



Annual Report  
and Accounts  
**2018/19**



“On the  
Road to  
Freedom”



# Contents

## About Motability

Patrons, Governors and Key Executive Staff	2
Introduction	3
Chairman's Statement	4
What We Do	6
Our Strategy	10
Who We Are	15

---

## Governance

Board of Governors	17
Governors' Report (Trustees' Report)	20
Report of the Scheme Oversight Committee	22
Report of the Grant-Making Committee	25
Report of the Nomination Committee	28
Report of the Remuneration Committee	29
Report of the Audit and Risk Committee	30
Risk Management	32
Financial Review and Results	34

---

## Auditor's Report

Independent Auditor's Report to the Governors (Trustees) of Motability	38
---	----

---

## Financial Statements

Consolidated Statement of Financial Activities	40
Consolidated Statement of Financial Activities by Activity	41
Statement of Financial Activities (Charity Only)	43
Balance Sheets (Group and Charity)	44
Group Balance Sheet by Activity	45
Consolidated Cash Flow Statement	46
Notes to the Financial Statements	47

# Patrons, Governors and Key Executive Staff

## 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  
(deceased 13 October 2018)

## Life Vice-Presidents

Roly Stafford OBE (deceased 23 October 2019)

Brian Carte TD

## Governors

**Chairman and Co-Founder:** The Rt Hon the Lord Sterling  
of Plaistow GCV O CBE

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

**Hon Treasurer:** Richard Bennison FCA (retired 11 December  
2018)

**Hon Treasurer:** David Hunter FCA (appointed Member and  
Governor 26 September 2018, additionally appointed  
Treasurer 11 December 2018)

Alan Dickinson (retired 26 September 2018)

Dr Stephen Duckworth OBE (appointed 26 September 2018)

Ed Humpherson

Barry Le Grys MBE (retired 21 July 2019)

Joanna Lewis (retired 26 September 2018)

Dr Juliana Onwumere (appointed 4 July 2019)

Professor Mala Rao OBE (appointed 4 July 2019)

Lord Kevin Shinkwin (appointed 26 September 2018)

Paul Spencer CBE (retired 26 September 2018)

Professor Adrian V Stokes OBE

Cheryl Ward (appointed 26 September 2018)

Professor William Webb (appointed 26 September 2018)

## Members

Don Brereton CB

Morigue Cornwell MBE

Christopher E Fay CBE

Tim Gooch

The Rt Hon the Lord Hague of Richmond

Joe Hennessy OBE (deceased 28 May 2019)

Raymond King

Edward Lester

The Baroness Masham of Ilton DL

The Hon Sara Morrison

Noel Muddiman CBE

## Executive Staff

**Chief Executive Officer:**

Barry Le Grys MBE (appointed 25 September 2019)

**Director:**

Paul Atkinson CBE (appointed 21 May 2018,  
retired 11 July 2019)

**Director of Finance:**

Vijay Doshi FCA (retired 31 December 2018)

**Interim Director of Finance:**

Rupen Shah CIMA (appointed 3 December 2018)

**Director of Finance:**

Charles Nall (appointed 1 November 2019)

**Director of Charitable Operations:**

Lisa Jones (appointed 1 March 2019)

**Director of Affinity and Projects:**

Hazel Gotfraind (retired 6 April 2018)

**Director of Performance and Engagement:**

Rachael Badger (appointed 4 November 2019)

# Introduction

Motability was founded forty two years ago by the late Lord Goodman and Lord Sterling, the current Chairman, with all-party political support, in order to help disabled people and their families with their personal mobility. Since its inception, the Charity has grown from strength to strength.

In 1977, there were only 25,000 Government issued vehicles for disabled people; mostly the distinctive single passenger trikes. Through the Charity's creation and direction of the Motability Scheme, Motability Finance – who were increasingly delivering the Scheme – were able to steadily enhance the value and choice of cars for disabled people and their families (for an explanation of the Scheme, see page six). As time went on, the Scheme's buying power was such that the value for money for our disabled customers improved consistently.

In 2008, Motability Finance altered its name to Motability Operations Limited, to reflect its delivery role, and became a subsidiary of Motability

Operations Group plc, which was formed as the culmination of a decision planned several years earlier to raise long-term funding on the capital markets. This was taken because of the possible risks, given the very sizeable amounts raised, of relying on annual bank borrowing. The decision was – with hindsight – most timely.

Over the years, money has been reinvested, with our approval, by Motability Operations back into the Scheme for the benefit of customers, through customer support and the enhancement of many areas of customer service. Motability has also been able to adopt measures such as giving transitional support payments

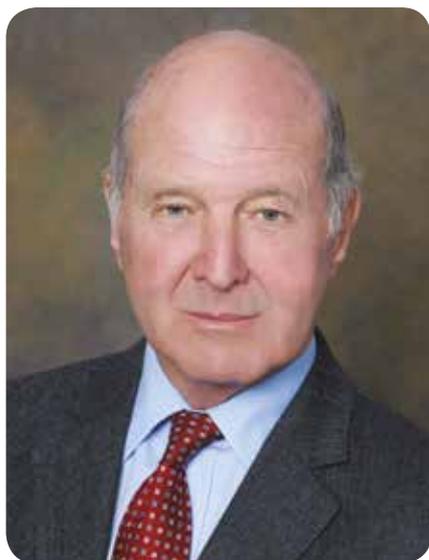
and grants towards wheelchair accessible vehicles. The project has proven resilient in the context of successive economic cycles and Government reforms to disability funding, and has built long-lasting and valued relations with stakeholders across Government and industry.

There are currently over 620,000 people benefiting from the provision of cars, accessible vehicles and complex adaptations, powered wheelchairs and scooters. Under Motability's stewardship, the Scheme, reinforced by our charitable programmes, has provided around five million vehicles and helped millions of disabled people and their families to enjoy 'the road to freedom'.



# Chairman's Statement

Over the past 42 years, the Motability Scheme has put over 5 and half million vehicles on the road, helping millions of disabled people and their families to enjoy freedom and independence. Motability is now, I believe entering into another chapter which is likely to be one of the most exciting and important in its history.



## Lord Sterling GCV O CBE

Chairman and co-founder of Motability

In June this year, we announced the intention to create an endowment fund, which will provide an excellent long-term insurance policy for our beneficiaries and their ongoing mobility needs. The endowment fund, to be called The Motability Foundation, will enable us to continue to enhance the lives of disabled people by helping with their transportation needs and independence.

In late 2018, Motability received a donation of £400 million from Motability Operations. The size of this donation was made possible by the extraordinary buoyant second-hand market, in which cars have been selling consistently at values significantly higher than expected.

In early 2019, we approached the Department for Work and Pensions to discuss other areas in which they are involved with disabled people,

where our support could prove helpful. In July 2019, the Minister for Disabled People announced that we would extend our charitable contributions in two new areas; Stopped Allowance Support and Access to Work Grants (see page 14).

In late September 2019, Motability Operations made a further donation of £800 million to The Motability Foundation, due to the continued buoyancy of the second-hand market. This market has now fallen substantially, returning to more normal levels. The Motability Foundation will enable us to substantially extend and sustain our current grant-making programmes and introduce new initiatives, taking into account industry capacity and additional resource, for example the need for highly trained specialist staff.

None of us can accurately forecast the future but in the years to come, Motability Operations could face some volatile years, making future donations uncertain.

The Charity's creation of The Motability Foundation will also serve as an excellent long-term insurance policy, ensuring that we will not get into the position of having to take away support that we have made a commitment to provide. We will be able to provide the certainty of funding into the future. The creation of The Motability Foundation will underpin our work for current and future generations to come.

We are heavily expanding our charitable horizons, moving Motability and the Motability Scheme into a new and exciting era.

The Charity is well advanced in detailed consideration and implementation of the best use of these resources, with much already achieved in researching and evaluating the areas which will best help disabled people and their families. More details can be found about our plans on pages 10 to 14.

We have recently used the financial strength of the Scheme to help those that are impacted through the Government's introduction of Personal Independence Payments (PIP). In 2011, the Governors of Motability and the Motability Operations' Board decided to provide those who have sadly lost their eligibility to remain on the Scheme, with both help and advice and considerable financial resources to try to keep them mobile during this transitional period. Currently, £175 million has been allocated for this purpose.

The National Audit Office Report, published in December 2018, said that "the Motability Scheme provides an excellent service" and also made recommendations. I am pleased we have nearly implemented them all. Our founding principles remain unchallenged and it is the service to customers and beneficiaries that we strive to better, as always.

There are many people I wish to thank, my fellow Governors, both past and present, whose dedication and experience over the decades has been invaluable. They have brought a wealth of individual knowledge and experience in areas such as disability, international commerce, finance and the charity sector. In particular, I would like to thank my Vice-Chairman

## 1981 Christmas Broadcast Celebrating International Year of Disabled People



and previous Chair of the Scheme Oversight Committee, Sir Gerald Acher who stands down at our Annual General Meeting 2019. Gerry has made an enormous contribution to Motability over the past 30 years. I would also like to publicly thank Neil Johnson OBE who stepped down from his role as Chairman of Motability Operations this year. Neil played a key role over 17 years in creating the Motability Operations of today.

We welcome Sir Stephen O'Brien KBE as the new Chairman of Motability Operations, who has had to date a distinguished career and we look forward to working together.

Mike Betts, Chief Executive of Motability Operations, over many years has delivered a first-class service to customers. Mike is an outstanding Chief Executive, managing a complex business and he will be missed when he stands down next year.

The following Governors retired during the year: Richard Bennison, Joanna Lewis, Alan Dickinson and Paul Spencer, their splendid service totalled 51 years between them.

In September 2018 at our Annual General Meeting, we welcomed five new Governors: David Hunter, Cheryl

Ward, Lord Kevin Shinkwin, Dr Stephen Duckworth OBE and Professor William Webb. We subsequently welcomed two additional new Governors earlier this year: Professor Mala Rao OBE and Dr Juliana Onwumere.

For personal reasons, Paul Atkinson resigned from his role as Director of Motability. Paul was a strong team player and I wished him well with his future endeavours.

The Board felt that it was vital not to lose momentum on the exciting but complex programme of work before us and that to maintain continuity, we needed someone who was familiar with the Charity and its plans. We were very fortunate when Barry Le Grys, who had stepped down as a Governor (having been one since 2017) confirmed his willingness to become interim Chief Executive Officer and in September he was appointed Chief Executive Officer with the unanimous support of the Board.

Barry was, for the previous five years, the Chief Executive at Blesma, The Limbless Veterans, a service charity that has specialised on assisting veterans overcome limb loss and loss of use since the end of World War One. Motability took on responsibility from Blesma to provide vehicles to

ex-service veterans back in 1983; a responsibility we still have today. Barry has a distinguished military career serving our country and has also held a number of important roles in both public service and the charity sector.

The unique arrangement which makes up the Motability Scheme is supported by many unsung heroes who demonstrate wonderful empathy with their efforts. My fellow Governors, executives and I would like to express our great gratitude to all the staff at Motability and Motability Operations, for their dedication, professionalism and hard work during these fast-moving times. Their continued passion and expertise in helping to meet the needs of our beneficiaries is exemplary.

It would be wonderful if the economic circumstances of disabled people were such that they no longer needed the help of an organisation like Motability. Despite the development of medical science, there will always be, sadly, disabled people who need our support and services for their mobility needs in the decades to come.

# What We Do

Motability is a national charity, founded with all-party parliamentary support in 1977 and incorporated by Royal Charter. Motability has one subsidiary, Motability Enterprises Ltd, whose activities are consolidated within the Motability financial statements; see page 50 for more information.

## Our Purpose

Our purpose is to enhance the lives of disabled people with transportation solutions. Our charitable objective is to facilitate the relief and assistance of disabled people in connection with the provision of personal or other transportation.

We do this primarily in three ways:

### 1. Oversight of the Motability Scheme

We oversee the Motability Scheme to ensure that it provides access to a wide choice of mobility solutions to disabled people that meet their needs, and that it provides excellent service and value for money.

To achieve this, the Scheme Oversight Team:

- Monitors the performance of both the Car and Powered Wheelchair and Scooter Schemes and discusses performance and operational action plans with Motability Operations as appropriate. Motability Operations is contracted to deliver services to Scheme customers.

Today over  
**620,000** people  
benefit from the  
Motability Scheme



- Agrees and monitors operational Key Performance Indicators (KPIs) with Motability Operations.
- Agrees strategy and policy with Motability Operations.

### 2. Charitable Grant-Making

At Motability, we aim to support as many disabled people as possible to achieve the right mobility solution.

Whilst the vast majority of Motability Scheme customers use just their mobility allowance to lease the vehicle they require, there are still some who are unable to afford the vehicle, adaptations or driving lessons they need to be able to access the benefits of the Motability Scheme. Support through a charitable grant from Motability can mean a world of difference to our beneficiaries and their families, to be able to enjoy the freedom and independence so many of us take for granted.

