meeting, based upon Deloitte's assessment of potential audit risks from the charitable activities undertaken during the year.

Following the external audit for the year ended 31 March 2018, at our meeting in June 2018 we reviewed and discussed with Deloitte the work it performed and its conclusions. This included a private meeting with Deloitte without any management present.

During the year we reviewed the policy in relation to external audit. We evaluated the performance of Deloitte as external auditor at our meeting in June 2018 and recommended to the Board its reappointment.

**Richard Bennison FCA**  
Chairman of the Audit and Risk Committee

# Report of the Funding and Grant-Making Committee

Motability provides charitable grants to disabled people who are unable to afford the car, adaptations or driving lessons they need. We consider each application for a charitable grant on a case-by-case basis, taking into account an individual's specific needs. Charitable grants are primarily funded by Motability Operations and The Motability Tenth Anniversary Trust.

## Charitable Grants

This year we helped 8,544 disabled people with a charitable grant, committing to spend a total of £23 million (£24 million in 2016/17), excluding support costs.

Number of charitable grants provided	2016/17	2017/18
Wheelchair Accessible Vehicles and Complex Adaptations	2,759	2,611
Drive-from-Wheelchair/Internal Transfer Vehicles	316	321
Cars	3,263	3,845
Driving Lessons	868	799
Additional Transitional Support	596	322
Adaptations	824	646
<b>Total Grants</b>	<b>8,626</b>	<b>8,544</b>

Source: Customer database (numbers from 2016/17 have been updated to come from a consistent source).

## Wheelchair Accessible Vehicles (WAVs) and Complex Adaptations

WAVs are vehicles which have been adapted to enable a wheelchair user to access and remain in their wheelchair when travelling. Many adaptations are available at no additional cost; however more complex adaptations, such as mechanical and electric swivel seats, person hoists, rooftop wheelchair storage devices and electronic driving aids, are considerably more expensive.

This year we have seen a 6% reduction in the number of applications we have received from disabled people requesting financial assistance towards a WAV or complex

adaptations. We still helped 2,611 disabled people with a charitable grant towards a WAV and/or complex adaptations this year (down from 2,759 in 2016/17), committing to spend £9.6 million (£10.1 million in 2016/17).

## Drive-from-Wheelchair Vehicles/ Internal Transfer Vehicles (DfW/ IT)

DfW/IT vehicles are bespoke solutions that enable a disabled person to access the vehicle whilst remaining in their wheelchair, they can either drive from their wheelchair or transfer onto a specialist driver's seat. As these vehicles are tailored around the individual, they are considerably

more expensive than a standard production WAV. They often require complex adaptations, together with familiarisation driving lessons, so the customer can get used to driving their new vehicle and using its controls safely.

Motability has a team of Mobility Driving Advisors based across the UK, who assess individuals' needs for a DfW/IT vehicle as well as those customers who may require changes to their existing Scheme vehicle during their lease period. These assessments are often carried out at the customer's home to make it both convenient for them and for the Mobility Driving

Advisor to be able to carry out detailed assessments of all their access and driving requirements. This year our Mobility Driving Advisors completed 1,238 assessments (1,283 in 2016/17).

During the year, we helped 321 disabled people with a charitable grant for a DfW/IT vehicle, committing to spend a total of £8 million (316 customers and £8 million in 2016/17). We also agreed the availability of funding for a further three years from MTAT, which will enable Motability to continue to help disabled people who need a DfW or IT vehicle.

### Cars

We provided 3,845 Scheme customers with a charitable grant towards a standard production Scheme car or simple adaptations such as a wheelchair hoist; this was an increase of 18% (3,263 in 2016/17).

### Driving Lessons

We fund driving lessons to support Scheme customers to learn to drive. The driving lessons are provided by our partner AA/BSM. This year we saw a 7% decrease in the number of applications for driving lessons; 919 in 2017/18 (993 in 2016/17). We provided 799 grants for driving lessons, a decrease of 8% (868 in

2016/17). We committed to spend £0.8 million on driving lessons (£0.9 million in 2016/17).

### Supporting Driving Instructors Across the UK

We have recently completed a three-year programme with our partner, AA/BSM, to train driving instructors across the UK. Delivered by our Mobility Driving Advisors, the training provides AA/BSM driving instructors with advice for teaching disabled learner drivers who use sophisticated driving controls, typically in DfW vehicles. The training has been delivered to 74 driving instructors to enable them to improve the overall experience for disabled learner drivers.

*“With a smaller estate car, it took 45 minutes to get my husband and our wheelchairs in and out of the vehicle; now it only takes a few minutes. The vehicle is life-changing. We can continue doing voluntary work in our local community and, most importantly of all, the vehicle helps me to care for my husband independently.”*

**Angela** has been a Motability Scheme customer since the age of 19. Based on Angela’s needs, Motability recommended and helped to fund a Drive-from-Wheelchair vehicle.



## Report of the Funding and Grant-Making Committee continued...

*“The Motability Scheme has given me back my freedom. I no longer have to rely on others for a lift and I can spend more time travelling with my children, including dropping them off to school and getting on with normal day-to-day activities.”*

**Bryany** received a charitable grant from Motability, which helped toward the cost of her driving lessons; she passed her test and is now able to drive in her Motability Scheme car.



The three-year programme was supported by The Motability Tenth Anniversary Trust. Following the success of the programme, Motability will continue to fund this in 2018/19.

### Additional Transitional Support (ATS)

Motability can provide customers with a one-off PIP transitional support payment, to assist customers who lose their eligibility to remain on the Scheme when they are reassessed for PIP, see page 18 for more details.

In addition, Motability can provide discretionary charitable grants through the ATS to Scheme customers who need financial help over and above the separate support received from the transitional support payment.

Following customer feedback, enhancements were made to the

PIP transitional support programme, in April 2017, allowing customers to keep their vehicle whilst they make alternative arrangements or appeal against the DWPs decision to not award them PIP. These enhancements to the transitional support programme (see page 18) resulted in fewer customers needing additional support in 2017/18; 322 customers (596 in 2016/17) with grants totalling £0.9 million (£1.6 million in 2016/17).

### Customer Satisfaction

Customer Satisfaction Surveys (CSIs) are conducted each quarter to monitor feedback regarding the service we provide and the customer experience during their grants application. The service we provided remained high; on average, customers rated us at 9.6 out of 10 when asked how satisfied they were overall, consistent with 2016/17 (9.6 out of 10).

### Aims for 2018/19

- Maintain the high levels of customer satisfaction.
- Ensure we support as many customers as possible to cover grants for vehicle Advance Payments, adaptations, driving lessons and PIP Additional Transitional Support.
- Ensure our policies and procedures reflect the needs of the increasing number of customers with mental and cognitive conditions.

## Corporate and Individual Donations

Following the cessation of active fundraising in June 2016 from voluntary sources, we have continued to engage with those supporters who choose to continue to support Motability. During 2017/18 individual supporters donated £61,000, primarily from regular donations, which continue to be made by standing order. We also received £312,000 from legacies and in memoriam and are grateful to those individuals who left us a gift in their wills.

The Discretionary Hardship Fund has been designated during the year to support customers with financial hardship. The specific purpose of the fund will be determined during the coming year.

This year RSA employees (based in Liverpool) raised a total of £66,000 from their annual employee fundraising programme. This donation which will be used to provide charitable grants to Scheme customers and their families who live in the Liverpool area.

## Home, Pet and Travel Insurance

Motability received £546,000 (£596,000 in 2016/17) in commission payments from the sale of home insurance (provided by RSA), pet insurance (provided by helpucover) and travel insurance (provided by AllClear).

**Professor Adrian V Stokes OBE**  
Chairman of the Funding and Grant-Making Committee

## Charitable Trusts and Foundations

We received a total of £33,000 from the following Charitable Trusts and Foundations;

DM Charitable Trust

Dumbreck Charity

George and Grace Hart Trust Fund

Hugh & Mary Miller Bequest

Jean S Innes Charitable Trust

Kenrob Charitable Trust

Sir Edward Lewis Foundation

The Alison Hillman Charitable Trust

The Anne and John Walters Charitable Trust

The Anson Charitable Trust

The Ballinger Charitable Trust

The Fitton Trust

The Ian Fleming Charitable Trust

The Julius Silman Charitable Trust

The Liebenrood Charitable Trust

The Madeley Trust

The Privy Purse Charitable Trust

The Reginald and Ena Hill Foundation

The Rose Adeane Trust

The Sherling Charitable Trust

The Vassiliou Charitable Trust

# Report of the Nomination Committee

Members of the Nomination Committee are appointed by the Board of Governors, in consultation with the Chairman of the Committee.

The Nomination Committee is chaired by Lord Sterling of Plaistow GCVO CBE, Chairman of Motability.

Other members of the Committee are Sir Gerald Acher CBE LVO, Richard Bennison FCA (Honorary Treasurer of Motability), Ed Humpherson and Professor Adrian V Stokes OBE. The Director acts as secretary to the Committee.

## Responsibilities of the Nomination Committee

The Nomination Committee meets annually and it is required to:

- Identify and recommend the appointment of new Governors to the Board of Governors, which is subsequently approved at the next Annual General Meeting.
- Recommend the appointment of new members of Board Committees to the Board of Governors.
- Identify and recommend the appointment of new Directors to the Board of Governors.
- To evaluate the balance of skills, knowledge and diversity on the Board, and to consider all candidates based on merit and against objective criteria when identifying and recommending

appointments to the Board.

- Ensure that upon appointment each new Governor receives a letter of appointment, setting out what is expected from them.
- Assess annually the performance and skill gaps of the Board of Governors as a whole and of individual members.
- Formulate succession plans for Governors.
- Keep under review the leadership needs of Motability to ensure its continued ability to meet its charitable objectives.
- Liaise with other Committees as appropriate, including the Remuneration Committee.

The Committee's terms of reference were reviewed and approved by the Board on 4 April 2017, and the first meeting was held on 15 June 2017.

**The Lord Sterling of Plaistow**  
GCVO CBE  
Chairman

# Report of the Remuneration Committee

Members of the Remuneration Committee are appointed by the Board of Governors, in consultation with the Chairman of the Committee.

The Remuneration Committee is chaired by Sir Gerald Acher CBE LVO, Vice-Chairman of Motability.

Other members of the Committee are Richard Bennison (Honorary Treasurer) and Joanna Lewis.

The Director attends the Committee meetings (but is absent for any discussion about his own remuneration). The Head of Human Resources acts as secretary to the Committee and provides subject matter expertise to the Committee as required in its consideration and application of Motability's remuneration policy.

Individuals are not involved in any Committee discussions or decisions which relate directly to their own performance or remuneration.

