



Work and Pensions Committee

Treasury Committee

House of Commons, London SW1A 0AA

From the Chairs

January 2019

Rt Hon Amber Rudd MP
Secretary of State for Work and Pensions
Department for Work and Pensions

Dear Amber,

You will be aware that last Wednesday, 9 January, our Committees held a joint evidence session on Motability. It confirmed our view that Motability has, over the last four decades, done hugely valuable work to help millions of disabled people to live more independent lives. We are in no doubt that those leading the scheme are deeply invested in its honourable objectives.

Nevertheless, the undoubtedly excellent work done by Motability cannot override the need for proper scrutiny of the spending of public money. The evidence we heard gave us little confidence that the issues raised by the National Audit Office in its report on the Motability scheme have been fully taken on board by both the charity and by Motability Operations.

Given that your department has a unique relationship with Motability—making direct payments of various allowances to Motability Operations and advertising the Motability scheme to PIP recipients—our evidence raised significant questions about the Government's oversight of the Motability scheme. The Comptroller and Auditor General told us that, in his view, "the Government need to consider the basis on which they participate."¹

Since your appointment as Secretary of State, we have been in no doubt as to your admirable willingness to address long-standing difficulties and to review your department's policies against the evidence. On 19 December, you assured the Work and Pensions Committee that you expected "fundamental changes" in the way the Motability scheme operates.²

Might you therefore please provide answers to the following questions:

1. Following your meetings with the Comptroller and Auditor General and with Lord Sterling, what actions do you now plan to take, and on what timetable?

¹ Q 149

² Q 141



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2. What aspects of the current operation of the scheme most concern you, and what are your priorities for action?

We would also be grateful for information about the Government's past engagement with the Motability scheme. In evidence, the Comptroller and Auditor General told us that "It is worth noticing that the Government used to be more involved in Motability than they are now. They are hardly involved at all now."³

Might you please let us know:

3. At how many board meetings of Motability the charity has a representative of DWP (or its predecessor departments) been present since Motability's foundation, if any? Who is responsible for deciding whether the Department will send a representative?
4. Why has the Department's approach to engaging with Motability changed over time, as described by the Comptroller and Auditor General? What are the most important changes you will see through in respect to Motability as you are a "major underwriter" of the scheme?⁴
5. What are the Department's policy objectives in respect of the special arrangements it has with Motability?
6. Has the Department ever reviewed its arrangements with Motability against its policy objectives?
 - If so, what was the outcome of this review?
7. What monitoring does the Department undertake of (a) the performance of the Motability scheme and (b) the scheme's corporate governance arrangements? Given that Motability in practice deliver a significant proportion of the Government's mobility policy, does the Government believe that greater monitoring of Motability's corporate governance is needed?
8. When did the Department first become aware of the very large surpluses and reserves of Motability Operations and the levels of executive remuneration?
9. Did the Department express any view, to Motability Operations or to Motability, about the appropriateness of these levels of surplus and reserves, and/or about the remuneration of its senior executives?

³ Q175

⁴ Q175



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10. What discussions has the Department had with the shareholder banks which own Motability Operations?
11. How does the Government intend to combine its support for electric and driverless cars into its support for the Motability scheme? Do these new technologies present an opportunity for the Government to have more input into the scheme?
12. The Director of Motability the charity told us that it is considering providing grants to groups who currently receive no state support.⁵ Does the Department have a view on whether Motability should be able to receive direct payment of allowances from disabled claimants and then decide for itself who the beneficiaries of such payments should be?

We would be grateful for a response to this letter by no later than 5.00pm on Thursday 31 January.

We will be placing this letter and your response in the public domain.

With best wishes,

Rt Hon Frank Field
Chair, Work and Pensions Committee

Rt Hon Nicky Morgan MP
Chair, Treasury Committee

⁵ Q 218