As a charity, we currently offer grants towards:

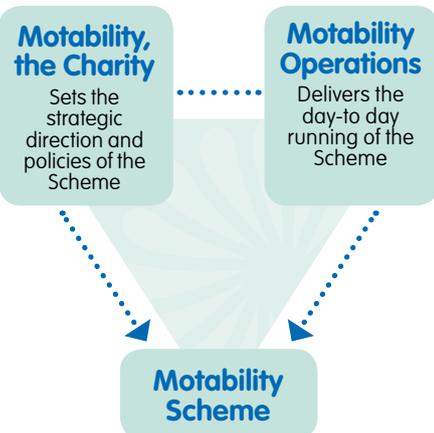
- **Vehicle adaptations.**  
We aim to ensure that travelling or driving is as comfortable and safe as possible.
- **Vehicle Advance Payments.**  
An Advance Payment is a one-off payment that covers the difference between the higher rate mobility allowance and the total cost of the lease.
- **Driving lessons.**  
We aim to help disabled people gain access to driving tuition, both in standard production and adapted vehicles.

### Other Grants

Motability also offers grants towards the following:

- **Transitional Support Payments.**  
We aim to assist people with disabilities who lose their eligibility to remain on the Motability Scheme when they are reassessed for Personal Independence Payment (PIP).

Motability is continually developing, resourcing and planning for new ways in which to support as many people as we are able to. With the security of the £400 million donation that we received in 2018 from Motability Operations, we have been upscaling existing Scheme-related grant-making programmes through new initiatives and increased number of beneficiaries, resulting in a £33.7 million spend this year compared to £22.8 million in 2017/18, which is a 48% increase. These figures do not include the Transitional Support Payments previously identified by the Governors for the PIP Programme.



Our plans for charitable grant-making will expand significantly in the coming years, more of which can be found on pages 10 to 14.

### 3. Raising Awareness

We aim to build awareness and understanding about Motability and the Motability Scheme, so that no-one is excluded from the benefits of the Scheme through a lack of knowledge. We provide information both to people who could use the Scheme and to those who care or advise them.

#### The Motability Scheme

The Scheme is available to disabled people who receive one of the following:

- Higher Rate Mobility Component of Disability Living Allowance (HRMC of DLA);
- Enhanced Rate Mobility Component of Personal Independence Payment (ERMC of PIP);
- War Pensioners' Mobility Supplement (WPMS);
- Armed Forces Independence Payment (AFIP).

Today, over 620,000 people<sup>1</sup> benefit from the Motability Scheme, and since 1978, when the first cars were delivered, nearly five million cars, powered wheelchairs and scooters have been provided to enhance their mobility.

The day-to-day running and management of the Scheme is delivered by Motability Operations; an independent, commercial company, under an exclusive contract to Motability. Owned by the major banks, Motability Operations employs around 1,000 people based in two locations: London and Bristol. Post-tax profits generated by Motability Operations are (following consultation with Motability) re-invested in to the Scheme to ensure value for money, or retained as capital reserves to safeguard the long-term sustainability of the Scheme. Profits not required for these purposes are donated to Motability, which uses these monies for charitable purposes.

**£33.7million**  
This financial  
year's spend for  
Scheme-related  
grant-making  
programmes.  
**An increase  
of 48%**

(compared to £22.8million  
spend for 2017/18)



## Shadrach

received a grant  
towards a vehicle  
Advance Payment

**Shadrach is a younger member of the Motability Scheme.**

His mother, Emma, drives the car on Shadrach's behalf. The car makes it easier for Shadrach and his family to travel to hospital appointments as well as to visit family, without the stress of worrying about travel arrangements.

**The grants application process was very straightforward and my Grants Advisor was so helpful.**



<sup>1</sup> As at 31 March 2019. Source: Motability Operations.

# Vera

received a grant towards a vehicle adaptation

**Vera is a Motability Scheme customer who has received a grant to cover the Advance Payment for her vehicle and a hoist adaptation so her mobility scooter can be lifted into the boot of her car.**

As an active member of her local church and community, a highlight of Vera's year is the tradition of selling poppies in honour of Remembrance Day, which she has undertaken for many years, and has no plans of stopping anytime soon! Away from the church, Vera enjoys spending time with her family, who are a close-knit unit and who spend time together every day, even if just for a cup of tea.

**I can't praise the Motability grant process enough.**



## What we do continued...

It is entirely up to the disabled person whether they choose to use their mobility allowance to join the Motability Scheme or to spend it in some other way.

- One in three of those who are currently eligible to do so have chosen to join the Scheme.
- Around two-thirds of Scheme customers drive but those who do not can still lease a car and travel as a passenger.
- Similarly, parents or carers can also apply to join on behalf of a child aged three and above. It is important that the car is used by, or for the benefit of, the disabled person.

Motability Scheme customers can lease a new car, with insurance, road tax, servicing, tyres and breakdown cover all included. A wide range of adaptations and Wheelchair Accessible Vehicles (WAVs) are also available. A similar Scheme exists for those wishing to lease a scooter or powered wheelchair.

This year we provided **4,981** charitable grants for cars and simple adaptations



### The Motability Tenth Anniversary Trust

The Motability Tenth Anniversary Trust (MTAT) is a separate registered charity. It was established in 1989



This year we provided **656** grants for adaptations

to hold and disburse funds to support Motability's charitable objectives, principally by allowing Motability to provide 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.

In addition, the Trust considers requests to provide funds for a range of charitable purposes, including grants to other charitable organisations engaged in projects related to mobility for disabled people.

The Trustees of MTAT and the Governors of Motability have agreed in principle to transfer the net assets of MTAT to Motability. It is anticipated that this will occur during 2020.

### Public and Charitable Benefit

This Annual Report reviews the work of Motability and the Motability Scheme over the past year, measuring success against the stated aims for 2018/19 and setting out the aims for 2019/20. These can be found in the individual Committee Reports on pages 22 to 31. 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. Enhancing the mobility of disabled people to the extent demonstrated in this Report is Motability's contribution to the nation.

### Motability and Personal Independence Payments (PIP)

In 2013, the Government launched the PIP benefit which has been replacing DLA for disabled people aged between 16 and 64. During the reassessment process and transition from DLA to PIP, some people will continue to lose their eligibility for the Motability Scheme. This programme of reassessment is predicted by the DWP to be completed by 2020/21.

As of 31 March 2019, more than 200,000 people have joined the Motability Scheme using PIP rather than DLA since 2013.

As the DWP has reassessed customers receiving DLA, approximately 150,000 people to date have been awarded the same level of mobility support under PIP and have remained on the Scheme. More than 90,000 disabled people have lost their eligibility to remain on the Scheme due to their DLA to PIP reassessment.

### Transitional Support Package (TSP)

Motability Governors recognised the difficulty and hardship many disabled people would face in having to leave the Scheme. As part of our charitable objectives, in 2011 the Governors announced a one-off charitable TSP to disabled people who are no longer eligible to remain on the Scheme following their DLA to PIP reassessment. The package also allows disabled people to retain their car for up to 26 weeks, but the TSP amount is reduced accordingly. This helps individuals to remain mobile, in many cases by purchasing a used car.

The levels of TSP for customers who first joined the Scheme are:

- Before 2013 (and who return the car within eight weeks of DLA payments ending): £2,000.
- Before 2013 (and who return the car within 26 weeks of DLA payments ending): £500.
- During 2013 (and who return the car within eight weeks): £1,000.
- During 2013 (and who return the car within 26 weeks of DLA payments ending): £250.
- After 2013: they are not eligible for TSP.

In addition, we offer customers:

- Access to the Scheme's arrangement with a leading insurance broker, who provides quotes that take the claims history of former Scheme customers into account. This can allow people to accrue no claims discounts of up to 60%, which might not otherwise be available to them.
- Assistance with the cost of fitting the same adaptations they need to another vehicle.
- Customers who leased a WAV are advised on a case-by-case basis to assist them with their future mobility arrangements including, where appropriate, help to purchase their Scheme WAV.
- Support and advice to customers currently leasing powered wheelchairs or scooters, enabling them to buy their current product wherever possible.

Motability has already provided over £119 million in support through the TSP since 2013.

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



Motability has already provided over **£119 million** in support through the Transitional Support Package since 2013.

# Our Strategy

We have undertaken a high level strategic review of our intent and economic model to develop a long-term strategy that will enable us to deliver our Vision:

**‘that no disabled person shall be disadvantaged due to poor access to transportation’.**

## Intent – The Strategic Pillars

### MOTABILITY SCHEME



Ensure the successful operation of the Motability Scheme in meeting the transportation needs of disabled people.

### GRANT-MAKING



Use charitable funds to support beneficiaries with the financial cost of their transportation needs.

### BUILD AWARENESS



To ensure that disabled people are fully aware of the benefits available from Motability, the Charity, and the Motability Scheme.

## Our Goals

- Ensure the Motability Scheme delivers value for money solutions and high levels of customer service.
- Strengthen our oversight of the Motability Scheme.

- Extend and enhance our grant support to customers of the Motability Scheme.
- Create new grant programmes to support more disabled people.
- Develop a new “Motability Special Grants Programme” to provide financial help to other charities or organisations with aligned objectives.

- Create engaging ways to help people to continue to be aware, and to understand, both our charitable work and the Motability Scheme.
- Establish Motability’s identity as a leading, grant-making disability charity.

## INNOVATION



Constantly look for and develop new solutions to meet the evolving transportation needs of disabled people.

- Invest in innovation and development in support of our vision.
- Broaden our activities to examine other forms of transportation outside of the Motability Scheme.

## DISABILITY CHARITY



Be a major charity that provides the highest level of service, underpinned by a strong infrastructure and empathetic culture.

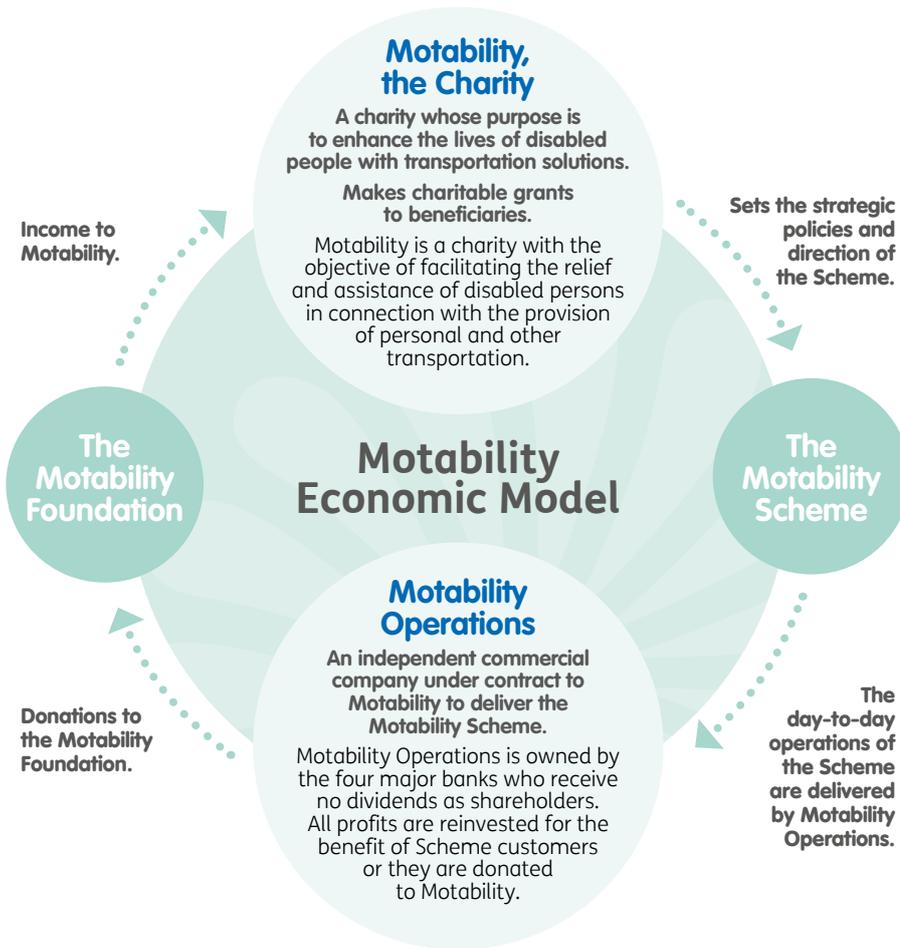
- Be a charity that supports future growth, particularly through the establishment of The Motability Foundation.
- Develop our people, skills and ways of working to enable our growth.

## Our Founding Principles

Our founding principles that underpin our Strategic Pillars are to provide:

- The highest standard of service.
- The best possible value for money.
- Financial sustainability for the long-term.

## Our Strategy continued...



Motability, the Charity, sets the strategic policies and direction of the Motability Scheme and oversees its performance to ensure that it meets the needs of disabled people. The day-to-day running of the Scheme is delivered by an independent commercial company, Motability Operations, under an exclusive contract from Motability.

Motability Operations has to fund the cost of over 620,000 vehicles on the Motability Scheme to a value of over £6.8 billion and needs to borrow money in order to do so. Before an investor loans money to any company, they need to be assured it is a profitable business with a robust capital base to have the confidence the loan will be repaid. Motability Operations does not pay a dividend to its shareholders. All profits made are reinvested for the benefit of Scheme customers or they are donated to Motability.

Historically, Motability has used these donations to provide charitable grants to Scheme customers. As the funding of the Charity has grown, we have been expanding current grant-making programmes and launching new ways of supporting additional disabled people.