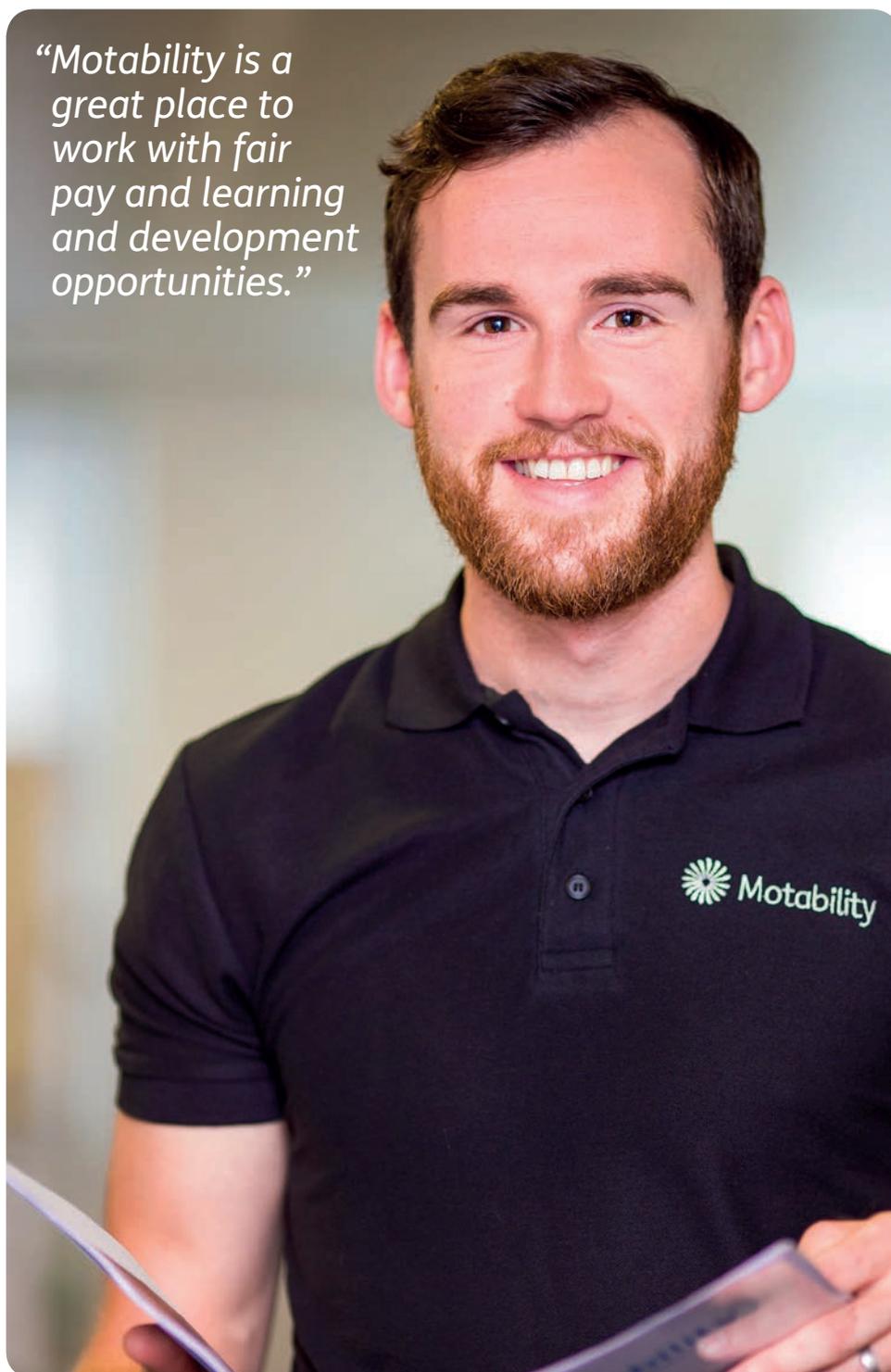
## Responsibilities of the Remuneration Committee

The Remuneration Committee meetings recommend the broad policy for the remuneration of Motability's Senior Executive Management Team to the Board of Governors. It also considers and makes recommendations on the broad remuneration policy for Motability's staff, including the provision of pensions.

In order to carry this out, the Committee is required to:

- Review and agree the overall market positioning of the remuneration package, including seeking external expertise if required.
- Annually review the process for setting staff salaries at all levels.
- Approve the employment contracts of the Director and key executive staff.

*“Motability is a great place to work with fair pay and learning and development opportunities.”*



## Report of the Remuneration Committee continued...

The Remuneration Committee has delegated authority from the Board of Governors, but any significant adjustments or developments of the Remuneration Policy will be referred back to the Board for their consideration.

The Remuneration Committee reports after every meeting to the Board of Governors. The Terms of Reference of the Remuneration Committee are reviewed regularly and approved by the Board.

All members of the Board of Governors are unpaid and their reasonable expenses reimbursed.

### Advisors

The Committee draws on the expertise of external independent specialists for benchmarking and advice on best practice as and when required.

### Activity of the Committee during the year 2017/18

The Committee met to:

- Review and agree any changes to base salaries.

### Remuneration Policy

Motability believes in recruiting and retaining high-calibre people. This requires a range of skills and disciplines; we need to pay people fairly and appropriately to ensure we can recruit and retain them in a marketplace where skills are readily transferable to other organisations in both the voluntary and private sectors.

Remuneration is reviewed using established job evaluation models and median salary data from comparable benchmarks, including other charities, to ensure that it is competitive, is able to attract talent and encourage retention.

All Motability employees are provided with a copy of the annual Business Plan, which describes the organisational and departmental objectives. In addition, all People Managers are provided with an Accountability Statement which sets out expectations of their performance in respect of a range of matters including risk management, adherence to company policies, leadership, diversity and information security.

All employees are paid through payroll, with payments being subject to PAYE and National Insurance contributions as appropriate. Motability does not operate a bonus scheme for any staff.

### Directors' Remuneration Policy

The remuneration package for Directors (the Director and the Director of Finance) consists of: base salary; core benefits and pension. Motability's approach to each of these elements is described as:

- **Base salary**  
Each year the Remuneration Committee determines the salary of each Director, with regards to the role and its responsibilities, the experience of the individual undertaking the role and market comparatives. Annual changes are made as appropriate, taking these factors into account.
- **Core benefits**  
Motability provides Directors with a number of core benefits, including private medical insurance, life assurance and a company car (or cash allowance in lieu of a car).
- **Pension**  
Motability provides a Stakeholder Pension Plan, which is non-contributory for all employees. Motability makes contributions equivalent to 10% of base salary, and offers a facility to match employee contributions up to a further 5% via salary sacrifice.

The remuneration paid to the Director in the financial year 2017/18, was £177,407 (£171,760 in 2016/17). This comprised salary, holiday pay, employer pension contributions, private healthcare and car allowance.

### Other Matters

Motability is committed to promoting equal pay and ensures that all salaries exceed the requirements of the National Living Wage.

### Sir Gerald Acher CBE LVO

Chairman of the Remuneration Committee

# Financial Review and Results

Our results for the year 2017/18 are presented in our consolidated Statement of Financial Activities (SOFA) on page 39.

## Income and Expenditure

Total income increased by £18.8 million to £72.1 million (decreased by £13.8 million to £53.3 million in 2016/17). This increase is largely explained by the receipt of a donation of £45 million from Motability Operations (£30 million in 2016/17). The Board has designated this for the purposes of funding passenger WAV grants. During the year, the Governors created a further designated fund, the Discretionary Hardship Fund.

Total Motability-funded grant awards (excluding PIP transitional support grants) were £22.3 million (compared to the 2017 level of £22.3 million). The reserves carried forward for Grant-Making (excluding the fund for PIP transitional support grants) increased to £61.2 million (£25.3 million in 2016/17).

To allow closer analysis of our work, our financial activities are divided into four areas:

- Motability grants to disabled people.
- Specialised vehicle grants to disabled people (passenger WAVs and drive-from-wheelchair WAVs).
- PIP Transitional support grants.
- Administration and support costs.

The results of these areas are shown on the consolidated SOFA on page 40.

## Motability Grants to Disabled People

This activity comprises our Grant-Making for driving lessons, less complex car adaptations and help towards the right vehicle for Scheme customers' needs. Following the reduction in fundraising activities, Motability grants to disabled people have principally been funded from MTAT and Motability Operations.

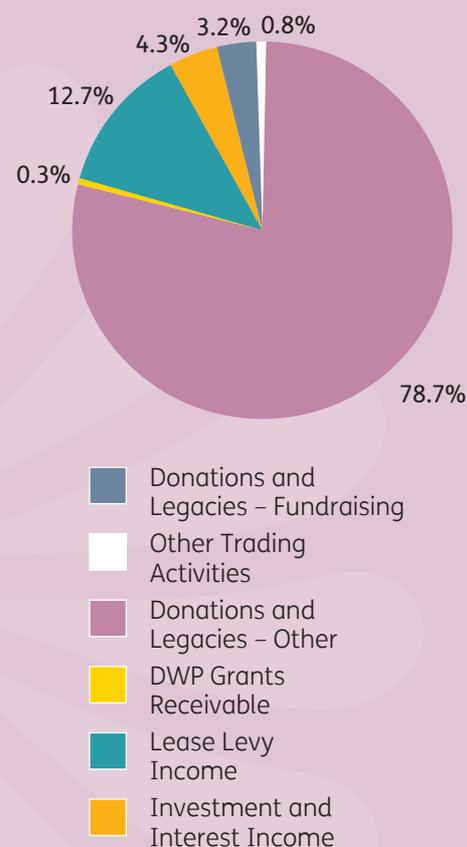
Fundraising income decreased to £2.3 million (£3.4 million in 2016/17) due to the cessation of active fundraising activities. As a result, the cost of raising these funds decreased to £0.3 million (£0.8 million in 2016/17).

The overall grants expenditure increased to £2.5 million (£2.1 million in 2016/17).

## Specialised Vehicle Grants to Disabled People

These grants are made for customers who require more heavily adapted vehicles, which are either passenger WAVs or DfW vehicles and were funded by the DWP until 31 December 2015. From January 2016, passenger WAVs have been (and will continue to be) funded by Motability, using donations from Motability Operations. DfWs have been funded from donations from MTAT which has undertaken to provide funding for DfWs until 31 December 2021, subject to annual approval.

Our incoming resources comprise:



## Motability Grants to Disabled People

	2018 £'000	2017 £'000
<b>Income</b>		
Donations, legacies and other trading activities (includes interest)	2,832	4,316
<b>Total Income</b>	<b>2,832</b>	<b>4,316</b>
<b>Expenditure</b>		
Raising Funds	325	770
Motability-Funded Grants	2,515	2,062
<b>Total Expenditure</b>	<b>2,840</b>	<b>2,832</b>

## Financial Review and Results continued...

### Specialised Vehicle Grants to Disabled People

Income	2018 £'000	2017 £'000
DWP Grants	256	249
The Motability Tenth Anniversary Trust donation	10,382	4,684
Motability Operations donation	45,000	30,000
Interest and Investment	1,076	168
<b>Total Income</b>	<b>56,714</b>	<b>35,101</b>
Expenditure		
Motability-Funded Grants – WAVs	11,516	11,440
Motability-Funded Grants – DfWs	8,004	8,554
DWP Grants	256	249
<b>Total Expenditure</b>	<b>19,776</b>	<b>20,243</b>

### PIP Transitional Support Grants

Income	2018 £'000	2017 £'000
Donations	1,380	2,143
Investment income	1,988	2,221
<b>Total Income</b>	<b>3,368</b>	<b>4,364</b>
Expenditure		
Motability-Funded Grants	897	1,788
Transitional Support Grants	(7,116)	84,967
Bank charges	157	308
<b>Total (Credit)/Expenditure</b>	<b>(6,062)</b>	<b>87,063</b>

The table above shows the source of funds for Specialised Vehicle Grants to Disabled People.

The total grants made to customers requiring either passenger WAVs or DfWs totalled £19.8 million (£20.2 million in 2016/17), reflecting a continued demand for these vehicles.

#### PIP transitional support

PIP transitional support grants are funded from donations made by Motability Operations which total £175 million to date. ATS grants are funded by donations from The Motability Tenth Anniversary Trust. The investment income earned on the invested funds was £2.0 million

(£2.2 million in 2016/17). A release of £7.1 million was made during the year (a charge of £85.0 million in 2016/17), following a reassessment of the assumptions underlying the provision following actual payment experience during the year (as detailed in note 14).

#### Administration and support

Our administration and support costs, including the costs of our pension arrangements, have been funded through a lease levy which is charged by Motability Operations (on our behalf), on each lease contract.

