11 February 2019

The Rt Hon Frank Field MP
Chair, Work and Pensions Committee

The Rt Hon Nicky Morgan MP
Chair, Treasury Committee

By email

Dear Chairs,

MOTABILITY EVIDENCE SESSION – 09 JANUARY 2019

We thank you for the opportunity to present to your joint evidence session on 09 January on the issues arising from the National Audit Office (NAO) review of the Motability Scheme. The following are our responses to the requests for information made at the session.

1. **Extension of Support for Lost PIP Allowance.** Derek Thomas MP asked whether it was possible for Motability to provide support until the end of the lease for people who lose their PIP allowance.

   **Motability Response.** Motability already makes significant charitable donations to provide support for customers who fail to transition from DLA to PIP. Indeed, in April 2017, Motability announced changes to the existing £175M Motability Transitional Support Programme (TSP), providing eligible Scheme customers who had been unsuccessful in transitioning from DLA to PIP with the option of taking a reduced TSP payment in return for retaining their vehicle for up to 26 weeks, rather than the standard 8 weeks. This option allows customers to retain their vehicle for longer while they make alternate mobility arrangements.

The increase to 26 weeks also provides support to those customers who require more time to complete a mandatory reconsideration and then an appeal before vehicle handback, following a failed PIP assessment. Of course, as the volume of PIP assessments has grown, so has the proportion of people seeking to pursue an appeal. The current clearance time for PIP appeals is 30 weeks on average.
Allowing customers to retain their vehicle for up to 26 weeks is, of course, not conditional on their pursuing an appeal. Accordingly, if a customer has opted for the 26-week retention period, and Motability is satisfied that they are actively progressing an appeal, a discretionary extension to the handback period can be granted. Indeed, of the customers choosing the extended retention period, Motability has supported almost half to retain their vehicles longer than the 26 weeks.

Since April 2017, approximately 17% of customers failing a DLA to PIP reassessment successfully had their decision reversed before the scheduled vehicle handback date.

2. Refusal of Applications due to Insufficient Funds. John Mann MP asked Motability to provide data on the number of people who have been refused an application for an adapted vehicle due to insufficient funds, preferably with a regional breakdown. Frank Field MP then requested data on the number of people who applied to the Scheme, the number refused and the size of the reserves at the time.

**Motability Response.** Should a Motability Scheme customer be unable to afford a vehicle or the adaptations they require, they can apply to the Charity to provide a grant to cover the additional costs. Motability’s support is discretionary and subject to means-tested criteria. Eligible customers are supported by Motability to find the vehicle or adaptation solution that best meets their specific needs based on their disability. A grant will then be offered to cover the cost of this solution. It is important to note that this does not mean that customers automatically receive funding for a specific request, for example, a particular brand of car or wheelchair accessible vehicle, as Motability policy is to identify the lowest-cost option that meets their disability needs.

Where customers request a Drive-from-Wheelchair (DFW) vehicle, in addition to the means test, they must also demonstrate how they will use the vehicle. Motability’s additional criteria for DFW grants are that applicants must either be: a full time carer; in employment; in full-time education; or are committed to significant voluntary work (at least 16 hours per week). We apply the additional criteria for DFW vehicles as they are the most complex and expensive vehicles that the Scheme provides, requiring significant and bespoke alterations to the base vehicle for each individual customer. The Charity has, to date, aimed to ensure that available funds have been targeted at those most in need. For example, the average grant currently for a DFW vehicle is approximately £28,000. If a customer does not meet the additional criteria outlined above, they will be offered the next best solution to meet their mobility needs. This would be a passenger Wheelchair Accessible Vehicle or funding for a different solution.
In the year to December 2018, of the 843 grant enquiries for DFW vehicles across the UK, 65 requests did not meet the qualifying criteria. We can therefore assume that, over a five-year period, approximately 350 customers have not received this solution. The additional donation funds received will now allow us to actively consider a different approach which could see additional expenditure of £10m over five years. It is also likely that we will receive additional grant enquiries for these vehicles, as many people will currently not make an application as they know they do not meet our existing criteria.

To put the 65 cases into the overall context of the Charity’s grant-making activity, during 2018 we received a total of 13,666 vehicle-related grant enquiries. These resulted in 12,584 returned applications forms, leading to 6,956 grant offers (with a further 694 cases from 2018 still ongoing). The numbers naturally decline between initial inquiry and final delivery of a vehicle because the customer either withdraws their interest, does not meet the means test or the additional Motability criteria, or an alternative solution is available without the need for grant assistance.

As regards reserves, prior to Motability Operations’ donation of £400m in September 2018, the Charity’s reserves available for charitable disbursement were £61.4m unrestricted, of which £59m were designated for Specialised Vehicle Passenger (SVP), also known as Passenger Wheelchair Accessible Vehicles. This included a £45m donation from Motability Operations in Sept 2017, which was expected to provide 3 years of funding for the SVP programme at £15m per annum. Following receipt of the windfall donation from Motability Operations, the Charity’s grant-making policies, including eligibility, are under review.

3. **Governance Review Implementation.** Stephen McCabe MP asked Motability to provide a list of the ten recommendations from the governance review that have been implemented, as well as the timescales within which the remaining recommendations will be implemented.

**Motability Response.** 10 recommendations from the Motability Governance Review have either been implemented or will be completed by March 2019:

- The Audit and Risk Committee (ARC) should meet at least quarterly.
- The ARC meetings with the charity’s auditors are minuted.
- The Charity commissions an independent review of the Motability Operations Reserves Management (now Capital) Policy.

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1 It is not possible to provide a regional breakdown of this figure.
• A legal opinion be commissioned to provide a more definitive view on whether or not surplus funds held in Motability Operations Ltd (MOL) / Motability Operations Group plc are charitable funds.

• The Governors consider whether anything emerging from the NAO review should be reflected in an update of the Scheme Agreement in due course.

• The MOL trademark licence should be updated to cover all of the Charity’s trademarks that are used by MOL and associated entities.

• The Governors undertake a staggered “refresh” of the Board, following the report of the Nominations Committee in July 2018.

• Lord Sterling will not chair the meetings of the Committee charged with planning his succession.

• Review Risk Policy.

• The role (and name of) and need for a Chairman’s Committee and/or the transfer of some of its functions to other committees are reconsidered. Care should be taken that these meetings do not inadvertently encroach on matters within the decision-making responsibility of the Board.

The remaining recommendations will be progressively implemented during the forthcoming year, with the aim to complete by early 2020.

I trust that this has answered your questions; please do not hesitate to contact me if you require further clarification.

Yours Sincerely,

Paul Atkinson CBE
Director

cc.
Chairman and Governors of Motability
Peter Wienand