### The Motability Foundation

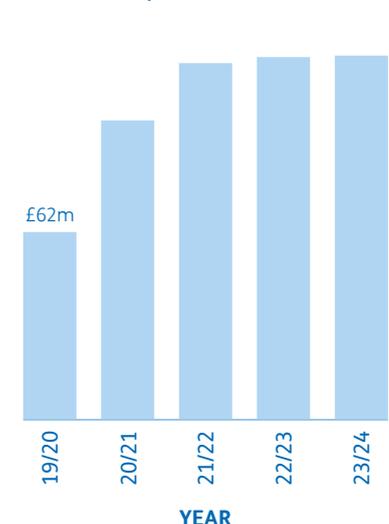
The Motability Foundation guarantees the long-term ability of Governors to support their strategy and serves as an insurance policy in a volatile world. Taken that it is expendable, it will also give us the firepower to be able to make the occasional transformational investment should the opportunity arise, without eroding the fund's value as an insurance policy for the longer term.

## Five Year Spending Plan

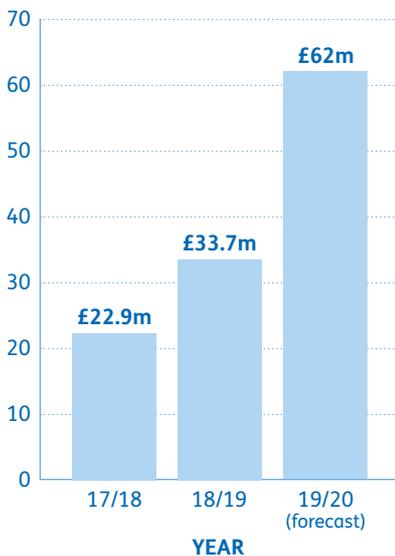
In the year 2019/20, Motability will aim to have charitable grant commitments of £62 million, amounting to a 84% increase on the previous year. In order to achieve this, we will need the support of all significant stakeholders involved with the Scheme and the disabled charity sector, and we will be actively seeking this collaboration. The sum will be made up of Scheme-related grants (73%), Access to Mobility grants (24%) and Special grants to other charities (3%). The latter category includes some significant pilot projects. During this period of deliberate growth, with the necessary investment in capacity, expertise and infrastructure, our overhead cost will be targeted at 18% of the total grant spend, so permitting the path for making efficiencies as we grow.

Looking well beyond the year 2019/20 to 2023/24, we plan to see our charitable grant commitments grow by at least three-fold on 2018/19. We anticipate this will see the spend set at 71% for Scheme-related grants, 20% for Access to Mobility grants and 9% for Special grants.

Five Year Projection of Grant Spend (£m)



## Current Grant Spending



Based on these forecasts, our current unrestricted funds may be spent by 2023/24. Thereafter, Motability would be reliant upon the income from The Motability Foundation. This enables the cash flow for The Motability Foundation to become established. A broader long-term strategy document will be published by Motability in early 2020.

## Detailed Implementation

### Donation

In September 2018, Motability Operations made an unrestricted donation of £400 million, which was considerably larger than previous five year average donations of £20 million per annum. All previous significant donations had been made on a restricted purpose, that is, for a specific purpose.

Work had begun in June 2018 to establish how any potential donation could be most effectively utilised. In consultation with our legal advisors, an evaluation framework was created, against which donation opportunities could be examined. An initial appraisal was made of a number of potential initiatives which could be supported by

any donation received. Nine initiatives were taken forward.

A comprehensive programme of consultation with Motability's key stakeholders took place regarding the nine donation options, split into three categories (Scheme-Related Grants, Access to Mobility Grants and Special Grants), and focused on six key stakeholder groups:

- Scheme Customers;
- Non-Scheme Customers with Disabilities;
- Disability Groups and Professionals;
- Motability Employees;
- Motability Governors;
- The Department for Work and Pensions (DWP).

The results have been invaluable in refining and shaping the initiatives to help ensure they best help disabled people by giving them independence and in validating assumptions.

The individual initiatives are in varying stages of development. Four are already underway:

- **Expand and enhance Drive-from-Wheelchair vehicles.**
  - The current programme of grant support is to be extended from £8 million in 2017/18 to an ambition of £22 million per annum. We plan to spend around £15 million in 2019/20.
  - We will be reviewing the qualification criteria for grants for these vehicles, providing increased support for more beneficiaries.
- **Increase passenger WAV grant-funding.**
  - The current programme of grant support is to be extended from £11.4 million in 2017/18 to an ambition of £33 million per annum. We plan to spend around £23 million in 2019/20.
  - We aim to increase awareness of the support available and allow for greater flexibility on vehicle solutions to meet our beneficiaries' everyday mobility needs.

- **Extend driving lesson support.**

- The current programme of grant support extended from £0.9 million in 2017/18 to an ambition of £5 million per annum. We plan to spend around £2.5 million in 2019/20.
- We will be revising our current qualification criteria to be able to reach a wider group of beneficiaries.

- **Under Threes.**

Our ambition is to provide a fully-funded vehicle to all disabled children under the age of three who are highly likely to qualify for Higher Rate Mobility Component of Disability Living Allowance in the future. A first phase pilot, working in partnership with the charity Family Fund and costing £1.5 million, ran for 18 months from January 2018 (funded by MTAT). The scheme is called Family Fund Mobility Support and is aimed at families who would otherwise struggle to afford the mobility solution they need. Based on the findings of this first stage, the Motability Board approved a second stage pilot, anticipated for the next 12 months, costing £5 million and now funded by Motability.



# Katie

received a grant towards driving lessons

## Meet aspiring media make-up artist Katie.

Only recently becoming a full-time wheelchair user in 2013, Katie explains how it was a big period of adjustment for her: "things seemed really bad as I was pretty much confined to a chair and I couldn't walk or go to school. I had previously been very independent."

After so much time out of action due to her illness, independence was something Katie strived for, but with unsuitable equipment and the restrictions on her mobility, she found it difficult to get along with day-to-day life. When Katie and

her family found out about the Motability Scheme, things changed.

Katie continues: "The wheelchair I have doesn't collapse easily which meant there wasn't room for me and my sister to go out with mum. When we chose the new Motability Scheme car, I made sure that my wheelchair could fit in without having to put the seats down, and I can now go out with my family."

Katie was also thrilled to find out that those who receive, or have applied for, the enhanced rate of the mobility component of PIP are eligible to start driving lessons at the age of 16.

**Finding out that I could learn to drive at 16 and get my own car through the Motability Scheme has definitely helped. This new found independence really helps me to live my life to the full and pursue my ambitions.**



## Our Strategy continued...

In consultation with the DWP, we have arranged to extend our charitable contributions in two further directions:

### • Stopped Allowance Support

Motability previously had given an undertaking to spend some £175 million supporting Scheme customers who lost their eligibility to use the Scheme following their DLA to PIP reassessment.

In addition, we have committed to support all Scheme customers who lose eligibility as a result of a stopped allowance, such as a PIP to PIP reassessment, and who have returned their vehicle with a one-off payment of £1,000.

### • Access to Work Grants

In order to help more disabled people gain access to employment, Motability is actively working with the DWP to see if we can provide grants to pay the transport-related Social and Domestic Contribution, on behalf of disabled people who have applied for Access to Work support.

The role of a Charitable Operations Case Manager is complex and challenging, dealing with people whose disabilities may be physical and/or cognitive, and whose circumstances are unique and often complicated. The role requires extensive and intensive training over a six month period to be able to fully deal with the many difficult and sensitive issues they may face. Motability is carrying out a sustained recruitment campaign, which aims to increase capacity over the course of the next two years.

# Who We Are

## Our People

As at 31st March 2019, the number of Motability employees totalled 120 (116 in 2017/18). Motability does not engage volunteers.

## Investors in People Award

Motability is proud to be Investors in People, and in September 2019 we were re-accredited with the Gold Status award. Being Investors 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;
- Creating sustainable success.

## Employee Engagement

Our annual staff survey results remained consistent this year and, in most areas, once again outperformed our benchmark provided by Charity Pulse. In our most recent staff survey, Motability employees said that they understand the role they play in enabling the organisation to help disabled people, and that we do so with empathy, fairness and respect. Employees also support our Values and feel that they work in a safe and healthy environment.

## Equality and Diversity

Motability continues to pursue a policy of equality and diversity. 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 employees with disabilities are met.

We are members of the Business Disability Forum and are accredited by the DWP as a Disability Confident Employer. The percentage of our workforce with a disability is 9%.

We continue to work with our partners to promote our work experience



## Who we are continued...

programme for candidates with disabilities, with another successful transfer from temporary placement to permanent employee in 2018. This year we also held a number of workshops including disability confidence, mental health awareness for employees and managing mental wellbeing for managers.

### Reward

Our remuneration is regularly reviewed against comparable benchmarks to ensure that it is fair and relevant to the environment in which we operate. Motability is committed to promoting Equal Pay. All salaries exceed the requirement of the National Living Wage.

We actively encourage our employees to engage with us on benefits, including 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.

### Our Values

All Motability employees reflect our Values in their everyday activities. Our Values are integral to our ethos and create a pleasant and productive work environment. They are:

#### **We work together to enhance the lives of disabled people.**

Whatever our role, we are all working to the same goal – helping the mobility of disabled people.

#### **We encourage a culture of continuous improvement.**

We all focus on the quality of our service and encourage ideas from everyone to improve what we do and how.

#### **We have empathy and are respectful to everyone.**

Whether we are dealing with colleagues, suppliers or customers, we value that each individual is unique and recognise individual differences.

#### **We listen, are practical and approachable.**

We are easy to work with at all levels of the organisation and we work in an ethical and open way.

#### **We value the expertise of everyone we work with.**

We value the individual skills of our colleagues and those organisations we work with to help deliver the Scheme.

**Motability's  
commitment  
to helping our  
customers is  
outstanding.**

Recent staff survey



# 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 FCA

### Vice-Chairman

Sir Gerald Acher CBE LVO FCA is Vice-Chairman of Motability and was Chairman of the Scheme Oversight Committee until June 2019, Remuneration Committee and is a member of the Nomination Committee. He is also a Trustee of The Motability Tenth Anniversary Trust.

Sir Acher is Interim 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 has also been recognised with the Award for Outstanding Achievement from the Institute of Chartered Accountants in England and Wales.

## David Hunter FCA

### Appointed 26 September 2018

David is Honorary Treasurer of Motability, Chairman of the Audit and Risk Committee and a member of the Scheme Oversight Committee.

David Hunter qualified as a chartered accountant with PWC before joining 3i, the FT100 listed private equity group, where he became Managing Director of Investment Management. David is Chairman of UCLB plc, which manages technology transfer and resulting investments for University College London. His other interests in venture and social investment include chairing the Investment Committee

of the Care & Wellbeing fund, backed by Big Society Capital and Macmillan Cancer Care. David is also currently a Trustee of Age UK where he chairs the Strategic Finance Committee. At Paragon Asra Housing, he is a board member and chairs the Development Committee. He is a non-Executive Director at Big Society Capital Limited.

## Ed Humpherson

Ed Humpherson is the Chairman of the Scheme Oversight Committee (from June 2019) and a member of 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 NAO. This role included responsibility for the strategic direction of the NAO's work on economic affairs. Ed is also a Trustee of Pro Bono Economics. Ed is a Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales.

## Professor Adrian V Stokes OBE

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

Professor Stokes 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 one of the founders of the internet) and health informatics. 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 last year. He was awarded an OBE in 1983 for services to disabled people.

## Board of Governors continued...

### Barry Le Gry MBE

Stepped down 21 July 2019

Barry Le Gry MBE was the Chairman of the Grant-Making Committee (since April 2019) and a member of the Nomination Committee.

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

### Professor William Webb

Appointed 26 September 2018

Professor William Webb is a member of the Audit and Risk Committee.

Professor William Webb is an independent consultant at Webb Search and CEO of the Weightless SIG, a body standardising a new machine-to-machine (M2M) technology.

He was one of the founding directors of Neul, a company developing M2M technologies and networks. Prior to this, William was a Director

at Ofcom, where he managed a team providing technical advice and performing research. He has worked for a range of communications consultancies and spent three years providing strategic management across Motorola's entire communications portfolio, based in Chicago.

William is a visiting Professor at Southampton University and a Fellow of the Royal Academy of Engineering, the Institute of Electrical and Electronic Engineers and the Institution of Engineering and Technology.

### Cheryl Ward

Appointed 26 September 2018

Cheryl is a member of the Grant-Making Committee and the Remuneration Committee.

Cheryl is Group Chief Executive of Family Fund, the UK's largest charity providing grants and information to families living on lower incomes raising disabled or seriously ill children and young people, based in York. Cheryl is also a Director of Family Fund Business Services, the charity's

wholly owned trading subsidiary which she set up in 2012 to provide fulfilment services to local and central government, and which now supports a vast range of charities and housing associations across the UK.

Prior to joining Family Fund, Cheryl worked within the private sector, supporting charities in their grant-making fulfilment and has held a range of senior roles within financial services and retail travel.

### Dr Stephen Duckworth OBE

Appointed 26 September 2018

Dr Stephen Duckworth is a member of the Audit and Risk Committee and the Scheme Oversight Committee.

He is Founder and Chief Executive of Disability Matters Global, a company promoting diversity and equality. He is also a Trustee at Leonard Cheshire, RFU Injured Players Foundation and Global Disability Innovation Hub. He is the Director of Opt In Finance Limited.

He has held a variety of roles during his career, including Non-Executive Director of Route2Mobility in 2003 and Adviser to the Minister for





Welfare Reform and Minister for Disabled People in 2005. From 2012-2014 he was Chief Executive of Personal Independence Payments (Health & Well-being Division). Also in 2012 he was Account Director, responsible for Serco's relationship with the Cabinet Office, Number 10 and Treasury. From 2015-2017 he was Chair of the Rehabilitation International World Conference.