The grant from the DWP ceased on 31 December 2015 following the DWP's decision to cease funding the SVF. The lease levy income decreased to £9.2 million (£9.5 million in 2016/17), reflecting a slightly reduced number of new leases following the transition from DLA to PIP. The lease levy is provided specifically to fund administration costs, including the cost of the administration of the defined benefit pension scheme.

Reserves for administration and support costs have increased to £11.1 million (£8.7 million in 2016/17) including an actuarial gain on the defined benefit pension scheme this year of £1.8 million (gain of £0.8 million in 2016/17). Please see note 19 for further details.

#### Fund Balances

Restricted funds are in respect of the DfW funding activity, transitional support grants, and our administration and support activity. Restricted funds increased by £5.6 million to £47.6 million due mainly to the provision release on the PIP transition support programme.

The restricted fund to cover transitional support grants grew by £7.8 million, following the provision release during the year. The fund balance for our administration and support costs increased by £2.4 million, reflecting a reduction in the pension fund deficit,

and an excess of income over costs for the year.

The donation from Motability Operations for funding WAVs resulted in a fund balance of £58.9 million (£22.9 million in 2016/17). As a result of the £45 million Motability Operations' donation, which has been designated for funding WAVs, total unrestricted funds increased by £40.5 million to £61.4 million.

### Investment policy and objectives

The principal investment objectives are capital preservation and liquidity through the use of a risk-averse portfolio. The Charity insists on a specified quality of investments in its portfolio and ethical investment screening.

The Board aims to ensure that the funds are held in institutions, or investments backed by well-established corporates, that meet defined security parameters as determined by the main credit rating agencies. Funds are invested over time periods correlated with the required liquidity needs of the Charity, as determined by operational cash flow projections. When security and liquidity requirements have been met in full, the Board aims to maximise investment return. The balance of the £175 million donation received to fund the PIP transitional support scheme, together with the Specialised Vehicle Passenger donation, are managed by Barclays on behalf of Motability and is invested in a mixture of corporate bonds, fixed term cash deposits and interest bearing deposit accounts.

Investment returns for the year ended March 2018 were 1.67% (1.31% in 2016/17), which comprises investment income, interest income and capital appreciation (including gains and losses) net of all fees. This is in line with our expectations when reviewing relevant external benchmarks.

### Administration and Support

	2018 £'000	2017 £'000
<b>Income</b>		
Lease Levy	9,184	9,501
Other	26	43
<b>Total Income</b>	<b>9,210</b>	<b>9,544</b>
<b>Expenditure</b>		
Grant-Making	5,314	5,006
Scheme Operations/ Communications	3,487	3,177
<b>Total Expenditure</b>	<b>8,801</b>	<b>8,183</b>

### Pensions

Motability operates a funded defined benefit scheme for staff who joined before 1 July 2005. Following consultation with the scheme members, a decision was taken in October 2011 to close the scheme to future accrual, which took effect from 30 April 2012.

The last actuarial valuation was carried out at 31 March 2016.

It showed the market value of the assets of the scheme to be £16.6 million and the present value of the liabilities £24.0 million, resulting in an actuarial deficit of £7.5 million at that date with a funding level of 69% (deficit of £4.6 million as at 31 March 2013 with a funding level of 74%). Agreement was reached with the scheme's Trustees in March 2017 that the deficit would be reduced by cash contributions as follows:

- £1.2 million in each of the years ended 31 March 2017, 2018 and 2019.
- £0.7 million on 31 March 2020.

Note 19 details the annually calculated notional valuation under FRS102. The deficit has reduced from £5.8 million as at 31 March 2017 to £3.0 million as at 31 March 2018. The

scheme's underlying liabilities have decreased from £25.3 million as at 31 March 2017 to £24.0 million at 31 March 2018. There is a rise in the fair value of the scheme's assets to £21.0 million (£19.5 million in 2016/17).

Following the next triennial valuation in 2019, the Board will review the appropriateness of the current deficit repayment plan.

Motability also operates a defined contribution scheme for staff joining after 1 July 2005 and for staff who were members of the defined benefit scheme at 30 April 2012.

### Reserves Policy

#### Restricted reserves

Restricted reserves represent unspent donations which are to be applied for specific purposes as required by the donor. Motability has three main restricted reserves which can be used for PIP transitional support payments, DfW, and for support and administration costs for the Scheme.

Unspent restricted funds are carried forward to the next year, with agreement of the funder.

## Financial Review and Results continued...

### Designated Reserves

Following a further unrestricted donation of £45 million from Motability Operations, the Governors have designated this to reflect grant commitment support with respect to Passenger WAVs. The Governors anticipate that this funding will provide approximately three further years of support.

### Unrestricted Reserves

Unrestricted reserves are held to ensure that Motability can maintain the current level of grant commitments should there be a temporary reduction in income.

Total unrestricted reserves for the Group at 31 March 2018 totalled £61.4 million (£20.9 million in 2016/17), of which £59.8 million (£18.6 million in 2016/17) relates to designated funds and the remainder of £1.6 million of general funds (£2.4 million in 2016/17). These general funds represent four months of the expected level of charitable expenditure during the forthcoming year (five months in 2016/17). The policy is to ensure that there are at least three to six months' reserves at any time to pay current levels of grant commitments. The policy has been reviewed annually by the Board and is maintained to ensure that Motability is able to meet any future volatility in grant requests that may arise.

### Going Concern

The financial plans of Motability, including budgets and cash flow forecasts, covering the period of not less than 12 months from the date of signing the financial statements, have been reviewed in detail, in particular the approved income grants, the value of the future lease levy and the level of reserves. On this basis, we believe that the going concern assumption continues to be appropriate and that

Motability has a sound financial basis upon which to build for the future.

### Future plans and the year ahead

Motability's plans for the future are based around our key areas of responsibility as set out on page 2, taking into account our current performance, feedback from our customers and an assessment of the risks which we face.

### We set the strategic policies and direction of the Motability Scheme.

The Scheme Oversight Committee reviews the performance and principal risks faced by the Motability Scheme which are set out on pages 22 and 23.

### Raise awareness of the Motability Scheme

We will continue to work with the DWP and with other disability organisations and healthcare professionals to raise awareness of the Scheme among eligible disabled people, so that they can make an informed choice about whether they choose to join the Scheme or not.

### We support qualifying customers who lose Scheme eligibility

We will continue to manage the PIP transitional support payments as the expected coverage of the programme increases, ensuring that customers who lose eligibility to remain on the Scheme are supported in line with the current transitional support levels and the enhancements to the programme announced in April 2017, subject to the next annual planned review in December 2018.

### Summary

In these challenging times for Scheme customers, Motability will continue to offer affordable mobility and excellent service through the Motability Scheme,

with charitable grants available to those most in need.

### Auditor

A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

### By Order of the Board

The Lord Sterling of Plaistow GCV O CBE  
Chairman  
14 August 2018

# Independent Auditor's Report to the Governors (Trustees) of Motability

Report on the audit of the financial statements.

## Opinion

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2018 and of the group's incoming resources and application of resources for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- Have been prepared in accordance with the Charities Act 2011 and the Royal Charter.

We have audited the financial statements of Motability (the Charity) and its subsidiaries (the Group) which comprise:

- The group and parent charity statement of financial activities;
- The group and parent charity balance sheets;
- The group cash flow statement; and
- The related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard

applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent charity; in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions Relating to Going Concern

We are required by ISAs (UK) to report in respect of the following matters where:

- The Trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- The Trustees have not disclosed

in the financial statements any identified material uncertainties that may cast significant doubt about the group's and the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether

## Auditor's Report continued...

there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [frc.org.uk/auditorsresponsibilities](http://frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our Report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on Other Legal and Regulatory Requirements Matters on which we are required to report by exception.

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- Sufficient accounting records have not been kept by the parent charity; or
- The parent charity financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Deloitte LLP**  
Statutory Auditor  
London, United Kingdom

14 August 2018

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# Consolidated Statement of Financial Activities

for the year ended 31 March 2018

	Note	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total 2018 £'000	Unrestricted Funds 2017 £'000	Restricted Funds 2017 £'000	Total 2017 £'000
<b>Income and Endowments from:</b>							
Donations and Legacies – Fundraising		2,257	24	2,281	1,329	2,073	3,402
Donations and Legacies – Other		45,000	11,762	56,762	30,000	6,827	36,827
<b>Donations and Legacies</b>	<b>3</b>	<b>47,257</b>	<b>11,786</b>	<b>59,043</b>	<b>31,329</b>	<b>8,900</b>	<b>40,229</b>
DWP Grants Receivable	4	-	256	256	-	249	249
Lease Levy Income		-	9,184	9,184	-	9,501	9,501
<b>Charitable Activities</b>		<b>-</b>	<b>9,440</b>	<b>9,440</b>	<b>-</b>	<b>9,750</b>	<b>9,750</b>
<b>Other Trading Activities</b>	<b>3</b>	<b>546</b>	<b>-</b>	<b>546</b>	<b>908</b>	<b>-</b>	<b>908</b>
Interest Receivable		10	66	76	6	181	187
Investment Income		1,068	1,951	3,019	-	2,242	2,242
<b>Income from Investments</b>	<b>3</b>	<b>1,078</b>	<b>2,017</b>	<b>3,095</b>	<b>6</b>	<b>2,423</b>	<b>2,429</b>
Income from Sales of Fixed Assets		-	-	-	-	9	9
<b>Other Income</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>9</b>
<b>Total Income and Endowments</b>		<b>48,881</b>	<b>23,243</b>	<b>72,124</b>	<b>32,243</b>	<b>21,082</b>	<b>53,325</b>
<b>Expenditure on:</b>							
Cost of Raising Funds		267	-	267	558	18	576
Fundraising Trading: Cost of Goods Sold and Other Costs		58	-	58	194	-	194
<b>Raising Funds</b>	<b>6</b>	<b>325</b>	<b>-</b>	<b>325</b>	<b>752</b>	<b>18</b>	<b>770</b>
Motability-Funded Grant-Making	5	7,066	16,988	24,054	11,440	13,426	24,866
Motability-Funded PIP Transitional Support Grants	5,6	-	(2,936)	(2,936)	-	88,940	88,940
DWP-Funded Grant-Making	4,6	-	268	268	-	260	260
Scheme Operations/Communications	6	-	3,487	3,487	-	3,177	3,177
<b>Charitable Activities</b>		<b>7,066</b>	<b>17,807</b>	<b>24,873</b>	<b>11,440</b>	<b>105,803</b>	<b>117,243</b>
Net Losses on Investments		993	1,610	2,603	-	521	521
<b>Total Expenditure</b>		<b>8,384</b>	<b>19,417</b>	<b>27,801</b>	<b>12,192</b>	<b>106,342</b>	<b>118,534</b>
<b>Net Income/(Expenditure)</b>		<b>40,497</b>	<b>3,826</b>	<b>44,323</b>	<b>20,051</b>	<b>(85,260)</b>	<b>(65,209)</b>
Actuarial Gain on Defined Benefit Scheme	19.5	-	1,798	1,798	-	790	790
<b>Net Movement in Funds</b>		<b>40,497</b>	<b>5,624</b>	<b>46,121</b>	<b>20,051</b>	<b>(84,470)</b>	<b>(64,419)</b>
Fund Balances Brought Forward 01 April		20,925	41,979	62,904	874	126,449	127,323
<b>Fund Balances Carried Forward 31 March</b>	<b>17,18</b>	<b>61,422</b>	<b>47,603</b>	<b>109,025</b>	<b>20,925</b>	<b>41,979</b>	<b>62,904</b>

The Group has no recognised gains or losses other than those shown in the Consolidated SoFA above. The notes on pages 46 to 68 form an integral part of the financial statements. All the Groups activities in this and the prior period were continuing.

