The Rt Hon AMBER RUDD MP
Secretary of State for Work & Pensions

February 2019

Dear Chairman,

Thank you for your letter.

I would like to take this opportunity to again extend my gratitude to your Committees, and the NAO, for the crucial understanding your work has provided regarding how the Motability Scheme operates. There is now a clear plan of action for Motability and Motability Operations to take forward.

The immediate priority for the Department and indeed all those with an active interest in the Motability Scheme must be to see swift action to put all the recommendations in place and transparent reporting on progress.

Turning to your letter and points 4-5 relating to Governments’ role in monitoring the governance and transparency of the Scheme as well as the governance and financial relationships between Motability and Motability Operations. Of course we will want to see the recommendations from the Governance Review and the NAO fully implemented and that would address the current issues. As both Motability and Motability Operations are independent bodies it will be for the NAO and the Charity Commission to monitor the progress that is being made in improving governance arrangements including the financial and governance relationships between the charity and Motability Operations. However, given the role that Government plays in supporting the scheme we naturally have a strong interest and will work closely with the NAO, the Charity Commission and Motability to see that necessary improvements are made.

In relation to what might be acceptable to Government in terms of the levels of reserves, profits and remuneration (point 3), the NAO have recommended that expert advice be sought to benchmark levels of reserves against comparable companies. In addition, Motability Operations has been asked to be more transparent on levels of performance bonuses. We fully support these recommendations and expect Motability to report back to the NAO on this.
Government will review the support it provides the Motability Scheme and I can confirm that it will include the following; considering the full range of options for implementing the Government’s mobility policy, including the Motability Scheme (point 1) and how Government will ensure that allowances paid directly to Motability are used in full for the benefit of individuals entitled to those allowances (point 2). As well as considering the Indirect contribution that HM Treasury makes to the Scheme in respect of tax reliefs (point 6), support for non-car-based Schemes (point 7) and barriers to take-up of the Motability Scheme (point 8). We see these issues as key to the work we will be undertaking in line with the NAO recommendation to review the value and the impact of the support we provide for the scheme, in light of our overarching objectives for mobility allowances.

We will of course inform the Committees of the outcomes of this work, and expect the initial phase of the work to be completed by the end of the year.

With best wishes,

The Rt Hon Amber Rudd MP
SECRETARY OF STATE FOR WORK AND PENSIONS