**Lord Kevin Shinkwin**  
Appointed 26 September 2018

Lord Shinkwin is a member of the Grant Making Committee and a temporary member of the Nomination Committee (from July 2019).

Lord Shinkwin studied British politics and legislative studies at the University of Hull.

He worked for almost 20 years in the voluntary sector, serving in various public affairs roles, including at RNID, Macmillan, Cancer Research UK and The Royal British Legion.

Lord Shinkwin was introduced to the House of Lords in 2015. Since becoming a peer he has focused on disability equality issues, combating anti-Semitism and the importance for UK democracy of respecting the people's vote in the referendum of 2016.

**Dr Juliana Onwumere**  
Appointed 4 July 2019

Dr Juliana Onwumere is a member of the Grant-Making Committee (from September 2019).

She is an academic researcher in the Department of Psychology at the Institute of Psychiatry, Psychology and Neuroscience, King's College London and has authored several academic papers and book chapters on severe mental health conditions.

Alongside her research role, Juliana also works as a Consultant Clinical Psychologist in the South London and Maudsley NHS Foundation Trust in London; the provider of the

widest range of mental health services in the UK.

**Professor Mala Rao OBE**  
Appointed 4 July 2019

Professor Mala Rao OBE is a member of the Scheme Oversight Committee (from July 2019) and a temporary member of the Nomination Committee (from July 2019).

She is Senior Clinical Fellow at Imperial College London, Medical Adviser to NHS England's Workforce Race Equality Strategy and Vice Chair of WaterAid UK. Her career has spanned public health practice, policy and research and her proudest achievements have been in workforce development for improving health, strengthening health systems and environmental health. Her research focuses on policy relevant issues and has influenced health strategies benefitting millions of people in the UK and globally.

She was awarded an OBE in 2013, for her outstanding contribution to public health in the UK and overseas.

# Governors' Report (Trustees' Report)

The Governors, who are the Trustees of the Charity, present the audited Annual Report and Accounts for the year ended 31 March 2019 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.**

The Chief Patron, Patrons, Life Vice-Presidents, 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 employees and professional advisors are shown on page 2.

## **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 no current Member possesses 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.

New Governors undergo an induction on the role of Motability and their duties as a Board Member. They are provided with an 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.

## **Governance Review**

In 2017, following the Charity Commission best practice recommendation, the Board of Governors commissioned an independent Governance Review of Motability. This was based on guidance outlined in the new Charity Governance Code for larger charities. The Review was principally concerned with an examination of the governing documents, the Board of Governors and the way in which it operates. It was also concerned with the extent to which authority is delegated and scrutinised and the nature and extent of Motability's relationship with the Motability Tenth Anniversary Trust, Motability Enterprises Limited and Motability Operations. This was completed in May 2018 and a plan agreed to action the various recommendations made in the Review. To date, 60% of actions have been completed whilst 26% are showing significant progress and those remaining are being actively worked through. Motability will report in 2020 on the changes it will make.

Motability is governed by its

**Royal Charter**



## **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. 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:

- An 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.

### Scheme Oversight Committee

The Scheme Oversight Committee comprises five 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 was chaired during the year by Sir Gerald Acher, who stepped down in June 2019, and is now chaired by Ed Humpherson. The Committee is responsible for reviewing the performance of both the Car and the Powered Wheelchair and Scooter Schemes against agreed Key Performance Indicators (KPIs). The KPIs are described on pages 22 to 23.

They 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 was chaired during the year by Richard Bennison, who retired in December 2018, and is now chaired by the Honorary Treasurer, David Hunter. It 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 and internal auditors.

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

### Grant-Making Committee

The Grant-Making Committee comprises four Governors and was chaired during the year by 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.

### Remuneration Committee

The Remuneration Committee comprises two Governors and is chaired by the Vice-Chairman, Sir Gerald Acher. The primary purpose of the Committee is to review the remuneration of the Chief Executive, Directors and key executive employees as well as the employee pay and benefits strategy.

### Nomination Committee

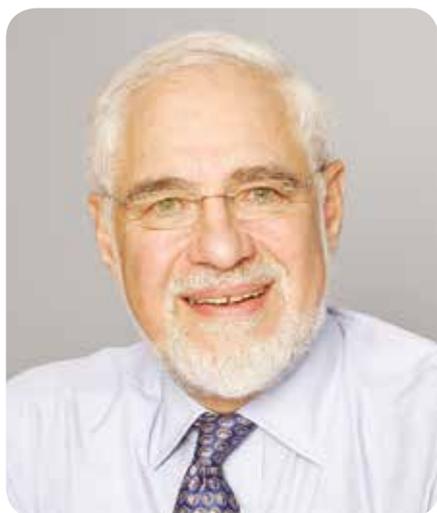
The Nomination Committee comprises six Governors and is chaired by the Chairman of Motability, Lord Sterling. The Committee makes recommendations to the Board of Governors in relation to the appointment of Governors, Committee Members, Chief Executive and Directors.

### The Chief Executive Officer

The Chief Executive 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 Chief Executive is supported by a senior management team to ensure the implementation of policies agreed by the Governors.

# Report of the Scheme Oversight Committee

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



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

The Scheme Oversight Committee was chaired during the year by Sir Gerald Acher, and as of June 2019 by Ed Humpherson. David Hunter FCA and Dr Stephen Duckworth OBE are members. Mala Rao OBE was also appointed in July 2019.

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 objectives which we agree 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 2019/20 include the intention to renegotiate the Scheme Agreement (Contract) with Motability Operations, including updates to the KPIs.

## Car Scheme Customer Satisfaction

Customer satisfaction is critically important and independent biannual customer surveys confirm that satisfaction is both very high and 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 98% (99% in 2017/18), and for the Powered Wheelchair and Scooter Scheme is 95% (96% in 2017/18). 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 2018) remained significantly above our Scheme objectives (see table below).

In 2018 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 94.3% (94.8% in 2017/18). The ICS is an independent, professional organisation which works with its members to raise the standards of customer service in the UK.

The Motability Scheme offers customers excellent value for money, with independent analysis indicating that prices for the 50 most popular Scheme models represent, on average, a saving of more than 40% (over 25% excluding VAT and IPT relief) when compared on a like-for-like basis to the offerings of other major leasing companies. The Scheme continues to work closely with suppliers to reduce costs and maintain affordability for customers.

## Customer Satisfaction Performance Indicators – Car Scheme

	2017/18	2018/19	Scheme Objective
Overall satisfaction with the Scheme	99%	98%	92%
Customers who would recommend the Scheme	98%	98%	92%
Customer intention to renew their leases	98%	98%	92%

## Affordability Performance Indicators

	2017/18	2018/19	Scheme Objective
Number of models with nil Advance Payment – Automatic	28 (22)*	31 (16)*	8 (4)*
Number of models available with nil Advance Payment – Manual	77 (48)*	75 (33)*	25 (16)*

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

## Continuous Mobility Performance Indicators

	2017/18	2018/19	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	1 day	1 day	5 days
Roadside assistance – average response time	40 mins	38 mins	45 mins

The transition from DLA to PIP continued to progress and 18,000 customers lost eligibility to the Scheme. As a result of the reduced reassessment rate observed during the year, customer numbers (car Scheme only) marginally increased from 610,406 in March 2018 to 611,266 in March 2019.

### 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 leased, how they 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 25,085 cases (18,382 in 2017/18) relating to potential fraud or abuse of the Scheme. These included cases of uninsured driving, unauthorised use of Scheme cars and criminal activity. Action was taken in 10,520 cases (6,988 cases in 2017/18), resulting in 4,513 customers (3,759 in 2017/18) being removed from the Scheme or prevented from re-applying to the Scheme.

### 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.

### Powered Wheelchair and Scooter Scheme

This Scheme allows customers to lease a powered wheelchair or scooter paid for by an element of their disability allowance, generally less than half. This is a slightly unusual product compared to the majority of the market as it is a full contract

hire product including: insurance; service maintenance and repair; tyres; batteries and breakdown recovery.

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

- An independent survey of customer satisfaction shows that overall satisfaction is 95% (96% in 2017/18).
- 97% (96% in 2017/18) of Scheme customers would recommend the Scheme to others.
- Customer intention to renew is 96% (97% in 2017/18).
- The number of customers grew marginally during the year from 14,816 in March 2018, to 15,760 by March 2019.
- The Scheme continued to provide customers with a broad and representative choice of scooters and powered wheelchairs to meet a wide range of mobility requirements, with stable pricing and excellent service.

# Report of the Scheme Oversight Committee continued...

## National Audit Office Review

During 2018 the NAO conducted a review of Motability, the Motability Scheme and Motability Operations. The findings were published in December 2018 and, whilst praising aspects of both organisations and the Motability Scheme with regard to the excellent service we provide and the quality of our management in delivering the Scheme, it made the following recommendations specifically for Motability.

### Aims for 2019/20

- Maintain the Scheme's excellent customer satisfaction performance.
- Renegotiate the Scheme Agreement with Motability Operations, including updated KPIs.
- Establish a new Oversight model.
- Maintain a close working relationship with the DWP during the Government's programme of benefit reforms.
- Continue to 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.



## Motability should:

- Address all of the findings of its recent governance review and report transparently on the changes it makes as a result. Motability should publish an update on this in early 2020, once all the changes are implemented. See page 20 for progress.
- Carry out a review of the performance framework for the Scheme, recognising that it is in a uniquely advantaged position, and that targets, including those linked to Motability Operations' executive directors' remuneration, have continuously been exceeded for many years. See 'Performance Framework' below.
- Commission external benchmarking on the level of reserves held at Motability Operations based on comparable companies in similar industries on a global basis, both regulated and unregulated. Such benchmarking should go beyond establishing adequacy and should also assess how conservative the level is relative to that held by the company's peers. See 'Reserves' below.
- Develop and publish a long-term strategy, based on broad and open consultation, that sets out how it can put the significant income it expects to continue to receive from Motability Operations to best use. See pages 10 to 14 for our Strategic Plans.

## Performance Framework

Motability are currently reviewing the performance for the Scheme in the context of our founding principles of service, value for money and sustainability. As part of this, we are in the process of updating and enhancing the Scheme Agreement.

## Reserves

In response to the NAO Review, Motability initiated an external review from Oliver Wyman, to examine Motability Operations'

capital modelling methodology and their applied risk appetite and confidence levels, and to benchmark the capital reserve levels against near-comparable companies.

Significantly, the review confirmed the appropriateness of Motability Operations' economic capital approach and supported the Group's application of a 99.99% confidence level (or one in ten thousand loss event), given Motability Operations' unique risk profile.

While supportive of the general economic capital approach, the review noted that Motability Operations should consider adjusting assumptions underpinning the calculation of a number of conservative risk components (while remaining consistent with the 99.99% assumption).

In considering the review, Motability Operations also reflected on credit rating implications and investor perspectives. Their Board also took account of the increased financing costs associated with operating with a lower level of capital (and so higher level of debt) that would ultimately be borne by the Scheme's disabled customers and the implications of holding capital which could be deployed by Motability in delivering its broader mandate of enhancing the lives of disabled people. Having considered these factors and after consultation with Motability, the Motability Operations Board resolved to release capital reserves to a level £370 million below the September 2018 Balance Sheet position.

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

# Report of the Grant-Making Committee

Motability provides charitable grants to disabled people who are unable to afford the car, adaptations or driving lessons that they need in order to be mobile.

## Charitable Grants

This year we helped 10,421 disabled people (8,544 in 2017/18) with a charitable grant, resulting in a total spend of £33.7 million (£22.8 million in 2017/18), excluding support costs.

Number of charitable grants provided	2016/17	2017/18	2018/19
Wheelchair Accessible Vehicles and Complex Adaptations	2,759	2,611	3,224
Drive-from-Wheelchair/Internal Transfer Vehicles	316	321	444
Cars and Simple Adaptations	3,263	3,845	4,981
Driving Lessons	868	799	856
Additional Transitional Support	596	322	260
Adaptations	824	646	656
<b>Total Grants</b>	<b>8,626</b>	<b>8,544</b>	<b>10,421</b>

The Grant-Making Committee is chaired by Professor Adrian V Stokes OBE. Lord Shinkwin and Cheryl Ward are also members. Dr Juliana Onwumere was also appointed in September 2019.

## Wheelchair Accessible Vehicles (WAVS)

WAVs are vehicles which have been adapted to enable a wheelchair user to access and remain in their wheelchair when travelling.

## Adaptations

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 controls are considerably more expensive.

This year we helped **10,421** people with a charitable grant and increased our grant spending by

**48%**



## Wheelchair Accessible Vehicles and Complex Adaptations

	2017/2018	2018/2019	Movement	% Increase
Volume	2,611	3,224	613	23%
Grants Awarded	£9.6 million	£13.6 million	£4 million	42%

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

### Drive-from-Wheelchair Vehicles/Internal Transfer Vehicles

	2017/2018	2018/2019	Movement	% Increase
Volume	321	444	123	38%
Grants Awarded	£8 million	£12 million	£4 million	50%

### 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 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 disabled person can get used to driving their new vehicle and use its controls safely.