# Consolidated Statement of Financial Activities

by Activity for the year ended 31 March 2018

	Note	Motability Grants to Disabled People £'000	Specialised Vehicle Grants to Disabled People £'000	Transitional Support Grants £'000	Admin and Support £'000	Total 2018 £'000
<b>Income and Endowments from:</b>						
Donations and Legacies – Fundraising		2,281	-	-	-	2,281
Donations and Legacies – Other		-	55,382	1,380	-	56,762
<b>Donations and Legacies</b>	<b>3</b>	<b>2,281</b>	<b>55,382</b>	<b>1,380</b>	<b>-</b>	<b>59,043</b>
DWP Grants Receivable	4	-	256	-	-	256
Lease Levy Income		-	-	-	9,184	9,184
<b>Charitable Activities</b>		<b>-</b>	<b>256</b>	<b>-</b>	<b>9,184</b>	<b>9,440</b>
<b>Other Trading Activities</b>	<b>3</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>546</b>
Interest Receivable		5	8	37	26	76
Investment Income		-	1,068	1,951	-	3,019
<b>Income from Investments</b>	<b>3</b>	<b>5</b>	<b>1,076</b>	<b>1,988</b>	<b>26</b>	<b>3,095</b>
Income from Sales of Fixed Assets		-	-	-	-	-
<b>Other Income</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Income and Endowments</b>		<b>2,832</b>	<b>56,714</b>	<b>3,368</b>	<b>9,210</b>	<b>72,124</b>
<b>Expenditure on:</b>						
Cost of Raising Funds		267	-	-	-	267
Fundraising Trading: Cost of Goods Sold and Other Costs		58	-	-	-	58
<b>Raising Funds</b>	<b>6</b>	<b>325</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325</b>
Motability-Funded Grant-Making	5	2,515	19,520	897	1,122	24,054
Motability-Funded PIP Transitional Support Grants	5,6	-	-	(6,959)	4,023	(2,936)
DWP-Funded Grant-Making	4,6	-	256	-	12	268
Scheme Operations/Communications	6	-	-	-	3,487	3,487
<b>Charitable Activities</b>		<b>2,515</b>	<b>19,776</b>	<b>(6,062)</b>	<b>8,644</b>	<b>24,873</b>
Net Losses on Investments		-	993	1,610	-	2,603
<b>Total Expenditure</b>		<b>2,840</b>	<b>20,769</b>	<b>(4,452)</b>	<b>8,644</b>	<b>27,801</b>
<b>Net Income/(Expenditure)</b>		<b>(8)</b>	<b>35,945</b>	<b>7,820</b>	<b>566</b>	<b>44,323</b>
Actuarial Gain on Defined Benefit Scheme	19.5	-	-	-	1,798	1,798
<b>Net Movement in Funds</b>		<b>(8)</b>	<b>35,945</b>	<b>7,820</b>	<b>2,364</b>	<b>46,121</b>
Fund Balances Brought Forward 01 April		2,366	22,906	28,925	8,707	62,904
<b>Fund Balances Carried Forward 31 March</b>		<b>2,358</b>	<b>58,851</b>	<b>36,745</b>	<b>11,071</b>	<b>109,025</b>

# Consolidated Statement of Financial Activities

by Activity for the year ended 31 March 2017

	Note	Motability Grants to Disabled People £'000	Specialised Vehicle Grants to Disabled People £'000	Transitional Support Grants £'000	Admin and Support £'000	Total 2017 £'000
<b>Income and Endowments from:</b>						
Donations and Legacies – Fundraising		3,402	-	-	-	3,402
Donations and Legacies – Other		-	34,684	2,143	-	36,827
<b>Donations and Legacies</b>	<b>3</b>	<b>3,402</b>	<b>34,684</b>	<b>2,143</b>	<b>-</b>	<b>40,229</b>
DWP Grants Receivable	4	-	249	-	-	249
Lease Levy Income		-	-	-	9,501	9,501
<b>Charitable Activities</b>		<b>-</b>	<b>249</b>	<b>-</b>	<b>9,501</b>	<b>9,750</b>
<b>Other Trading Activities</b>	<b>3</b>	<b>908</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>908</b>
Interest Receivable		6	82	65	34	187
Investment Income		-	86	2,156	-	2,242
<b>Income from Investments</b>	<b>3</b>	<b>6</b>	<b>168</b>	<b>2,221</b>	<b>34</b>	<b>2,429</b>
Income from Sales of Fixed Assets		-	-	-	9	9
<b>Other Income</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>9</b>
<b>Total Income and Endowments</b>		<b>4,316</b>	<b>35,101</b>	<b>4,364</b>	<b>9,544</b>	<b>53,325</b>
<b>Expenditure on:</b>						
Cost of Raising Funds		576	-	-	-	576
Fundraising Trading: Cost of Goods Sold and Other Costs		194	-	-	-	194
<b>Raising Funds</b>	<b>6</b>	<b>770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>770</b>
Motability-Funded Grant-Making	5	2,062	19,994	1,788	1,022	24,866
Motability-Funded PIP Transitional Support Grants	5,6	-	-	85,275	3,665	88,940
DWP-Funded Grant-Making	4,6	-	249	-	11	260
Scheme Operations/Communications	6	-	-	-	3,177	3,177
<b>Charitable Activities</b>		<b>2,062</b>	<b>20,243</b>	<b>87,063</b>	<b>7,875</b>	<b>117,243</b>
Net Losses on Investments		-	165	356	-	521
<b>Total Expenditure</b>		<b>2,832</b>	<b>20,408</b>	<b>87,419</b>	<b>7,875</b>	<b>118,534</b>
<b>Net (Expenditure)/Income</b>		<b>1,484</b>	<b>14,693</b>	<b>(83,055)</b>	<b>1,669</b>	<b>(65,209)</b>
Actuarial Gain on Defined Benefit Scheme	19.5	-	-	-	790	790
<b>Net Movement in Funds</b>		<b>1,484</b>	<b>14,693</b>	<b>(83,055)</b>	<b>2,459</b>	<b>(64,419)</b>
Fund Balances Brought Forward 01 April		882	8,213	111,980	6,248	127,323
<b>Fund Balances Carried Forward 31 March</b>		<b>2,366</b>	<b>22,906</b>	<b>28,925</b>	<b>8,707</b>	<b>62,904</b>

# Statement of Financial Activities (Charity Only) for the year ended 31 March 2018

	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total 2018 £'000	Unrestricted Funds 2017 £'000	Restricted Funds 2017 £'000	Total 2017 £'000
<b>Income and Endowments from:</b>						
Voluntary Fundraising Income	2,521	24	2,545	1,665	2,073	3,738
Donations and Legacies – Other	45,000	11,762	56,762	30,000	6,827	36,827
<b>Donations and Legacies</b>	<b>47,521</b>	<b>11,786</b>	<b>59,307</b>	<b>31,665</b>	<b>8,900</b>	<b>40,565</b>
DWP Grants Receivable	-	256	256	-	249	249
Lease Levy Income	-	9,184	9,184	-	9,501	9,501
<b>Charitable Activities</b>	<b>-</b>	<b>9,440</b>	<b>9,440</b>	<b>-</b>	<b>9,750</b>	<b>9,750</b>
<b>Other Trading Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>487</b>	<b>-</b>	<b>487</b>
Interest Receivable	10	66	76	5	181	186
Investment Income	1,068	1,951	3,019	-	2,242	2,242
<b>Income from Investments</b>	<b>1,078</b>	<b>2,017</b>	<b>3,095</b>	<b>5</b>	<b>2,423</b>	<b>2,428</b>
Income from Sales of Fixed Assets	-	-	-	-	9	9
<b>Other Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>9</b>
<b>Total Income and Endowments</b>	<b>48,599</b>	<b>23,243</b>	<b>71,842</b>	<b>32,157</b>	<b>21,082</b>	<b>53,239</b>
<b>Expenditure on:</b>						
Cost of Raising Funds	42	-	42	558	18	576
Fundraising Trading: Cost of Goods Sold and Other Costs	-	-	-	109	-	109
<b>Raising Funds</b>	<b>42</b>	<b>-</b>	<b>42</b>	<b>667</b>	<b>18</b>	<b>685</b>
Motability-Funded Grant-Making	7,067	16,987	24,054	11,440	13,426	24,866
Motability-Funded PIP Transitional Support Grants	-	(2,936)	(2,936)	-	88,940	88,940
DWP-Funded Grant-Making	-	268	268	-	260	260
Scheme Operations/Communications	-	3,488	3,488	-	3,177	3,177
<b>Charitable Activities</b>	<b>7,067</b>	<b>17,807</b>	<b>24,874</b>	<b>11,440</b>	<b>105,803</b>	<b>117,243</b>
Net Losses on Investments	993	1,610	2,603	-	521	521
<b>Total Expenditure</b>	<b>8,102</b>	<b>19,417</b>	<b>27,519</b>	<b>12,107</b>	<b>106,342</b>	<b>118,449</b>
<b>Net Income/(Expenditure)</b>	<b>40,497</b>	<b>3,826</b>	<b>44,323</b>	<b>20,050</b>	<b>(85,260)</b>	<b>(65,210)</b>
Actuarial Gain on Defined Benefit Scheme	-	1,798	1,798	-	790	790
<b>Net Movement in Funds</b>	<b>40,497</b>	<b>5,624</b>	<b>46,121</b>	<b>20,050</b>	<b>(84,470)</b>	<b>(64,420)</b>
Fund Balances Brought Forward 01 April	20,910	41,979	62,889	860	126,449	127,309
<b>Fund Balances Carried Forward 31 March</b>	<b>61,407</b>	<b>47,603</b>	<b>109,010</b>	<b>20,910</b>	<b>41,979</b>	<b>62,889</b>

The Charity has no recognised gains or losses other than those shown in the Consolidated SoFA above. The notes on pages 46 to 68 form an integral part of the financial statements. All the activities in this and the prior period were continuing.

# Balance Sheet (Group and Charity)

at 31 March 2018

	Note	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
<b>Fixed Assets</b>	10	<b>2,640</b>	<b>2,409</b>	<b>2,640</b>	<b>2,409</b>
<b>Current Assets:</b>					
Debtors	11	12,772	5,954	12,939	6,492
Current Asset Investments	12	130,931	124,094	130,931	124,094
Short-Term Deposits		2,000	3,000	2,000	3,000
Cash		24,318	28,358	24,110	27,790
<b>Net Current Assets Total</b>		<b>170,021</b>	<b>161,406</b>	<b>169,980</b>	<b>161,376</b>
Creditors: Amounts Falling Due within One Year	13	(18,552)	(15,965)	(18,526)	(15,950)
<b>Total Assets less Current Liabilities</b>		<b>154,109</b>	<b>147,850</b>	<b>154,094</b>	<b>147,835</b>
Creditors: Amounts Falling Due within One Year	15	(94)	(82)	(94)	(82)
Provisions	14	(41,951)	(79,028)	(41,951)	(79,028)
<b>Net Assets Excluding Pension Liability</b>		<b>112,064</b>	<b>68,740</b>	<b>112,049</b>	<b>68,725</b>
Pension Liability	19.2	(3,039)	(5,836)	(3,039)	(5,836)
<b>Total Net Assets</b>		<b>109,025</b>	<b>62,904</b>	<b>109,010</b>	<b>62,889</b>
<b>Represented by:</b>					
<b>Restricted Funds:</b>					
Balance Before Pension Deficit	17	50,642	47,815	50,642	47,815
Pension Deficit	17, 19.2	(3,039)	(5,836)	(3,039)	(5,836)
<b>Total Restricted Funds</b>		<b>47,603</b>	<b>41,979</b>	<b>47,603</b>	<b>41,979</b>
<b>Unrestricted Funds</b>	18	<b>61,422</b>	<b>20,925</b>	<b>61,407</b>	<b>20,910</b>
<b>Total Funds</b>		<b>109,025</b>	<b>62,904</b>	<b>109,010</b>	<b>62,889</b>

The notes on pages 46 to 68 form an integral part of the financial statements.  
The financial statements on pages 39 to 68 were approved and authorised for issue by the Board of Governors on 14 August 2018 and were signed on its behalf by:

The Lord Sterling of Plaistow GCVO CBE, Chairman  
Richard Bennison, Hon. Treasurer

# Group Balance Sheet

by Activity at  
31 March 2018

	Note	Motability Grants to Disabled People £'000	Specialised Vehicle Grants to Disabled People £'000	Transitional Support Grants £'000	Admin and Support £'000	Total 2018 £'000
<b>Fixed Assets</b>	10	-	-	-	2,640	2,640
<b>Current Assets:</b>						
Debtors	11	2,014	8,073	894	1,791	12,772
Current Asset Investments	12	-	63,435	67,496	-	130,931
Short-Term Deposits		-	-	-	2,000	2,000
Cash		2,070	1,959	10,750	9,539	24,318
<b>Net Current Assets Total</b>		<b>4,084</b>	<b>73,467</b>	<b>79,140</b>	<b>13,330</b>	<b>170,021</b>
Creditors: Amounts Falling Due within One Year	13	(1,726)	(14,616)	(944)	(1,266)	(18,552)
<b>Total Assets less Current Liabilities</b>		<b>2,358</b>	<b>58,851</b>	<b>78,196</b>	<b>14,704</b>	<b>154,109</b>
Creditors: Amounts Falling Due within One Year	15	-	-	-	(94)	(94)
Provisions	14	-	-	(41,451)	(500)	(41,951)
<b>Net Assets Excluding Pension Liability</b>		<b>2,358</b>	<b>58,851</b>	<b>36,745</b>	<b>14,110</b>	<b>112,064</b>
Pension Liability	19.2	-	-	-	(3,039)	(3,039)
<b>Total Net Assets</b>		<b>2,358</b>	<b>58,851</b>	<b>36,745</b>	<b>11,071</b>	<b>109,025</b>
<b>Represented by:</b>						
<b>Restricted Funds:</b>						
Balance Before Pension Deficit	17	25	(238)	36,745	14,110	50,642
Pension Deficit	17, 19.2	-	-	-	(3,039)	(3,039)
<b>Total Restricted Funds</b>		<b>25</b>	<b>(238)</b>	<b>36,745</b>	<b>11,071</b>	<b>47,603</b>
<b>Unrestricted Funds</b>	18	<b>2,333</b>	<b>59,089</b>	<b>-</b>	<b>-</b>	<b>61,422</b>
<b>Total Funds</b>		<b>2,358</b>	<b>58,851</b>	<b>36,745</b>	<b>11,071</b>	<b>109,025</b>

# Consolidated Cash Flow Statement

for the year ended  
31 March 2018

	Note	2018 £'000	2017 £'000
<b>Net Cash Used in Operating Activities</b>	21	<b>(7,345)</b>	<b>(8,517)</b>
<b>Cash Flows From Investing Activities</b>			
Interest Receivable		76	187
Investment Income		3,019	2,242
Purchase of Tangible Fixed Assets		(790)	(305)
Proceeds from Sale of Tangible Fixed Assets		-	9
Decrease in Short-Term Deposits		1,000	14,600
<b>Net Cash Provided by Investing Activities</b>		<b>3,305</b>	<b>16,733</b>
Change in Cash and Cash Equivalents in the Year		(4,040)	8,216
Cash and Cash Equivalent Brought Forward		28,358	20,142
<b>Cash and Cash Equivalent Carried Forward</b>		<b>24,318</b>	<b>28,358</b>
<b>Reconciliation of Cash and Cash Equivalents</b>			
		2018	2017
		£'000	£'000
Cash		24,318	28,358
<b>Cash and Cash Equivalents</b>		<b>24,318</b>	<b>28,358</b>

Short-term deposits and current asset investments all have a maturity date of greater than six months and so are not considered to be cash equivalents. The notes on pages 46 to 68 form an integral part of the financial statements.

# Notes to the Financial Statements

## 1. Accounting Policies

**Company and charitable status**  
Motability, a public benefit entity, is registered with the Charity Commission, Charity No. 299745, in England and Wales.

### Consolidation

Group financial statements have been prepared in respect of the Charity and its wholly owned subsidiary, Motability Enterprises Limited, which is incorporated in the United Kingdom and registered in England and Wales. These financial statements have been consolidated with those of the Charity on a line by line basis. The principal activity of Motability Enterprises Limited during the year was the raising of funds for the Charity by commission received from home, pet and travel insurance partners.

### Basis of Accounting

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), and the Charities Act 2011 and UK Generally Accepted Practice, as it applied, from 1 January 2015.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts

in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Parent Charity has taken the qualifying entity exemption under FRS102 from preparing its own Cash Flow Statement.

### a) Income

Income is accounted for when the charity is entitled to the income, and when it is probable the income will be received and the amount can be measured reliably.

Donations and legacies are recognised when the charity is entitled to the income, and when it is probable the income will be received.

DWP grants receivable for grants to disabled people are accrued to match the expenditure up to the level which has been agreed for future spending with the DWP.

Administration and support costs are covered by a levy on Motability Operations' leases to customers. Cash is received as a single payment at lease inception and income is recognised on a receivable basis.

Interest and investment income is recognised on an accruals basis.

### b) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activities:

- Grants to disabled people are recognised when they have been approved, to the extent that a legal or constructive obligation exists to provide the services agreed.
- Grant expenditure on driving lessons is based upon the higher of the actual number of lessons taken during the year or the average number of lessons which customers take to complete their instruction.
- The 'Cost of Raising Funds' comprises costs directly attributable to activities for raising funds such as the administration of affinity insurance products and the cost of investment management.
- The 'Cost of Charitable Activities' includes direct charitable expenditure, grants and central overheads which are apportioned to operational and Grant-Making functions.
- All non-directly attributable support costs are allocated on the ratio of charitable grant activity.
- Governance costs include audit fees, legal advice for Governors relating to the financial management of the Charity and compliance with constitutional and statutory requirements; these are now allocated as part of support costs.

### c) Fixed Assets

Assets are included on the balance sheet at cumulative historical cost less depreciation and any impairments in accordance with FRS102. An annual review of all assets is undertaken to ascertain any impairments. Expenditure on fixed assets is capitalised, where individual items cost £1,000 or more, which has increased from £500 in the previous year. These are capitalised in the year of acquisition and depreciation commences at the point of when the fixed asset is actively in use. Work in progress constitutes computer software, which is currently in development and not in use.

Fixed assets are depreciated on a straight line basis over their anticipated useful lives as follows:

**Leasehold improvements:** Depreciated over the shorter of the remaining life of the lease or the life of the improvement.

**Office furniture:** Five Years

**Fixtures and fittings:** Five Years

**Computer hardware and software:**

Three Years

**Vehicles:** Four years

The depreciation method for vehicles has been reviewed during the year and as a result has been changed to four years (previously a period of two to three years) as this was deemed a more accurate estimate for the useful life of the vehicle.

A similar review has been undertaken for computer software and with effect from 1 April 2018 the depreciation period will be changed from three to five years. The impact of this change is trivial.

#### **d) Fund Accounting**

Unrestricted funds comprise the accumulated movement on funds available for use at the absolute discretion of the Governors. Any transfer between funds requires the approval of the Audit and Risk Committee.

Restricted funds are funds subject to specific restrictions imposed by the donor. They provide funds for the purpose of grant-making and supporting Motability's administration and support costs. These funds are held by Motability until spent in accordance with the terms of the grant.

Designated funds comprise funds which Governors have set aside for a particular activity or purpose. If funds are unspent at the end of a project or activity they are transferred to unrestricted funds or may be designated for another purpose.

#### **e) Pension Costs**

The Charity operates a defined benefit pension scheme for certain employees. The amounts charged to the Statement of Financial Activities (SoFA) are the

costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailment. They are included as part of staff costs.

The net interest cost on the defined benefit liability is charged to the SoFA and included within support costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the SoFA.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the group, in separate trustee-administered funds. The pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis, using the attained age method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

The Charity also operates a defined contribution scheme and the amount charged to the Consolidated SoFA in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **f) Leases**

Leases are classified as finance leases if they transfer substantially all the risks and rewards of ownership and are included on the balance sheet as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments. All other leases are classified as operating leases, with the lease payments recognised as an expense over the lease term on a straight-line basis. The nature of the current and

prior year lease commitments were of an operating nature and consequently no leases fall to be capitalised under this policy.

#### **g) Accounting for PIP Transitional Support Grants**

All potential future PIP transitional support grant payments, for which a constructive obligation is deemed to exist at the balance sheet date, have been provided for as a balance sheet provision, with the costs shown separately within the Cost of Charitable Activities. The constructive liability is deemed to exist for all projected customers eligible for a transitional support grant payment until the date that any future changes to the current support grant payments could be practically implemented. An annual review is carried out at the end of each calendar year.

#### **h) Financial Instruments**

The Charity and group only have financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, with the exception of listed investments which are held at fair value through profit and loss.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## Notes to the Financial Statements continued...

Current investments are bonds with maturity dates ranging from 2018 to 2021. They are intended to be used to fund both the SVP payments and the PIP transitional support payments as they reach maturity.

Short term deposits are treasury deposits and held for between six and eighteen months.

Cash and cash equivalents is instant cash that the Charity has available.

### i) Dilapidation Provision

Under the terms of the lease, the Charity will be required to make good the condition of the property when it leaves. The provision in the accounts is based on a 'cost of works' for this work to be carried out.

### j) Critical Accounting Judgements and Key Sources of Estimation

In the application of the accounting policies, which are described within this note, the Governors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that

are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

### PIP Provision

The estimates and underlying assumptions relating to the PIP transitional support programme are reviewed on an ongoing basis, and an annual review takes place before the end of each calendar year. The PIP provision has been calculated using a model that looks at actual information for the financial year 2017/18. The provision at the end of 2016/17 was based on an estimate that ranged from a low of £59,500,000 to a high of £95,600,000. However, the actual spend was outside of this range for 2017/18 at £29,961,000, with a further £7,148,000 anticipated to be spent by end of June 2018, totalling £37,109,000. The provision was significantly higher than actual expenditure primarily because the DWP PIP reassessment caseload was much lower than forecast. The range for 2017/18 is a low of £31,900,000 and high of

£62,300,000. The PIP provision is based on a number of assumptions that are outlined in note 14.

For the provision this year some assumptions have been changed to reflect recent experience. The material changes relate to a reduced rate of DWP PIP reassessments and a reduced failure rate on transition from DLA to PIP. In addition, in April 2017 an additional option in the transitional support programme was announced whereby customers can choose to retain their car for longer, up to a total of 26 weeks, and qualify for a reduced transitional support payment.

### Pension Obligations

The actuarial assumptions underlying the pension deficit are set out in note 19.

## 2. Trading Activities of the Subsidiary

The Charity has a wholly owned trading subsidiary, Motability Enterprises Limited, which is incorporated in the UK. Motability Enterprises Limited raises funds on behalf of Motability and passes up its trading profits to Motability under company Gift Aid without deduction of tax. A summary of its trading results extracted from its full accounts is shown below, with further detail on Trading, included in the report on charitable grants funding on page 26. The net assets of the subsidiary are £14,576 (2017: £14,576).