This year we provided **3,224** charitable grants for WAVs and complex adaptations



Motability has a team of Mobility Driving Advisors based across the UK, who assess an individual's needs for a DfW/IT vehicle as well as those disabled people who may require changes to their existing Scheme vehicle during their lease period. These assessments are often carried out at the applicant's home to make it convenient for them. The Mobility Driving Advisor is also able to carry out detailed assessments of all their access and driving requirements.

This year our Mobility Driving Advisors completed 1,290 assessments (1,238 in 2017/18).

#### Cars

We provided 4,981 disabled people with a charitable grant towards a standard production Scheme car or simple adaptations, such as a wheelchair hoist, in 2018/19; this was an increase of 30% on last year (3,845). In addition, we provided charitable grants to 656 disabled people who only required help towards adaptations.

#### Driving Lessons

We fund driving lessons to support disabled people to learn to drive, with the driving lessons provided by our partner; AA/BSM. This year we saw a 4% increase in the number of applications for driving lessons; 960 in 2018/19 (919 in 2017/18). We provided 856 grants for driving lessons, an increase of 7% (799 in 2017/18) and we awarded £1 million for driving lesson grants (£0.9 million in 2017/18).



This year we awarded **£1 million** on driving lesson grants

### Additional Transitional Support (ATS)

Motability can provide disabled people with a one-off Transitional Support Payment to assist them if they lose their eligibility to remain on the Scheme when they are reassessed for PIP. In addition, Motability can provide discretionary charitable grants through the ATS to people who need financial help over and above the separate support received from the Transitional Support Payment.

Following feedback, enhancements were made to the PIP Transitional Support Programme in April 2017, which allows customers to keep their vehicle whilst they make alternative arrangements or appeal against the

DWP's decision to not award them PIP. These enhancements resulted in fewer disabled people needing additional support in 2018/19; 260 customers (322 in 2017/18) with grants totalling £0.8 million (£0.9 million in 2017/18).

### Customer Satisfaction

Satisfaction surveys are conducted each quarter to monitor feedback regarding the service we provide and the applicants' experience during their grants application. The service we provided remained high; on average, applicants rated us at 9.7 out of 10 when asked how satisfied they were overall, which is consistent with 2017/18 (9.6 out of 10).

### Home, Pet and Travel Insurance

Motability received £540,000 (£546,000 in 2017/18) in commission payments from the sale of home insurance (provided by RSA), pet insurance (provided by helpucover) and travel insurance (provided by AllClear). A decision was made during the year to exit from Pet Insurance and from January 2019, no further commission from these policies has been received.

### Aims for 2019/20

- To maintain the excellent satisfaction scores from those applying for a charitable grant from Motability.
- To upscale our existing grant programmes and support more disabled people with charitable assistance.
- To research, pilot and implement new grant programmes that support the transportation needs of disabled people.

# Ailsa

## received a grant towards her Advanced Payment

**Before Ailsa found out about the Motability Scheme, she rarely left her house.**

"For years I didn't get out much and when I did, it was with the help of my husband or close friends," explains Ailsa.

"I needed a vehicle with adaptations to help me drive. My husband and I did some research, but it was too expensive to convert a car ourselves. I was so pleased when I found out about the Motability Scheme. My car has been adapted so that I drive with a steering wheel ball. It is also wheelchair accessible so I can travel with my powered wheelchair. This means I am able to drive again and I don't need to rely on lifts from others."

Ailsa has lived an adventurous life and is used to being busy and active. She now lives in Devon, but has lived and worked in Jamaica and Canada.

"When we moved back to Devon, I didn't leave the village for the first three years and could only go out if my husband dropped me off exactly where I needed to be so I didn't have to walk far. Now with my Motability car I don't have to worry, I can drive where I want, when I want. I now have my independence and the peace of mind from knowing that if something does go wrong with the vehicle, you can get rapid



assistance and won't face heavy bills and that is wonderful."

When Ailsa was diagnosed with rheumatoid and osteoarthritis, she did not let this stop her adventurous side. Now a wheelchair user, Ailsa has joined a wheelchair dancing club.

"I like to keep busy and I have a lot of hobbies. In addition to my wheelchair dancing, I am also a Disability Network Coordinator for Living Options Devon and a Director of music at my local parish."

**Having my Motability car enables me to keep my hobbies and independence. I am so grateful for this.**

# Report of the Nomination Committee

The Nomination Committee meets as and when required to identify and recommend the appointment of new Governors to the Board of Governors and to assess the Board's skill gaps as a whole.

## **The Nomination Committee is chaired by Lord Sterling, Chairman of Motability.**

Other members of the Committee are Sir Gerald Acher CBE LVO, Ed Humpherson and Professor Adrian V Stokes OBE. Lord Shinkwin and Professor Mala Rao were also appointed as temporary members in July 2019.

## **Responsibilities of the Nomination Committee**

The Nomination Committee meets as and when required. 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 Chief Executives and 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.

During the year, the Committee recommended the Board to appoint Dr Stephen Duckworth OBE, David Hunter, Lord Shinkwin, Cheryl Ward and Professor William Webb as Governors.

Additionally, in July 2019, Dr Juliana Onwumere and Professor Mala Rao OBE were appointed as Governors, as recommended by the Committee.

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

# Report of the Remuneration Committee

The Remuneration Committee recommends the broad policy for the remuneration of all Motability's employees.

## Activity of the Committee during the year 2018/19

The Committee met to:

- Review and agree any changes to base salaries.
- Review the total compensation and benefits package.
- Review the Motability Gender Pay Gap analysis.

**The Remuneration Committee is chaired by Sir Gerald Acher CBE LVO, Vice-Chairman of Motability. The other Committee member is Cheryl Ward.**

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 employees, 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 employee salaries at all levels.
- Approve the employment contracts of the Chief Executive, Directors and key executive employees.

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.

Remuneration is reviewed for all employees, including the Chief Executive, Directors and Key

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

Motability does not operate a bonus scheme for any staff.

## 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.

## Other Matters

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

We completed an equal pay gap analysis during this financial year, which identified no difference in the average hourly pay between men and women at respective job band levels (excluding director-level posts).

## Sir Gerald Acher CBE LVO

Chairman of the Remuneration Committee

# Report of the Audit and Risk Committee

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

The Committee was chaired during the year by Richard Bennison, who retired in December 2018, and is now chaired by the Honorary Treasurer, David Hunter FCA. The other members are Dr Stephen Duckworth and Professor William Webb.

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 and internal auditors.
- The appropriate level of reserves of the Charity and associated investment strategy.
- Budgets forecast and capital investment.
- 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 ARC 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 2019). The basis of the provision is described in more detail on page 9.

### • **Defined benefit pension liability.**

We reviewed the assumptions used in the actuarial valuation as at 31 March 2019.

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.

The triennial review is now underway. The impact of Guaranteed Minimum Pension (GMP) has been taken into account and is minimal.

### • **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 at least 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, Motability Operations and the £400 million unrestricted donation received in September 2018. On this basis, we believe that the going concern assumption continues to be appropriate.

## 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, which is maintained by Motability's management team 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.

A summary of key risks for Motability is reviewed by the Board on an annual basis.

### Key areas discussed during the year by the ARC included:

- The DWP and Treasury Select Committee inquiry, review by the NAO and their recommendations referred to in the Chairman's Statement on pages 4 to 5.
- Aspects of the governance of the Charity and specifically those matters that related to the ARC, including increasing the number of times the ARC met from three to four and expanding the duration of future meetings.
- The Committee met with four Investment Managers before deciding to recommend to the Board where to place the donation of £400 million received in September 2018 from Motability Operations. The Committee agreed to recommend to the Board to keep the £400 million donation in liquid and short-term funds until a strategy for long-term intention was decided. The ARC meet with the investment managers twice a year.
- Reviewing the budget expenditure and plans for the Charity, supporting an increase in senior employees and the expansion of Charitable Operations to support the growth in donation activity.
- Review and approval of significant contracts, including the AA/BSM contract that provides driving lessons to our charitable beneficiaries.
- During the year, the Committee reviewed and approved an updated Conflict of Interest Policy and Risk Policy, to bring them in line with current best practice.

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

### Internal Audit

We reviewed the internal audit plan and 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 approved by the Committee in March 2016. The plan is based upon a detailed assessment of the potential risks associated with each of the Charity's activities. The third year of that plan has been partly completed in 2018/19, with audits completed in Payroll, DWP Security Compliance Review, and a Personal Data Audit of the Grants Process.

Early in 2019, we approved a new Internal Audit programme, including the use of an outsourced provider that benefits the Charity with its far wider skill base in developing our controls through the growth phase of the Charity. They have performed two audits on Treasury Management and Grant-Making.

All recommendations made by internal audit have been accepted at Motability. 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 2019, at our meeting in June 2019 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 our external auditor and recommended to the Board their reappointment for a two year period.

### David Hunter FCA

Chairman of the Audit and Risk Committee

# Risk Management

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

A robust risk management framework is central to the achievement of our purposes and future sustainability. Motability's risk management framework is designed to:

- Identify the significant risks faced.
- Support informed decision-making regarding risks that affect the ability to meet our objectives.
- Provide a consistent approach to identifying, assessing and dealing with risks to ensure they do not exceed acceptable limits.
- Manage rather than eliminate risks to our strategy.

## Summary of Motability's Key Risks and Mitigation

Motability received an unusually large £400 million unrestricted donation during the year. The key risks are in respect of the challenges this brings, whilst maintaining business as usual and increasing awareness and expansion of the Charity.

Risks	Potential Impact	Mitigation
<p><b>External Influences</b> A third party action that impacts negatively on Motability, such as Government or key stakeholder decisions, preventing us from delivering mobility solutions to beneficiaries.</p> <p>External threats to the Motability Scheme, such as third parties or market forces, creating adverse conditions for the success of the Motability Scheme.</p>	<p>Loss of beneficiaries and reputational damage.</p> <p>Hinder the development of the Charity and its programme of spend.</p> <p>Unsatisfactory experience for customers.</p>	<p>Effective PR monitoring and communication strategy, interaction with disability organisations, the DWP and other stakeholders.</p> <p>Evaluation of long-term strategy.</p> <p>Focused oversight of the Motability Scheme and risk management by Motability Operations. See page 33 for more details.</p>
<p><b>Motability Expansion</b> Rapid expansion of donation initiatives, grant offerings and awareness raising occurs faster than we can support.</p>	<p>Reputational damage by under delivering against expectations.</p> <p>Quality of service impacted.</p>	<p>Initiatives evaluated against a clear framework and consulted with stakeholders.</p> <p>Accelerated recruitment and training.</p> <p>Planned implementation of donation strategy.</p>
<p><b>Reputational</b> Awareness and understanding of Motability (the Charity) and the Scheme.</p>	<p>Reputational damage due to misunderstanding of the different entities.</p>	<p>Effective communication strategy delivering consistent messages to all stakeholders.</p>
<p><b>Compliance Risk</b> Compliance with Charity Commission requirements and ever-increasing ethical, legal and regulatory obligations, for example General Data Protection Regulations (GDPR).</p>	<p>Risk of fines due to non-compliance could lead to restrictions in the ability to carry out its charitable objectives.</p>	<p>A thorough approach is adopted for compliance which is reviewed quarterly by management.</p> <p>A well-developed annual routine training programme is established and in place.</p>
<p><b>Operational Risk Including Cyber Risk and Information Security Attack</b> Motability's data or systems suffer a malicious attack or other disruption to business continuity.</p>	<p>Lack of service availability of required system and data loss leading to financial and reputational risk.</p>	<p>Robust and strengthened control environment including Information Security framework.</p> <p>Continuous improvement of Business Continuity and Disaster Recovery plans.</p> <p>Designated Data Protection Officer.</p>

The Motability Internal Governance Risk and Assurance Committee (MIGRAC), consisting of senior management across the Charity, maintains and reviews the Risk Register on a quarterly basis. The review provides assurance 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.
- recommend changes to policies, processes or action which may be required.

Each risk is assessed in terms of its gross and net risk value, with the difference being the controls or mitigating factors put in place. An owner is assigned to each risk to ensure clear accountability and ownership.

The updates provided to the Board of Governors, the Audit and Risk Committee and the Executive Team ensure that they also consider the risks on an ongoing basis, evaluating the mitigations and controls and identifying any new risks that the organisation faces. The Audit and Risk Committee monitors the resulting risk profile and reports its findings to the Board of Governors.

### Motability Scheme Risks and Mitigations

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

The Chair of Motability's Audit and Risk Committee, together with Motability's Director and Director of Finance, attend Motability Operations Audit Committee meetings, in order to apprise the Motability Board of any emerging risks that may impact the Scheme.

### Summary of the Motability Scheme's Key Risks

Motability Operations have identified the following risks in their role as operator of the Motability Scheme. Motability (the Charity) monitors the risks when reviewing Motability Operations' performance in delivering the Scheme. The close monitoring of KPIs and objectives helps secure the relationship with Motability Operations and the management of the Scheme.

The key principle Scheme risks identified by Motability Operations are:

- Residual values of the vehicles in the used car market which impacts the profitability, reserves and Scheme pricing.
- Exposure to insurance claims that exceed expectations or supplier failure.
- Treasury exposure, fluctuations in interest or exchange rates, counterparty, liquidity, funding and operational risk.
- Failure of key suppliers or manufacturers limiting the offering to customers and restricting residual values of the vehicles.
- Operational failure of key systems or processes resulting in business disruption.
- The loss or harm related to cyber-attack or data security breach.
- Default of key income streams and exposure to bad debt.