	2018 £'000	2017 £'000
<b>Income and Expenditure Account</b>		
Turnover	546	675
Less Cost of Sales	(62)	(75)
<b>Gross Profit</b>	<b>484</b>	<b>600</b>
Administration Expenses	(221)	(264)
Interest Receivable	1	1
<b>Net Profit</b>	<b>264</b>	<b>337</b>
Gift-Aided to Motability	(264)	(337)
<b>Retained in Subsidiary</b>	<b>-</b>	<b>-</b>

### 3. Donations and Legacies

	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total 2018 £'000	Unrestricted Funds 2017 £'000	Restricted Funds 2017 £'000	Total 2017 £'000
<b>Donations and Legacies:</b>						
Voluntary Fundraising Income	464	24	488	1,329	2,073	3,402
The Motability Tenth Anniversary Trust Donations	1,793	11,762	13,555	-	6,827	6,827
Motability Operations – Specialised Vehicle Designated Donation	45,000	-	45,000	30,000	-	30,000
<b>Donations and Legacies - Total</b>	<b>47,257</b>	<b>11,786</b>	<b>59,043</b>	<b>31,329</b>	<b>8,900</b>	<b>40,229</b>
Activities for Raising Funds:						
Trading Subsidiary Income (Note 2)	546	-	546	675	-	675
Raffles Held in Great Britain	-	-	-	233	-	233
<b>Other Trading Activities - Total</b>	<b>546</b>	<b>-</b>	<b>546</b>	<b>908</b>	<b>-</b>	<b>908</b>
Interest Receivable	10	66	76	6	181	187
Investment Income	1,068	1,951	3,019	-	2,242	2,242
<b>Income from Investments - Total</b>	<b>1,078</b>	<b>2,017</b>	<b>3,095</b>	<b>6</b>	<b>2,423</b>	<b>2,429</b>
Income from Sale of Fixed Assets	-	-	-	-	9	9
<b>Other Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>9</b>
<b>Income from Fundraising Activities:</b>						
Voluntary Fundraising Income	464	24	488	1,329	2,073	3,402
Trading Subsidiary Income (Note 2)	546	-	546	675	-	675
Raffles Held in Great Britain	-	-	-	233	-	233
<b>Fundraising Activities</b>	<b>1,010</b>	<b>24</b>	<b>1,034</b>	<b>2,237</b>	<b>2,073</b>	<b>4,310</b>

## Notes to the Financial Statements continued...

### 4. DWP Funding

	Income 2018 £'000	Expenditure 2018 £'000	Income 2017 £'000	Expenditure 2017 £'000
War Pensioners	256	256	249	249
<b>DWP Funding</b>	<b>256</b>	<b>256</b>	<b>249</b>	<b>249</b>
Support Costs	-	12	-	11
<b>Total DWP Funding</b>	<b>256</b>	<b>268</b>	<b>249</b>	<b>260</b>

## 5. Motability-Funded Grant-Making

	Unrestricted 2018 £'000	Restricted 2018 £'000	Total 2018 £'000	Unrestricted 2017 £'000	Restricted 2017 £'000	Total 2017 £'000
<b>Grants to Disabled People:</b>						
Adaptations and Advance Payments	4,120	-	4,120	-	3,449	3,449
Driving Lessons	855	-	855	-	932	932
Lease Refunds	(2,022)	(610)	(2,632)	-	(452)	(452)
Motability Operations' Discount	(2,191)	-	(2,191)	-	(1,792)	(1,792)
Specialised Vehicle Fund to disabled people	6,805	13,259	20,064	11,440	8,554	19,994
Transitional Support Grants	-	1,087	1,087	-	1,788	1,788
Movement in Commitments	(601)	2,130	1,529	-	(75)	(75)
<b>Charitable Grants to Disabled People</b>	<b>6,966</b>	<b>15,866</b>	<b>22,832</b>	<b>11,440</b>	<b>12,404</b>	<b>23,844</b>
Support Costs	100	1,122	1,222	-	1,022	1,022
<b>Total Motability-Funded Grant-Making</b>	<b>7,066</b>	<b>16,988</b>	<b>24,054</b>	<b>11,440</b>	<b>13,426</b>	<b>24,866</b>

The number of Charitable Grants awarded in 2018 decreased to 8,544 (2017: 8,626). £2,191,000 (2017: £1,792,000) was received as a discount negotiated with Motability Operations on vehicles for customers whose leases had been supported by Charitable Grants.

	Unrestricted 2018 £'000	Restricted 2018 £'000	Total 2018 £'000	Unrestricted 2017 £'000	Restricted 2017 £'000	Total 2017 £'000
<b>PIP Transitional Support Grants</b>						
Transitional Support Payments	-	29,984	29,984	-	49,072	49,072
PIP Provision (Release)/ Charge	-	(37,100)	(37,100)	-	35,895	35,895
PIP Bank Charge	-	157	157	-	308	308
Support Costs	-	4,023	4,023	-	3,665	3,665
<b>Total Transitional Support Grants</b>	<b>-</b>	<b>(2,936)</b>	<b>(2,936)</b>	<b>-</b>	<b>88,940</b>	<b>88,940</b>

The number of Transitional Support Grant payments made in in 2018 was 17,839 (2017: 26,544).

The release of the PIP provision during 2017/18 results from a reassessment of the assumptions at year end, following actual payment experience during the year.

## Notes to the Financial Statements continued...

### 6. Analysis of Total Resources Expended

	Grants to Disabled People 2018 £'000	Support Costs			Total 2018 £'000
		Staff Costs 2018 £'000	Premises and Depreciation 2018 £'000	Other 2018 £'000	
Cost of Raising Funds	-	249	-	18	267
Cost of Goods Sold and Other Costs	-	-	-	58	58
<b>Total Cost of Raising Funds</b>	<b>-</b>	<b>249</b>	<b>-</b>	<b>76</b>	<b>325</b>
Motability-Funded Grant-Making	22,831	721	144	358	24,054
Motability-Funded PIP Transitional Support Costs	(7,116)	2,584	518	1,078	(2,936)
DWP-Funded Grant-Making	256	8	1	3	268
Scheme Oversight/Communications	-	2,240	448	799	3,487
Net Losses on Investments	-	-	-	2,603	2,603
<b>Total Resources Expended</b>	<b>15,971</b>	<b>5,802</b>	<b>1,111</b>	<b>4,917</b>	<b>27,801</b>

	Grants to Disabled People 2017 £'000	Support Costs			Total 2017 £'000
		Staff Costs 2017 £'000	Premises & Depreciation 2017 £'000	Other 2017 £'000	
Cost of Raising Funds	-	484	32	60	576
Cost of Goods Sold and Other Costs	-	-	-	194	194
<b>Total Cost of Raising Funds</b>	<b>-</b>	<b>484</b>	<b>32</b>	<b>254</b>	<b>770</b>
Motability-Funded Grant-Making	23,844	674	138	210	24,866
Motability-Funded PIP Transitional Support Costs	84,967	2,418	494	1,061	88,940
DWP-Funded Grant-Making	249	8	1	2	260
Scheme Oversight/Communications	-	2,096	427	654	3,177
Net Losses on Investments	-	-	-	521	521
<b>Total Resources Expended</b>	<b>109,060</b>	<b>5,680</b>	<b>1,092</b>	<b>2,702</b>	<b>118,534</b>

## 7. Expenditure

The following have been charged within expenditure:

	2018 £'000	2017 £'000
Publicity Expenses	737	629
Depreciation	559	560
<b>Fees Payable to the Statutory Auditor</b>		
Fees for the Statutory Audit of Motability Accounts	42	45
Fees for the Statutory Audit of subsidiary Accounts	6	6
Fees for Tax Advice for Subsidiary	2	3
<b>Fees Payable to the Statutory Auditor for Other Services</b>		
Financial Conduct Authority Application	-	6
Corporation Tax Advice	-	2
<b>Fees Payable to Other Professional Advisors</b>		
Professional Fees – Pension	4	22
Professional Fees – IT and Finance Strategy	29	17
Professional Fees – EU General Data Protection Requirements	37	-
<b>Operating Lease Rentals</b>		
Premises	349	322
Plant, Machinery and Vehicles	16	15

# Notes to the Financial Statements continued...

## 8. Governors, Staff and Related Parties

### a) Numbers and costs

The number of Governors during the year and average number of persons employed by the Group during the year analysed by category, was as follows:

	2018 Number	2017 Number
Administration	115	108
Affinity and Projects (previously Fundraising)	3	8
Governors	9	9
	<b>127</b>	<b>125</b>

The Aggregate payroll costs of Administration and Affinity and Projects were as follows:

	2018 £'000	2017 £'000
Salaries including benefits in kind	3,785	3,961
Staff restructure programme	462	126
Social Security costs	367	374
Pension costs: Defined benefit	328	534
Pension costs: Defined contribution	513	468
Other Staff Costs	347	217
	<b>5,802</b>	<b>5,680</b>

The number of employees whose emoluments, including pension contributions and employers NI, for the year fell within the following bands:

	2018 Number	2017 Number
£60,000 to £69,999	3	4
£70,000 to £79,999	4	4
£80,000 to £89,999	1	2
£110,000 to £119,999	2	1
£130,000 to £139,999	-	1
£140,000 to £149,999	1	-
£170,000 to £179,999	1	1
	<b>12</b>	<b>13</b>

The key management personnel of the Charity are the Directors as noted on page 69.

The total remuneration (including pension contributions) of the key management personnel of the Charity for the year totalled £431,000 (2017: £420,000) including employers NIC.

## 8. Governors, Staff and Related Parties (continued)

### b) Governors' emoluments

No Governor received any emoluments during the year (nil in 2016/17). Two Governors (two in 2016/17) received reimbursement of expenses amounting to £759 (£275 in 2016/17).

### c) Professional indemnity

Appropriate insurance has been arranged by the Charity to indemnify Governors and employees for their legal liability for damages and legal expenses arising from the performance of their duties.

### d) Related parties

Motability directs and oversees the Motability Scheme which is operated on behalf of Motability by Motability Operations, a separate commercial company whose shares are held by four major banks.

Motability paid Motability Operations £25,868,486 (£25,376,980 in 2016/17), in respect of grants awarded to customers, to fund Advance Payments and adaptations on vehicles provided under the lease schemes by Motability Operations to customers in receipt of grants. This includes £2,191,000 (£1,792,000 in 2016/17) received as a discount, negotiated with Motability Operations on vehicles for customers whose leases had been supported by Charitable Grants.

As at 31 March 2018 Motability Operations was due £2,621,339 (£1,815,905 in 2016/17) from Motability. In addition, £2,631,537 (£2,667,204 in 2016/17) was received from Motability Operations as rebates, where customers early terminated their lease agreements, in respect of grant awards towards Advance

Payments and adaptations managed by Motability Operations.

Motability received from Motability Operations £9,184,000 (£9,501,000 in 2016/17) in respect of a levy on the leases to defray Motability's administration costs in processing charitable grants applications and support for the Scheme.

As at 31 March 2018 £1,338,000 (£1,416,672 in 2016/17) was due to Motability from Motability Operations.

Motability received no restricted donations in the year (nil in 2016/17) from Motability Operations in respect of funding the PIP transitional support programme. However, an unrestricted donation was received from Motability Operations of £45,000,000 which has been designated by the Governors for SVP (£30,000,000 in 2016/17).

Motability has taken the exemption under FRS 102 from disclosing transactions with its trading subsidiary, Motability Enterprises Limited. Motability paid £1,300,000 to 'Motability Pension Scheme' in respect of the defined benefit scheme which was closed to future accrual from 30 April 2012. See note 19.

### e) Related charity

MTAT was set up to provide long term support to Motability by providing income to assist in the funding of Charitable Grants and the provision of other support which meets Motability's objective. The MTAT is a separate charity. Two of the five MTAT Trustees also serve as Governors of Motability. The Governors do not regard MTAT as a related party as defined by FRS 102. During the period, requests were made by Motability for grant funding of £1,792,585 (£620,458 in 2016/17) and the MTAT provided

donations of £1,303,240 (£2,142,560 in 2016/17) for the PIP transitional support programme. A donation was received from MTAT of £3,500,000 for Drive-from-Wheelchair vehicles (£4,684,440 in 2016/17).

In addition, an administration charge of £97,000 (nil in 2016/17) was paid by the MTAT to Motability during the year.

## Notes to the Financial Statements continued...

### 9. Fixed Asset Investment in Subsidiary Undertaking

Motability holds 99 ordinary shares of £1 each in Motability Enterprises Limited, a company which is registered in England and Wales. The company carries out certain trading activities in order to raise funds for Motability (Note 2).

### 10. Fixed Assets (Group and Charity)

	Leasehold Improvements £'000	Motor Vehicles £'000	Office Furniture £'000	Fixtures and Fittings £'000	Computer Hardware £'000	Computer Software £'000	Total £'000
<b>Cost</b>							
Balance at 01 April 2017	2,789	362	245	130	865	787	5,178
Work in Progress	-	-	-	-	-	351	351
Additions	110	59	5	10	148	107	439
Disposals	-	-	-	(19)	(45)	-	(64)
<b>At 31 March 2018</b>	<b>2,899</b>	<b>421</b>	<b>250</b>	<b>121</b>	<b>968</b>	<b>1,245</b>	<b>5,904</b>
<b>Depreciation</b>							
Balance at 01 April 2017	967	299	79	75	687	662	2,769
Charge for the Year	289	23	26	21	106	94	559
Disposals	-	-	-	(19)	(45)	-	(64)
<b>At 31 March 2018</b>	<b>1,256</b>	<b>322</b>	<b>105</b>	<b>77</b>	<b>748</b>	<b>756</b>	<b>3,264</b>
<b>Net Book Value</b>							
<b>At 31 March 2018</b>	<b>1,643</b>	<b>99</b>	<b>145</b>	<b>44</b>	<b>220</b>	<b>489</b>	<b>2,640</b>
<b>At 31 March 2017</b>	<b>1,822</b>	<b>63</b>	<b>166</b>	<b>55</b>	<b>178</b>	<b>125</b>	<b>2,409</b>

Charity fixed assets include Investments in Subsidiaries (see note 9).  
All assets are used for direct charitable purposes.

## 11. Debtors

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
War Pensioners	63	63	63	63
<b>Total Owed by DWP</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>
Other Debtors	3,556	3,727	3,464	3,673
Due from Subsidiary	-	-	264	591
Prepayments and Accrued Income	9,153	2,164	9,148	2,165
<b>Total Debtors</b>	<b>12,772</b>	<b>5,954</b>	<b>12,939</b>	<b>6,492</b>

## 12. Current Asset Investments

At 31 March 2018, Group and Charity investments comprised:

	2018 £'000	2017 £'000
Fixed Interest Bonds	130,931	124,094
<b>Total</b>	<b>130,931</b>	<b>124,094</b>
<b>Investments Held are as Follows:</b>		
UK	42,866	23,368
Non-UK	88,065	100,726
<b>Total</b>	<b>130,931</b>	<b>124,094</b>

All UK and non-UK investments are Sterling denominated.

All bonds are managed as part of the current assets portfolio. £51,876,176 have maturity dates beyond one year (2017: £44,596,882).

## Notes to the Financial Statements continued...

### 13. Creditors: Amounts Falling Due Within One Year

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
<b>Trade Creditors</b>				
<b>Authorised Grants Awaiting Payment:</b>				
Charitable Grants	1,385	1,321	1,385	1,321
Specialised Vehicles Fund	12,759	11,104	12,759	11,104
War Pensioners	44	42	44	42
PIP Transitional Support	77	266	77	266
Trade Creditors	3,433	2,510	3,424	2,510
Taxation and Social Security	339	435	339	436
Accruals	515	287	498	271
<b>Total Creditors Falling Due Within One Year</b>	<b>18,552</b>	<b>15,965</b>	<b>18,526</b>	<b>15,950</b>

## 14. Provisions

	2018 £'000	2017 £'000
<b>Group and Charity Dilapidation Provision</b>		
Provision Brought Forward 1 April	500	500
Movement in Dilapidations Provision	-	-
<b>Dilapidation Provision Carried Forward 31 March</b>	<b>500</b>	<b>500</b>
<b>Group and Charity PIP Provision</b>		
Provision Brought Forward 1 April	78,528	42,617
Provision Utilised in Year	(29,961)	(49,056)
(Credit)/Charges in the Year	(7,116)	84,967
<b>PIP Provision Carried Forward 31 March</b>	<b>41,451</b>	<b>78,528</b>
<b>Total Provisions Carried Forward 31 March</b>	<b>41,951</b>	<b>79,028</b>

# Notes to the Financial Statements

## continued...

### 14. Provisions (continued)

In 2013 Motability announced that it would help customers who, due to the transition from DLA to PIP, would no longer qualify for benefits allowing them to lease a vehicle under the Motability Scheme. For impacted customers returning their vehicles in an acceptable condition and within the designated time period; Motability is providing a PIP transitional support payment of:

- £2,000 for customers where the customer originally joined the Scheme before 31 December 2012
- £1,000 for customers who joined the Scheme in 2013.

In November 2016 Motability engaged in discussions with the DWP on allowing customers to retain cars for longer following a failed PIP reassessment, as discussed in Parliament in December 2016. This was subsequently announced on 20 April 2017 as an additional option in the transitional support programme whereby customers could choose to retain their car for up to a total of 26 weeks and still qualify for a reduced PIP transitional support payment.

Customers eligible for £2,000 could retain their vehicle and still be entitled to £500 PIP transitional support payment at the end of that extended period. Similarly, customers entitled to £1,000 could have a reduced payment of £250.

In order to fund this transitional support, Motability Operations have previously provided donations totaling £175,000,000 and £29,984,000 has been paid this year (£49,072,000 in 2016/17) from the provision.

Following detailed customer research in autumn 2017, the Governors reviewed the overall effectiveness of the PIP transitional support programme and concluded that it was meeting the original objective

of assisting customers to retain their mobility following departure from the Scheme. They concluded that the programme should continue and that no changes to the programme were required at that time. In order to ensure the most effective use of the available funds, Governors will again review all aspects of the support package in December 2018, taking account of customer feedback, economic circumstances and any possible changes the Government may be making to PIP at that time.

As at 31 March 2018, the support programme has been running for four years and management believe that a reasonable estimate of the constructive economic obligation can be established, and have accounted for this by way of provision. Our estimate of the provision recognises that we are committed to providing the current level of PIP transitional support to all qualifying customers who might leave the Scheme by 30 June 2019. This date would allow for communication to the customers of any potential changes to the Scheme in January 2019 following the review in December 2018.

The provision included is based on the estimated cost of providing support to the projected numbers of qualifying claimants in the 15 months to 30 June 2019.

The provision included is based on a number of assumptions, of which the major items are:

- The number and timing of customer PIP assessments – the reduction in the rate of reassessments and the consequential delay in customers becoming eligible for PIP transitional support payments has been based on available data.
- The failure rate – the percentage of customers becoming ineligible for the necessary level of PIP award following reassessment has been estimated at 35%, in line with experience to March 2018.

- Weighted average support payment – the average cost of the support payment is assumed at £1,900 per customer, based on an analysis of the actual existing customer profile.
- The elapsed time to complete a customer assessment – this is estimated at six months from invitation to be assessed for PIP through to payment.
- Customer adherence to payment qualification criteria – the main assumption is the number of customers not returning their vehicles within the allowed time, who lose eligibility for support, and this is estimated at 10%.
- The proportion of eligible customers who opt to take a reduced support payment but retain their Scheme vehicle for longer. Customer research conducted in November 2016, and subsequent experience, has indicated that approximately 35% of people who failed a PIP reassessment ended up with an appeal. This percentage has been used as the assumed proportion of customers who will choose a lower support payment. The above assumptions are subject to a level of individual uncertainty especially the number and timing of customer PIP assessments. Please also see note j) Critical Judgements in note 1.

The balance of £36,745,000 (£28,925,000 in 2016/17) donated by Motability Operations is held as a restricted reserve that will be used in future years to fund similar payments to customers leaving the Scheme following a PIP reassessment.

## 15. Creditors: Amounts Falling Due After One Year

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Amortised Rent Free Period on Current Premises Lease	94	82	94	82
<b>Total Creditors Falling Due After One Year</b>	<b>94</b>	<b>82</b>	<b>94</b>	<b>82</b>

## 16. Analysis of Group Net Assets / Liabilities between Funds

	Designated Funds £'000	General Funds £'000	Total Unrestricted Funds £'000	Restricted Funds £'000	Total Group Funds £'000
<b>Fund Balances at 31 March 2018 are Represented by:</b>					
Tangible Fixed Assets	-	-	-	2,640	2,640
Current Assets	67,117	3,394	70,511	99,510	170,021
Current Liabilities	(7,338)	(1,751)	(9,089)	(9,463)	(18,552)
Provisions	-	-	-	(41,951)	(41,951)
Creditors Over One Year	-	-	-	(94)	(94)
<b>Net Assets Excluding Pension Liability</b>	<b>59,779</b>	<b>1,643</b>	<b>61,422</b>	<b>50,642</b>	<b>112,064</b>
Pension Liability	-	-	-	(3,039)	(3,039)
<b>Net Assets Including Pension Liability</b>	<b>59,779</b>	<b>1,643</b>	<b>61,422</b>	<b>47,603</b>	<b>109,025</b>

	Designated Funds £'000	General Funds £'000	Total Unrestricted Funds £'000	Restricted Funds £'000	Total Group Funds £'000
<b>Fund Balances at 31 March 2017 are Represented by:</b>					
Tangible Fixed Assets	-	-	-	2,409	2,409
Current Assets	18,560	2,365	20,925	140,481	161,406
Current Liabilities	-	-	-	(15,965)	(15,965)
Provisions	-	-	-	(79,028)	(79,028)
Creditors Over One Year	-	-	-	(82)	(82)
<b>Net Assets Excluding Pension Liability</b>	<b>18,560</b>	<b>2,365</b>	<b>20,925</b>	<b>47,815</b>	<b>68,740</b>
Pension Liability	-	-	-	(5,836)	(5,836)
<b>Net Assets Including Pension Liability</b>	<b>18,560</b>	<b>2,365</b>	<b>20,925</b>	<b>41,979</b>	<b>62,904</b>

# Notes to the Financial Statements continued...

## 17. Restricted Funds

The income funds of the Group and the Charity include restricted funds comprising donations, other income and Government grants to be applied for specific purposes:

<b>Movement in Funds:</b>	Balance 31/03/2017 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	FRS 102 Pension Adjustment	Balance 31/03/2018 £'000
Fundraising - Donations and Appeals	1	24	-	-	-	25
Specialised Vehicle Fund to Disabled People	4,322	10,384	(14,969)	-	-	(263)
PIP Transitional Support Programme	29,233	3,368	6,062	(1,610)	-	37,053
Funding and Other Income in Relation to Administration Costs	15,073	9,211	(8,644)	-	-	15,640
War Pensioners	24	256	(256)	-	-	24
FRS 102 Pension Adjustment	(838)	-	-	-	(999)	(1,837)
<b>Balance before Pension Deficit</b>	<b>47,815</b>	<b>23,243</b>	<b>(17,807)</b>	<b>(1,610)</b>	<b>(999)</b>	<b>50,642</b>
Pension Deficit	(5,836)	-	-	2,797	-	(3,039)
<b>Total Restricted Funds</b>	<b>41,979</b>	<b>23,243</b>	<b>(17,807)</b>	<b>1,187</b>	<b>(999)</b>	<b>47,603</b>