Full details of these risks with impacts and mitigations can be reviewed in the Motability Operations Annual Report.



# Financial Review and Results

Our results for the year 2018/19 are presented in our consolidated Statement of Financial Activities (SOFA) on page 40.

## Income and Expenditure

Total income increased by £356.6 million to £428.7 million (up by £18.8 million to £72.1 million in 2017/18). This increase is explained by the receipt of an unrestricted donation of £400 million from Motability Operations in September 2018 (£45 million in 2017/18). This unprecedented level of donation is covered separately in earlier sections of the Annual Report on page 4.

Total Motability-funded grant awards (excluding PIP transitional support grants) were £33.7 million compared to 2017/18 of £22.8 million, an increase of 48%.

Motability has drawn up a comprehensive list of donation initiatives which are a combination of an extension of existing activities together with new ideas. In the months following the donation, the suitability of each option has been assessed and reduced to a set of nine highly desirable initiatives. From these, consultation with a wide range of stakeholders, including disability groups, has been completed and funding was started. See page 13 for further details.

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 DfW WAVs).
- PIP Transitional support grants.
- Administration and support costs.

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

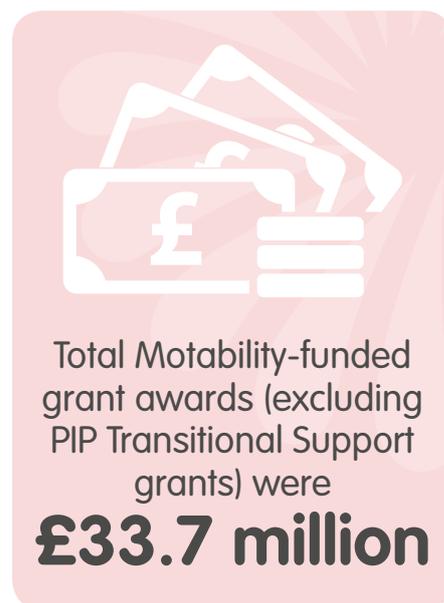
## Motability Grants to Disabled People

This activity comprises our grant-making for driving lessons plus less complex generic adaptations and financial help towards the right vehicle for Scheme customers' needs. Motability grants to disabled people have principally been funded by donations that Motability has received from Motability Tenth Anniversary Trust (MTAT) and Motability Operations. Expenditure increased from £2.5 million in 2017/18, to £3.7 million, an increase of 48%.

## Specialised Vehicle Grants to Disabled People

These grants are made for customers who require more heavily bespoke adapted vehicles, which are either passenger WAVs or DfW vehicles. From January 2016, passenger WAVs have been 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. The total grants made to customers requiring either passenger WAVs or DfWs totalled £29.2 million compared to £19.4 million in 2017/18, an increase of 50.5%.



## Motability Grants to Disabled People

	2019 £'000	2018 £'000
<b>Income</b>		
Motability Operations donations	400,000	-
Other Donations, legacies and other trading activities (includes interest)	4,225	2,832
<b>Total Income</b>	<b>404,225</b>	<b>2,832</b>
<b>Expenditure</b>		
Raising Funds	162	325
Motability-Funded Grants	3,715	2,515
<b>Total Expenditure</b>	<b>3,877</b>	<b>2,840</b>

### PIP Transitional Support

PIP Transitional Support grants are funded from £175 million in donations made by Motability Operations. Additional Transitional Support grants are funded by donations from MTAT. Income from investments was £1.4 million (£2 million in 2017/18).

The March 2018 provision for 16 months' expenditure was £41.4 million. Against this, there has been a 12 month spend of £19 million; the provision was significantly higher than actual expenditure primarily because the DWP PIP reassessment caseload was much lower than forecast. The 2018/19 provision, again for 16 months, is £15.8 million. Please see the PIP Provision section in Note 1 for further details.

### 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 lease levy income decreased slightly to £9.1 million (£9.2 million in 2017/18), reflecting a slightly reduced number of new leases following the transition from DLA to PIP.

### Fund Balances

The fund balance for our administration and support costs decreased by £2.3 million (£11.1 million in 2017/18 to £8.8 million), reflecting an increase in the pension fund deficit and an excess of costs over income for the year.

### 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

### Specialised Vehicle Grants to Disabled People

	2019 £'000	2018 £'000
<b>Income</b>		
DWP Grants	279	256
The Motability Tenth Anniversary Trust donation	11,378	10,382
Motability Operations donation	-	45,000
Interest and Investment	1,390	1,076
<b>Total Income</b>	<b>13,047</b>	<b>56,714</b>
<b>Expenditure</b>		
Raising Funds	118	101
Motability-Funded Grants – WAVs	17,200	11,416
Motability-Funded Grants – DfWs	11,998	8,003
DWP Grants	279	256
<b>Total Expenditure</b>	<b>29,595</b>	<b>19,776</b>

### PIP Transitional Support Grants

	2019 £'000	2018 £'000
<b>Income</b>		
Donations	858	1,380
Investment income	1,402	1,988
<b>Total Income</b>	<b>2,260</b>	<b>3,368</b>
<b>Expenditure</b>		
Raising Funds	117	146
Motability-Funded Grants	777	898
Transitional Support Grants	(6,747)	(7,106)
<b>Total (Credit)/Expenditure</b>	<b>(5,853)</b>	<b>(6,062)</b>

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 balance of the £45 million designated Specialised Vehicle Passenger donation, are managed by Barclays on behalf of Motability and invested in a mixture of corporate bonds,

## Financial Review and Results continued...

### Administration and Support

	2019 £'000	2018 £'000
<b>Income</b>		
Lease Levy	9,055	9,184
Other	87	26
<b>Total Income</b>	<b>9,142</b>	<b>9,210</b>
<b>Total Expenditure</b>		
Raising Funds	6	-
Grant-Making	5,796	5,157
Scheme Operations/ Communications	3,919	3,487
<b>Total Expenditure</b>	<b>9,721</b>	<b>8,644</b>

fixed term cash deposits and interest bearing deposit accounts.

In respect of the £400 million donation, Motability has sought to follow these objectives and has placed the funds in instant access accounts with BlackRock and Barclays. This ensures security and an element of interest return whilst maintaining a liquid position in order to maintain maximum flexibility as the grant expenditure plans are being developed.

Investment returns for the year ended March 2019 were 1.68% (1.67% in 2017/18), 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.

### Pensions

Motability operates a funded defined benefit scheme for employees 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 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 17 details the annually calculated notional valuation under FRS102. The deficit has increased from £3 million as at 31 March 2018 to £3.7 million as at 31 March 2019. The scheme's underlying liabilities have increased from £24 million as at 31 March 2018 to £25.4 million at 31 March 2019. There is a rise in the fair value of the scheme's assets to £21.7 million (£21 million in 2017/18).

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 employees joining after 1 July 2005 and for employees who were members of the defined benefit scheme at 30 April 2012.

### Reserves Policy

#### Restricted reserves

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

Restricted funds increased by £4.5 million to £52.1 million. This increase is due to an increase in PIP funds of £7.4 million offset by a £2.2 million drop in Administration funds and £0.6 million drop in DfW / WAV funds.

There has been a further fall in DWP DLA to PIP assessments following the reduction experienced last year; it is likely that this lower level of reassessments will continue for the remainder of the programme. This will further extend the period of the programme but the same number of people will need to go through the process. Total expenditure is anticipated to be less than £175 million.

#### Unrestricted Reserves

To date, the policy has been to ensure that there are at least six months' reserves at any time to pay current levels of grant commitments. However given the £400 million 2018 donation, Motability is in a temporary position of high unrestricted reserves. See pages 10 to 14 for future plans.

Unrestricted reserves may in turn be designated by the Board of Governors

for a specific purpose or remain as undesignated until donation decisions are made.

Total unrestricted reserves for the Group at 31 March 2019 totalled £446.3 million (£61.4 million in 2017/18), of which £43.7 million (£59.8 million in 2017/18) relates to designated funds and the remainder of £402.6 million of general funds (£1.6 million in 2017/18). Future plans for these reserves have been covered in the 'Five Year Spending Plan' on pages 12 to 13.

The decrease of £16.1 million in designated reserves to £43.7 million is a result of continued commitment support with respect to Passenger WAVs.

### 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 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.

### 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 GCVO CBE

Chairman  
20 November 2019



# 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 of Motability (the 'charity') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2019 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 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 20.

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 Financial Reporting Council's (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 12 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 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### 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.

### 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.

### Deloitte LLP

Statutory Auditor  
London, United Kingdom  
20 November 2019

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 2019

	Note	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Total 2019 £'000	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total 2018 £'000
<b>Income and Endowments from:</b>							
Voluntary Fundraising Income		97	15	112	464	24	488
The Motability Tenth Anniversary Trust Donations		5,052	10,345	15,397	1,793	11,762	13,555
Motability Operations Donations		400,000	-	400,000	45,000	-	45,000
<b>Donations and Legacies</b>		<b>405,149</b>	<b>10,360</b>	<b>415,509</b>	<b>47,257</b>	<b>11,786</b>	<b>59,043</b>
DWP Grants Receivable		-	279	279	-	256	256
Lease Levy Income		-	9,055	9,055	-	9,184	9,184
<b>Charitable Activities</b>		<b>-</b>	<b>9,334</b>	<b>9,334</b>	<b>-</b>	<b>9,440</b>	<b>9,440</b>
<b>Other Trading Activities</b>		<b>540</b>	<b>-</b>	<b>540</b>	<b>546</b>	<b>-</b>	<b>546</b>
Interest Receivable		432	92	524	10	66	76
Investment Income		1,369	1,390	2,759	1,068	1,951	3,019
<b>Income from Investments</b>		<b>1,801</b>	<b>1,482</b>	<b>3,283</b>	<b>1,078</b>	<b>2,017</b>	<b>3,095</b>
<b>Other Income</b>		<b>-</b>	<b>8</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Income and Endowments</b>		<b>407,490</b>	<b>21,184</b>	<b>428,674</b>	<b>48,881</b>	<b>23,243</b>	<b>72,124</b>
<b>Expenditure on:</b>							
Cost of Raising Funds	4	247	123	370	377	146	523
Fundraising Trading: Cost of Goods Sold and Other Costs	4	33	-	33	49	-	49
<b>Raising Funds</b>	4	<b>280</b>	<b>123</b>	<b>403</b>	<b>426</b>	<b>146</b>	<b>572</b>
Motability Funded Grant-Making	4	20,915	14,053	34,968	6,965	16,990	23,955
Motability Funded PIP Transitional Support Grants	4	-	(2,225)	(2,225)	-	(3,082)	(3,082)
DWP-Funded Grant-Making	4	-	275	275	-	266	266
Scheme Operations/Communications	4	-	3,919	3,919	-	3,487	3,487
<b>Charitable Activities</b>	4	<b>20,915</b>	<b>16,022</b>	<b>36,937</b>	<b>6,965</b>	<b>17,661</b>	<b>24,626</b>
<b>Total Expenditure</b>		<b>21,195</b>	<b>16,145</b>	<b>37,340</b>	<b>7,391</b>	<b>17,807</b>	<b>25,198</b>
<b>Net Income Before Gains/(Losses) on Investments</b>		<b>386,295</b>	<b>5,039</b>	<b>391,334</b>	<b>41,490</b>	<b>5,436</b>	<b>46,926</b>
Net Gains/(Losses) on Investments		424	(725)	(301)	(993)	(1,610)	(2,603)
<b>Net Income</b>		<b>386,719</b>	<b>4,314</b>	<b>391,033</b>	<b>40,497</b>	<b>3,826</b>	<b>44,323</b>
<b>Other Realised Gains and Losses:</b>							
Actuarial (Loss)/Gain on Defined Benefit Pension Scheme	17	-	(1,662)	(1,662)	-	1,798	1,798
<b>Other Realised Gains and Losses</b>		<b>-</b>	<b>(1,662)</b>	<b>(1,662)</b>	<b>-</b>	<b>1,798</b>	<b>1,798</b>
Transfer Between Funds	15, 16	(1,891)	1,891	-	-	-	-
<b>Net Movement in Funds</b>		<b>384,828</b>	<b>4,543</b>	<b>389,371</b>	<b>40,497</b>	<b>5,624</b>	<b>46,121</b>
<b>Reconciliation of Funds:</b>							
Fund Balances Brought Forward 01 April		61,422	47,603	109,025	20,925	41,979	62,904
<b>Fund Balances Carried Forward 31 March</b>	15, 16	<b>446,250</b>	<b>52,146</b>	<b>498,396</b>	<b>61,422</b>	<b>47,603</b>	<b>109,025</b>

There were no other recognised gains or losses other than those listed above and the net income for the year. The notes on pages 47 to 67 form an integral part of the financial statements. All the Groups activities in this and the prior year were continuing.