<b>Movement in Funds:</b>	Balance 31/03/2016 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	FRS 102 Pension Adjustment	Balance 31/03/2017 £'000
Fundraising - Donations and Appeals	8	2,073	(2,080)	-	-	1
Specialised Vehicle Fund to Disabled People	8,189	4,684	(8,554)	3	-	4,322
PIP Transitional Support Programme	111,980	2,143	(86,755)	1,865	-	29,233
Funding and Other Income in Relation to Administration Costs	13,712	9,510	(8,183)	34	-	15,073
War Pensioners	24	249	(249)	-	-	24
FRS 102 Pension Adjustment	-	-	-	-	(838)	(838)
<b>Balance before Pension Deficit</b>	<b>133,913</b>	<b>18,659</b>	<b>(105,821)</b>	<b>1,902</b>	<b>(838)</b>	<b>47,815</b>
Pension Deficit	(7,464)	-	-	1,628	-	(5,836)
<b>Total Restricted Funds</b>	<b>126,449</b>	<b>18,659</b>	<b>(105,821)</b>	<b>3,530</b>	<b>(838)</b>	<b>41,979</b>

## 18. Unrestricted Funds

<b>Movement in Funds:</b>	Balance 31/03/2017 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	Balance 31/03/2018 £'000
<b>Charity</b>					
General Fund	2,350	1,793	(2,515)	-	1,628
Designated Fund – Specialised Vehicle Passenger Fund	18,560	46,074	(4,552)	(993)	59,089
Designated Fund – Discretionary Hardship Fund	-	732	(42)	-	690
<b>Total Charity Unrestricted Funds</b>	<b>20,910</b>	<b>48,599</b>	<b>(7,109)</b>	<b>(993)</b>	<b>61,407</b>
<b>Group</b>					
General Fund	2,365	2,075	(2,797)	-	1,643
Designated Fund – Specialised Vehicle Passenger Fund	18,560	46,074	(4,552)	(993)	59,089
Designated Fund – Discretionary Hardship Fund	-	732	(42)	-	690
<b>Total Group Unrestricted Funds</b>	<b>20,925</b>	<b>48,881</b>	<b>(7,391)</b>	<b>(993)</b>	<b>61,422</b>

<b>Movement in Funds:</b>	Balance 31/03/2016 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	Balance 31/03/2017 £'000
<b>Charity</b>					
General Fund	860	2,157	(667)	-	2,350
Designated Fund – Specialised Vehicle Passenger Fund	-	30,000	(11,440)	-	18,560
Designated Fund – Discretionary Hardship Fund	-	-	-	-	-
<b>Total Charity Unrestricted Funds</b>	<b>860</b>	<b>32,157</b>	<b>(12,107)</b>	<b>-</b>	<b>20,910</b>
<b>Group</b>					
General Fund	874	2,243	(752)	-	2,365
Designated Fund – Specialised Vehicle Passenger Fund	-	30,000	(11,440)	-	18,560
Designated Fund – Discretionary Hardship Fund	-	-	-	-	-
<b>Total Group Unrestricted Funds</b>	<b>874</b>	<b>32,243</b>	<b>(12,192)</b>	<b>-</b>	<b>20,925</b>

The Specialised Vehicle Passenger Fund has been designed to provide support to passenger WAV customers who need additional financial support.

The Discretionary Hardship Fund has been designated during the year to support customers with financial hardship.

# Notes to the Financial Statements

## continued...

### 19. Pension Arrangements

The Group has operated a defined benefit scheme for its employees since November 1988 under which a separate fund is being accumulated to meet the accruing liabilities which is held under a trust, entirely separate from the Charity's assets. Payments to the scheme are made in accordance with the recommendations of qualified actuaries.

From 1 October 2005 changes were made to the defined benefit pension scheme:

- The scheme was closed to new members.
- Employees who wished to retain the 1/60th benefit were asked to increase their contributions.
- The ability to retire before 65 without actuarial reduction was removed.
- A defined contribution scheme was available from that date to any employees wishing to receive pension benefits.

The defined benefit scheme was closed to future accrual from 30 April 2012.

The last actuarial valuation was prepared using the "Attained Age" method, as at 31 March 2016. This valuation used the following assumptions:

	%
Investment Return in Deferment	4.45
Investment Return in Payment	2.40
Salary Increases	Nil
Pension Increases (2.70% for GMP )	2.00

At 31 March 2016 the market value of the scheme's assets was £16,550,000, the present value of liabilities was £24,014,000 resulting in an actuarial deficit of £7,464,000, equivalent to a funding level of 69%. The employer, having considered the various recovery plans, agreed to pay £1,220,000 each year for the next three years ended 31 March 2017, 2018 and 2019 and £665,000 on 31 March 2020 following agreement with the pension trustees.

A qualified actuary using revised assumptions that are consistent with the requirements of FRS 102 has updated the actuarial valuation described above at 31 March 2018. Investments have been valued for this purpose at fair value.

The pension cost to the Charity under FRS 102 was £329,000 (2017: £462,000).

The major assumptions used for the FRS 102 actuarial valuation were:

	2018 %	2017 %	2016 %
Rate of Increase in Salaries	N/A	N/A	N/A
Rate of Increase in Pensions in Payment	2.10	2.20	2.50
Discount Rate	2.60	2.50	3.40
Price Inflation	3.10	3.20	3.40

19.1. The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were:

	2018 %	2018 £'000	2017 %	2017 £'000	2016 %	2016 £'000
Equities	2.60	11,872	2.50	11,155	3.40	9,604
Bonds/Gilts	2.60	4,477	2.50	3,524	3.40	4,023
Cash	2.60	2,994	2.50	3,187	3.40	1,653
Property and Other	2.60	1,632	2.50	1,595	3.40	1,270
<b>Total Fair Value of Assets</b>		<b>20,975</b>		<b>19,461</b>		<b>16,550</b>
<b>Present Value of Scheme Liabilities</b>		<b>(24,014)</b>		<b>(25,297)</b>		<b>(24,014)</b>
<b>Net Pension Liability</b>		<b>(3,039)</b>		<b>(5,836)</b>		<b>(7,464)</b>

The rates used for the expected return on scheme assets are based on the requirements of SORP 2015 (FRS 102) as these determine the predicted return in the year to 31 March 2018. The contribution rate for 2018 was nil of pensionable earnings (nil 2016/17) due to the scheme being closed to future accrual with effect from 30 April 2012.

	2018 %	2017 %
Equities	56.60	57.32
Bonds/Gilts	21.35	18.11
Cash	14.27	16.38
Property and Other	7.78	8.19

The liabilities were valued using the following mortality assumptions:

- Basetable "92 series"
- Future mortality improvements: long cohort projections with 1% underpin
- Age rating: None

The following table illustrates members' life expectancy in years, at the age of 65, based on the mortality assumptions above:

	2018	2017
<b>Retiring Now</b>		
Males	22.10	22.20
Females	24.00	24.30
<b>Retiring in 20 Years</b>		
Males	23.60	24.00
Females	25.50	26.20

## Notes to the Financial Statements continued...

19.2. The movement in the scheme's deficit over the year to 31 March 2018 is summarised as follows:

	2018 £'000	2017 £'000
<b>The Pension Deficit as at 31 March Comprises:</b>		
Pension Deficit at 1 April	(5,836)	(7,464)
Actuarial Gain in the Year	1,798	790
Deficit Recovery Plan Payment	1,248	1,220
Contribution to Scheme Administration Costs	80	80
<b>Subtotal</b>	<b>(2,710)</b>	<b>(5,374)</b>
<b>Analysis of Amounts (Charged) to the SoFA for the Year:</b>		
Other Finance Cost	(148)	(260)
Current Service Cost	(181)	(202)
<b>Subtotal</b>	<b>(329)</b>	<b>(462)</b>
<b>Pension Deficit at 31 March</b>	<b>(3,039)</b>	<b>(5,836)</b>

19.3. Analysis of the amount that has been charged to operating profit under FRS 102:

	2018 £'000	2017 £'000
Current service cost	181	202
<b>Total</b>	<b>181</b>	<b>202</b>

19.4. Analysis of the amount that has been debited to net finance charges under FRS 102:

	2018 £'000	2017 £'000
Expected Return on Pension Scheme Assets	480	554
Interest on Pension Scheme Liabilities	(628)	(814)
<b>Total</b>	<b>(148)</b>	<b>(260)</b>

19.5. Analysis of the amount that has been recognised in the Statement of Financial Activities:

	2018 £'000	2017 £'000	2016 £'000
Actual Return Less Expected Return on Pension Scheme Assets	409	1,604	(314)
Experience (Losses)/Gains Arising on the Scheme Liabilities	(57)	1,893	120
Changes in the Assumptions Underlying the Present Value of the Scheme Liabilities	1,446	(2,707)	1,463
<b>Total</b>	<b>1,798</b>	<b>790</b>	<b>1,269</b>

19.6 History of experience gains and losses

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
<b>Difference Between Actual and Expected Return on Assets</b>					
Amount	409	1,604	(314)	814	(49)
% of Scheme Assets	1.9%	8.2%	(1.9%)	5.0%	(0.3%)
<b>Experience of Gains and Losses Arising on Liabilities</b>					
Amount	(57)	1,893	120	111	(1,252)
% of Scheme Assets	(0.3%)	9.7%	0.7%	0.7%	(8.6%)

# Notes to the Financial Statements

## continued...

### 20. Commitments

#### Operating Leases

Amounts payable in total under operating leases with expiry dates:

Cumulative	Premises 2018 £'000	Premises 2017 £'000	Other 2018 £'000	Other 2017 £'000
Within One Year	303	293	29	29
Between One and Five Years	1,212	1,212	14	58
Over Five Years	152	455	-	-
<b>Total</b>	<b>1,667</b>	<b>1,960</b>	<b>43</b>	<b>87</b>

The commitment above represents the rent and service charge and has been included up to the breakpoint at September 2023. These amounts are not discounted as it was considered not to be a material difference.

### 21. Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities

	Group Total 2018 £'000	Group Total 2017 £'000
Net Movements in Funds	44,323	(65,209)
FRS 102 Pension Adjustment	(999)	(838)
(Increase)/Decrease in Current Asset Investments	(6,837)	19,512
(Increase) in Amount Owing by DWP	-	(5)
Increase in Authorised Grants Awaiting Payment	1,532	5,309
(Decrease)/Increase in PIP Provision	(37,077)	35,911
Depreciation	559	560
Investment Income	(3,019)	(2,242)
Dividends and Interest	(76)	(187)
Profit on Sale of Fixed Assets	-	(9)
Increase in Debtors	(6,818)	(2,045)
Increase in Creditors	1,067	726
<b>Net Cash (Used in) Operating Activities</b>	<b>(7,345)</b>	<b>(8,517)</b>

### 22. Taxation

As a registered charity Motability is potentially exempt from taxation of income and gains falling within Part 11 Income and Corporation Taxes Act 2010 and s256 Taxation Chargeable Gains Act 1992. No tax charge has arisen in the year. No tax charge has arisen in the subsidiary due to the policy of gifting profits to Motability each year.

# Contacts

## Key Executive Staff

### Director

Declan O'Mahony (resigned 29 March 2018)  
Paul Atkinson CBE (appointed 21 May 2018)

### Director of Finance

Vijay Doshi FCA

### Director of Affinity and Projects

Hazel Gotfrand (resigned 6 April 2018)

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## Bankers

### Barclays Bank PLC

Harlow Business Centre  
Harlow  
Essex CM20 1ET

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## Solicitors

### Farrer & Co

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London WC2A 3LH

### Memery Crystal LLP (GDPR)

165 Fleet Street  
London EC4A 2DY

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## Auditor

### Deloitte LLP

Statutory Auditor  
1 New Street Square  
London EC4A 3BZ

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## Registered Office

### Motability

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Harlow  
Essex CM19 5PX



Registered charity in England  
and Wales No. 299745