# Consolidated Statement of Financial Activities

by **Activity** for the year ended 31 March 2019

	Note	Motability Grants to Disabled People £'000	Specialised Vehicle Grants to Disabled People £'000	Transitional Support Grants £'000	Admin and Support £'000	Total 2019 £'000
<b>Income and Endowments from:</b>						
Voluntary Fundraising Income		112	-	-	-	112
The Motability Tenth Anniversary Trust Donations		3,161	11,378	858	-	15,397
Motability Operations Donations		400,000	-	-	-	400,000
<b>Donations and Legacies</b>		<b>403,273</b>	<b>11,378</b>	<b>858</b>	<b>-</b>	<b>415,509</b>
DWP Grants Receivable		-	279	-	-	279
Lease Levy Income		-	-	-	9,055	9,055
<b>Charitable Activities</b>		<b>-</b>	<b>279</b>	<b>-</b>	<b>9,055</b>	<b>9,334</b>
<b>Other Trading Activities</b>		<b>540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>540</b>
Interest Receivable		412	21	61	30	524
Investment Income		-	1,369	1,341	49	2,759
<b>Income from Investments</b>		<b>412</b>	<b>1,390</b>	<b>1,402</b>	<b>79</b>	<b>3,283</b>
<b>Other Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>8</b>
<b>Total Income and Endowments</b>		<b>404,225</b>	<b>13,047</b>	<b>2,260</b>	<b>9,142</b>	<b>428,674</b>
<b>Expenditure on:</b>						
Cost of Raising Funds	4	129	118	117	6	370
Fundraising Trading: Cost of Goods Sold and Other Costs	4	33	-	-	-	33
<b>Raising Funds</b>	<b>4</b>	<b>162</b>	<b>118</b>	<b>117</b>	<b>6</b>	<b>403</b>
Motability Funded Grant-Making	4	3,715	29,215	777	1,261	34,968
Motability Funded PIP Transitional Support Grants	4	-	-	(6,747)	4,522	(2,225)
DWP-Funded Grant-Making	4	-	262	-	13	275
Scheme Operations/Communications	4	-	-	-	3,919	3,919
<b>Charitable Activities</b>	<b>4</b>	<b>3,715</b>	<b>29,477</b>	<b>(5,970)</b>	<b>9,715</b>	<b>36,937</b>
<b>Total Expenditure</b>		<b>3,877</b>	<b>29,595</b>	<b>(5,853)</b>	<b>9,721</b>	<b>37,340</b>
<b>Net Income/(Expenditure) Before Gains/ (Losses) on Investments</b>		<b>400,348</b>	<b>(16,548)</b>	<b>8,113</b>	<b>(579)</b>	<b>391,334</b>
Net Gains/(Losses) on Investments		1,083	(659)	(725)	-	(301)
<b>Net Income/(Expenditure)</b>		<b>401,431</b>	<b>(17,207)</b>	<b>7,388</b>	<b>(579)</b>	<b>391,033</b>
<b>Other Realised Gains and Losses:</b>						
Actuarial (Loss) on Defined Benefit Pension Scheme	17	-	-	-	(1,662)	(1,662)
<b>Other Realised Gains and Losses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,662)</b>	<b>(1,662)</b>
Transfer Between Funds		-	-	-	-	-
<b>Net Movement in Funds</b>		<b>401,431</b>	<b>(17,207)</b>	<b>7,388</b>	<b>(2,241)</b>	<b>389,371</b>
<b>Reconciliation of Funds:</b>						
Fund Balances Brought Forward 01 April		2,358	58,850	36,745	11,072	109,025
<b>Fund Balances Carried Forward 31 March</b>	<b>15, 16</b>	<b>403,789</b>	<b>41,643</b>	<b>44,133</b>	<b>8,831</b>	<b>498,396</b>

# 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>						
Voluntary Fundraising Income		488	-	-	-	488
The Motability Tenth Anniversary Trust Donations		1,793	10,382	1,380	-	13,555
Motability Operations Donations		-	45,000	-	-	45,000
<b>Donations and Legacies</b>		<b>2,281</b>	<b>55,382</b>	<b>1,380</b>	<b>-</b>	<b>59,043</b>
DWP Grants Receivable		-	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>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>5</b>	<b>1,076</b>	<b>1,988</b>	<b>26</b>	<b>3,095</b>
<b>Other Income</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	4	276	101	146	-	523
Fundraising Trading: Cost of Goods Sold and Other Costs	4	49	-	-	-	49
<b>Raising Funds</b>	<b>4</b>	<b>325</b>	<b>101</b>	<b>146</b>	<b>-</b>	<b>572</b>
Motability-Funded Grant-Making	4	2,515	19,421	898	1,121	23,955
Motability-Funded PIP Transitional Support Grants	4	-	-	(7,106)	4,024	(3,082)
DWP-Funded Grant-Making	4	-	254	-	12	266
Scheme Operations/Communications	4	-	-	-	3,487	3,487
<b>Charitable Activities</b>	<b>4</b>	<b>2,515</b>	<b>19,675</b>	<b>(6,208)</b>	<b>8,644</b>	<b>24,626</b>
<b>Total Expenditure</b>		<b>2,840</b>	<b>19,776</b>	<b>(6,062)</b>	<b>8,644</b>	<b>25,198</b>
<b>Net Income/(Expenditure) Before Gains/ (Losses) on Investments</b>		<b>(8)</b>	<b>36,938</b>	<b>9,430</b>	<b>566</b>	<b>46,926</b>
Net Gains/(Losses) on Investments		-	(993)	(1,610)	-	(2,603)
<b>Net Income/(Expenditure)</b>		<b>(8)</b>	<b>35,945</b>	<b>7,820</b>	<b>566</b>	<b>44,323</b>
<b>Other Realised Gains and Losses:</b>						
Actuarial Gain on Defined Benefit Pension Scheme	17	-	-	-	1,798	1,798
<b>Other Realised Gains and Losses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,798</b>	<b>1,798</b>
Transfer Between Funds		-	-	-	-	-
<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>
<b>Reconciliation of Funds:</b>						
Fund Balances Brought Forward 01 April		2,366	22,905	28,925	8,708	62,904
<b>Fund Balances Carried Forward 31 March</b>	<b>15, 16</b>	<b>2,358</b>	<b>58,850</b>	<b>36,745</b>	<b>11,072</b>	<b>109,025</b>

# Statement of Financial Activities (Charity Only)

for the year ended 31 March 2019

	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Total 2019 £'000	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total 2018 £'000
<b>Income and Endowments from:</b>						
Voluntary Fundraising Income	488	15	503	728	24	752
The Motability Tenth Anniversary Trust Donations	5,052	10,345	15,397	1,793	11,762	13,555
Motability Operations Donations	400,000	-	400,000	45,000	-	45,000
<b>Donations and Legacies</b>	<b>405,540</b>	<b>10,360</b>	<b>415,900</b>	<b>47,521</b>	<b>11,786</b>	<b>59,307</b>
DWP Grants Receivable	-	279	279	-	256	256
Lease Levy Income	-	9,055	9,055	-	9,184	9,184
<b>Charitable Activities</b>	<b>-</b>	<b>9,334</b>	<b>9,334</b>	<b>-</b>	<b>9,440</b>	<b>9,440</b>
<b>Other Trading Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest Receivable	430	92	522	10	66	76
Investment Income	1,369	1,390	2,759	1,068	1,951	3,019
<b>Income from Investments</b>	<b>1,799</b>	<b>1,482</b>	<b>3,281</b>	<b>1,078</b>	<b>2,017</b>	<b>3,095</b>
<b>Other Income</b>	<b>-</b>	<b>8</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Income and Endowments</b>	<b>407,339</b>	<b>21,184</b>	<b>428,523</b>	<b>48,599</b>	<b>23,243</b>	<b>71,842</b>
<b>Expenditure on:</b>						
Cost of Raising Funds	4	129	123	143	146	289
Fundraising Trading: Cost of Goods Sold and Other Costs	4	-	-	-	-	-
<b>Raising Funds</b>	<b>4</b>	<b>129</b>	<b>123</b>	<b>143</b>	<b>146</b>	<b>289</b>
Motability Funded Grant-Making	4	20,915	14,053	6,966	16,991	23,957
Motability Funded PIP Transitional Support Grants	4	-	(2,225)	-	(3,083)	(3,083)
DWP-Funded Grant-Making	4	-	275	-	266	266
Scheme Operations/Communications	4	-	3,919	-	3,487	3,487
<b>Charitable Activities</b>	<b>4</b>	<b>20,915</b>	<b>16,022</b>	<b>6,966</b>	<b>17,661</b>	<b>24,627</b>
<b>Total Expenditure</b>	<b>21,044</b>	<b>16,145</b>	<b>37,189</b>	<b>7,109</b>	<b>17,807</b>	<b>24,916</b>
<b>Net Income Before Gains/(Losses) on Investments</b>	<b>386,295</b>	<b>5,039</b>	<b>391,334</b>	<b>41,490</b>	<b>5,436</b>	<b>46,926</b>
Net Gains/(Losses) on Investments	424	(725)	(301)	(993)	(1,610)	(2,603)
<b>Net Income</b>	<b>386,719</b>	<b>4,314</b>	<b>391,033</b>	<b>40,497</b>	<b>3,826</b>	<b>44,323</b>
<b>Other Realised Gains and Losses:</b>						
Actuarial (Loss)/Gain on Defined Benefit Pension Scheme	17	-	(1,662)	-	1,798	1,798
<b>Other Realised Gains and Losses</b>	<b>-</b>	<b>(1,662)</b>	<b>(1,662)</b>	<b>-</b>	<b>1,798</b>	<b>1,798</b>
Transfer Between Funds	15,16	(1,891)	1,891	-	-	-
<b>Net Movement in Funds</b>	<b>384,828</b>	<b>4,543</b>	<b>389,371</b>	<b>40,497</b>	<b>5,624</b>	<b>46,121</b>
<b>Reconciliation of Funds:</b>						
Fund Balances Brought Forward 01 April	61,407	47,603	109,010	20,910	41,979	62,889
<b>Fund Balances Carried Forward 31 March</b>	<b>15, 16</b>	<b>446,235</b>	<b>52,146</b>	<b>498,381</b>	<b>61,407</b>	<b>47,603</b>

There were no other recognised gains or losses other than those listed above and the net income for the year. The notes on pages 47 to 67 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 2019

	Note	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
<b>Fixed Assets</b>	8	<b>2,370</b>	<b>2,640</b>	<b>2,370</b>	<b>2,640</b>
<b>Current Assets:</b>					
Debtors	9	15,703	12,772	16,077	12,939
Current Asset Investments	10	407,336	130,931	407,336	130,931
Short-Term Deposits		1,000	2,000	1,000	2,000
Cash		118,102	24,318	117,691	24,110
<b>Net Current Assets Total</b>		<b>542,141</b>	<b>170,021</b>	<b>542,104</b>	<b>169,980</b>
Creditors: Amounts Falling Due within One Year	11	(25,992)	(18,552)	(25,970)	(18,526)
<b>Total Assets less Current Liabilities</b>		<b>518,519</b>	<b>154,109</b>	<b>518,504</b>	<b>154,094</b>
Creditors: Amounts Falling Due after One Year	13	(97)	(94)	(97)	(94)
Provisions	12	(16,326)	(41,951)	(16,326)	(41,951)
<b>Net Assets Excluding Pension Liability</b>		<b>502,096</b>	<b>112,064</b>	<b>502,081</b>	<b>112,049</b>
Pension Liability	17	(3,700)	(3,039)	(3,700)	(3,039)
<b>Total Net Assets</b>		<b>498,396</b>	<b>109,025</b>	<b>498,381</b>	<b>109,010</b>
<b>Represented By:</b>					
<b>Restricted Funds:</b>					
Balance before Pension Deficit		55,846	50,642	55,846	50,642
Pension Deficit	17	(3,700)	(3,039)	(3,700)	(3,039)
<b>Total Restricted Funds</b>	15	<b>52,146</b>	<b>47,603</b>	<b>52,146</b>	<b>47,603</b>
<b>Unrestricted Funds</b>	16	<b>446,250</b>	<b>61,422</b>	<b>446,235</b>	<b>61,407</b>
<b>Total Funds</b>		<b>498,396</b>	<b>109,025</b>	<b>498,381</b>	<b>109,010</b>

The notes on pages 47 to 67 form an integral part of the financial statements.

The financial statements on pages 40 to 67 were approved and authorised for issue by the Board of Governors on 20 November 2019 and were signed on its behalf by:

The Lord Sterling of Plaistow GCVO CBE, Chairman  
David Hunter FCA, Hon. Treasurer

# Group Balance Sheet

by Activity at  
31 March 2019

	Note	Motability Grants to Disabled People £'000	Specialised Vehicle Grants to Disabled People £'000	Transitional Support Grants £'000	Admin and Support £'000	Total 2019 £'000
<b>Fixed Assets</b>	8	-	-	-	2,370	2,370
<b>Current Assets:</b>						
Debtors	9	2,773	10,442	525	1,963	15,703
Current Asset Investments	10	301,082	49,179	49,818	7,257	407,336
Short-Term Deposits		-	-	-	1,000	1,000
Cash		102,766	2,525	10,417	2,394	118,102
<b>Net Current Assets Total</b>		<b>406,621</b>	<b>62,146</b>	<b>60,760</b>	<b>12,614</b>	<b>542,141</b>
Creditors: Amounts Falling Due within One Year	11	(2,832)	(20,503)	(861)	(1,796)	(25,992)
<b>Total Assets less Current Liabilities</b>		<b>403,789</b>	<b>41,643</b>	<b>59,899</b>	<b>13,188</b>	<b>518,519</b>
Creditors: Amounts Falling Due after One Year	13	-	-	-	(97)	(97)
Provisions	12	-	-	(15,766)	(560)	(16,326)
<b>Net Assets Excluding Pension Liability</b>		<b>403,789</b>	<b>41,643</b>	<b>44,133</b>	<b>12,531</b>	<b>502,096</b>
Pension Liability	17	-	-	-	(3,700)	(3,700)
<b>Total Net Assets</b>		<b>403,789</b>	<b>41,643</b>	<b>44,133</b>	<b>8,831</b>	<b>498,396</b>
<b>Represented By:</b>						
<b>Restricted Funds:</b>						
Balance before Pension Deficit		40	(858)	44,133	12,531	55,846
Pension Deficit	17	-	-	-	(3,700)	(3,700)
<b>Total Restricted Funds</b>	15	<b>40</b>	<b>(858)</b>	<b>44,133</b>	<b>8,831</b>	<b>52,146</b>
<b>Unrestricted Funds</b>	16	<b>403,749</b>	<b>42,501</b>	<b>-</b>	<b>-</b>	<b>446,250</b>
<b>Total Funds</b>		<b>403,789</b>	<b>41,643</b>	<b>44,133</b>	<b>8,831</b>	<b>498,396</b>

# Consolidated Cash Flow Statement

for the year ended  
31 March 2019

	Note	2019 £'000	2018 £'000
<b>Net cash provided by/(used in) operating activities</b>	<b>a</b>	<b>366,262</b>	<b>(7,345)</b>
<b>Cash flows from investing activities:</b>			
Interest Receivable		524	76
Investment Income		2,759	3,019
Purchase of Tangible Fixed Assets		(364)	(790)
Proceeds from Sale of Tangible Fixed Assets		8	-
(Increase)/Decrease in Current Asset Investments		(276,405)	-
Decrease in Short-Term Deposits		1,000	1,000
<b>Net cash provided by/(used in) investing activities</b>		<b>(272,478)</b>	<b>3,305</b>
Change in Cash and Cash Equivalents in the Year		93,784	(4,040)
Cash and Cash Equivalent Brought Forward		24,318	28,358
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>118,102</b>	<b>24,318</b>
<b>Analysis of cash and cash equivalents</b>			
		2019 £'000	2018 £'000
Cash		118,102	24,318
<b>Cash and cash equivalents</b>		<b>118,102</b>	<b>24,318</b>

Short-term deposits and current asset investments all have a maturity date of greater than a month and so are not considered to be cash equivalents. The notes on pages 47 to 67 form an integral part of the financial statements.

## a. Reconciliation of net income to net cash flow from operating activities

	2019 £'000	2018 £'000
<b>Net Income for the reporting period (as per the statement of financial activities)</b>	<b>391,033</b>	<b>44,323</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in Current Asset Investments	-	(6,837)
Gains on investments	(2,759)	(3,019)
Dividends and interest	(524)	(76)
FRS 102 Pension Adjustment	(1,001)	(999)
Increase/(Decrease) in authorised grants awaiting payment	5,094	1,531
(Decrease)/Increase in PIP Provision	(25,685)	(37,077)
(Decrease)/Increase in Dilapidations Provision	60	-
Depreciation	634	559
Profit on sale of fixed assets	(8)	-
Increase in Debtors	(2,931)	(6,818)
Increase in Creditors	2,349	1,067
<b>Net cash provided by/(used in) operating activities</b>	<b>366,262</b>	<b>(7,345)</b>

# 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 applies 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 for its trading subsidiary.

### 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 recognised when the Charity is entitled to the income and it is probable the income will be received and the amount can be measured reliably.

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 from a levy payable (by Motability Operations) at the inception of each lease. This income is to be used to support Motability's administration and support costs including pension scheme and as a result is treated as a restricted fund.

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 activity headings:

- 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 non-directly attributable support costs as described above.

## Notes to the Financial Statements continued...

### 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.

These are capitalised in the year of acquisition and depreciation commences at the point of when the fixed asset is actively 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:** Three Years

**Computer software:** Five Years.

**Vehicles:** Four years

### 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 donation.

Designated funds comprise funds which Governors have set aside for a particular activity or purpose. If funds are unspent funds 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 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 Statement of Financial Activities 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 Grants

All potential future PIP Transitional Support 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 payment until the date that any future changes to the current support programme 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.

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs) at the trade date.

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 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 its office 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 estimations**

In the application of the accounting policies, which are described within this note, the Governors are required to make judgements and assumptions leading to financial estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The assumptions and associated estimates are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates. The trustees consider the most significant judgements and estimates to be in relation to the following.

#### **PIP Provision Judgements**

The underlying assumptions and judgements for the PIP provision have been calculated using a model based on actual information for 2018/19. The assumptions relating the PIP Transitional Support Programme are reviewed on an ongoing basis as well as an annual review that takes place before the end of each calendar year.

A number of judgement variables are built into the model and some assumptions behind the provision figure for this year have been changed to reflect recent experience. The material changes relate to a reduced rate of DWP PIP reassessments and a reappraisal of the proportion of DLA to PIP reassessments that relate to the Higher Rate Mobility Component of DLA. In addition, an extra 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.

#### **PIP Provision Estimates**

The provision at the end of 2017/18 was based on an estimate that ranged from a low of £31.9 million to a high of £62.3 million. However, the actual spend was outside of this range for 2018/19 at £18.9 million, with a further £3.2 million anticipated to be spent by end of July 2019, totalling £22.1 million. The provision was significantly higher than actual expenditure primarily because the DWP PIP reassessment caseload was much lower than forecast. The range for 2019/20 is a low of £9.9 million and high of £22.3 million.

#### **Pension obligations**

The actuarial assumptions underlying the pension deficit are set out in note 17.

## Notes to the Financial Statements continued...

### 2. Trading Activities of the Subsidiary

The Charity has a wholly owned trading subsidiary, Motability Enterprises Limited, which is incorporated in the UK. Company Number 01786053; Registered address Warwick House, Roydon Road, Harlow, Essex, CM19 5PX.

Motability Enterprises Limited passes any of its trading profits to Motability under company Gift Aid under Deed of Covenant 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 of the Grant-Making Committee on page 25. The net assets of the subsidiary are £14,576 (2018: £14,576).

	2019 £'000	2018 £'000
<b>Income and Expenditure Account:</b>		
Turnover	540	546
Less: Cost of Goods Sold and Other Costs	(33)	(49)
<b>Gross Profit</b>	<b>507</b>	<b>497</b>
Administration Expenses	(118)	(234)
Interest Receivable	2	1
<b>Net Profit</b>	<b>391</b>	<b>264</b>
Gift Aided to Motability	(391)	(264)
<b>Retained in Subsidiary</b>	<b>-</b>	<b>-</b>

### 3. Motability-Funded Grant-Making

	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Total 2019 £'000	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total 2018 £'000
<b>Grants to Disabled People:</b>						
Adaptations and Advance Payments	4,769	9,966	14,735	4,120	-	4,120
Driving Lessons	865	14	879	855	-	855
Lease Refunds	(2,058)	(694)	(2,752)	(2,024)	(608)	(2,632)
Motability Operations Discount	(2,375)	-	(2,375)	(2,191)	-	(2,191)
Specialised Vehicles Fund to Disabled People	16,335	-	16,335	6,807	13,257	20,064
Transitional Support Grants	-	772	772	-	1,087	1,087
Commitment Movement	3,379	2,734	6,113	(602)	2,132	1,530
<b>Charitable Grants to Disabled People</b>	<b>20,915</b>	<b>12,792</b>	<b>33,707</b>	<b>6,965</b>	<b>15,868</b>	<b>22,833</b>
Support Costs	-	1,261	1,261	-	1,122	1,122
<b>Total Motability-Funded Grant-Making</b>	<b>20,915</b>	<b>14,053</b>	<b>34,968</b>	<b>6,965</b>	<b>16,990</b>	<b>23,955</b>

The number of Charitable Grants awarded to individuals in 2019 was 10,421 (2018: 8,544). £2,375,250 (2018: £2,190,750) was received as a discount negotiated with Motability Operations on vehicles for customers whose leases had been supported by Charitable Grants. As the support costs are funded by the Lease Levy they are shown as restricted funds.

	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Total 2019 £'000	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total 2018 £'000
<b>PIP Transitional Support Programme</b>						
Transitional Support Payments	-	18,948	18,948	-	29,983	29,983
PIP Provision (Release)/Charge	-	(25,700)	(25,700)	-	(37,100)	(37,100)
PIP Bank Charge	-	5	5	-	11	11
Support Costs	-	4,522	4,522	-	4,024	4,024
<b>PIP Transitional Support Programme</b>	<b>-</b>	<b>(2,225)</b>	<b>(2,225)</b>	<b>-</b>	<b>(3,082)</b>	<b>(3,082)</b>

The number of Transitional Support Grant payments made to individuals in 2019 was 13,906 (2018: 17,839). The release of the PIP provision during 2019 results from a reassessment of the assumptions at year end, following actual payment experience during the year.

# Notes to the Financial Statements continued...

## 4. Analysis of Total Resources Expended

	Grants to Disabled People 2019 £'000	Support Costs					Support Costs 2019 £'000	Governance Costs 2019 £'000	Total 2019 £'000
		Staff Costs 2019 £'000	Premises Costs 2019 £'000	Depreciation Costs 2019 £'000	Other 2019 £'000				
Cost of Raising Funds	-	98	-	-	259	357	13	370	
Cost Of Goods Sold And Other Costs	-	-	-	-	33	33	-	33	
<b>Cost of Raising Funds</b>	<b>-</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>292</b>	<b>390</b>	<b>13</b>	<b>403</b>	
Motability-Funded Grant-Making	33,707	702	84	82	301	1,169	92	34,968	
Motability-Funded PIP Transitional Support Grants	(6,747)	2,518	300	295	1,083	4,196	326	(2,225)	
DWP-Funded Grant-Making	262	8	1	1	3	13	-	275	
Scheme Operations/Communications	-	2,182	260	256	936	3,634	285	3,919	
<b>Resources Expended</b>	<b>27,222</b>	<b>5,508</b>	<b>645</b>	<b>634</b>	<b>2,615</b>	<b>9,402</b>	<b>716</b>	<b>37,340</b>	

Please refer to Note 5 for an analysis of the allocation of functional support costs by activity.

	Grants to Disabled People 2018 £'000	Support Costs					Support Costs 2018 £'000	Governance Costs 2018 £'000	Total 2018 £'000
		Staff Costs 2018 £'000	Premises Costs 2018 £'000	Depreciation Costs 2018 £'000	Other 2018 £'000				
Cost of Raising Funds	-	254	-	-	261	515	8	523	
Cost Of Goods Sold And Other Costs	-	-	-	-	49	49	-	49	
<b>Cost of Raising Funds</b>	<b>-</b>	<b>254</b>	<b>-</b>	<b>-</b>	<b>310</b>	<b>564</b>	<b>8</b>	<b>572</b>	
Motability-Funded Grant-Making	22,834	721	70	73	207	1,071	50	23,955	
Motability-Funded PIP Transitional Support Grants	(7,106)	2,585	257	260	742	3,844	180	(3,082)	
DWP-Funded Grant-Making	254	8	1	1	1	11	1	266	
Scheme Operations/Communications	-	2,240	223	226	642	3,331	156	3,487	
<b>Resources Expended</b>	<b>15,982</b>	<b>5,808</b>	<b>551</b>	<b>560</b>	<b>1,902</b>	<b>8,821</b>	<b>395</b>	<b>25,198</b>	

Please refer to Note 5 for an analysis of the allocation of functional support costs by activity.

	Governance Costs 2019 £'000	Governance Costs 2018 £'000
<b>Governance Costs</b>		
External Audit Fees	67	48
Internal Audit Fees	20	-
Release of Accrued Costs	-	(25)
Legal Fees	622	371
Members Expenses	7	1
<b>Governance Costs</b>	<b>716</b>	<b>395</b>

The External Audit Fees expenditure shown above are fees of £67,000 payable to the Statutory Auditor which comprise £60,000 for the Statutory Audit of Motability Accounts and fees of £7,000 for the Statutory Audit of Subsidiary Accounts. No fees have been paid to the Statutory Auditor for Other Services during the year.

Internal Audit has now been outsourced to independent external auditors. Legal fees have increased significantly due to advice concerning the NAO and Charity Commission Reviews.

## 5. Analysis of Support Costs

	Motability- Funded Grant-Making 2019 £'000	Motability- Funded PIP Transitional Support Grants 2019 £'000	DWP- Funded Grant-Making 2019 £'000	Scheme Operations/ Communications 2019 £'000	Grand Total 2019 £'000
Executive Management and Oversight	289	1,033	2	895	2,219
Support Costs	635	2,281	8	1,976	4,900
Charitable Operations	337	1,208	3	1,048	2,596
<b>Support Costs</b>	<b>1,261</b>	<b>4,522</b>	<b>13</b>	<b>3,919</b>	<b>9,715</b>

A historic weighted volume of Charitable Expenditure by Activity has been used as the basis for apportionment of the support costs shown above.

	Motability- Funded Grant-Making 2018 £'000	Motability- Funded PIP Transitional Support Grants 2018 £'000	DWP- Funded Grant-Making 2018 £'000	Scheme Operations/ Communications 2018 £'000	Grand Total 2018 £'000
Executive Management and Oversight	306	1,105	5	957	2,373
Support Costs	496	1,778	5	1,541	3,820
Charitable Operations	319	1,141	2	989	2,451
<b>Support Costs</b>	<b>1,121</b>	<b>4,024</b>	<b>12</b>	<b>3,487</b>	<b>8,644</b>

A historic weighted volume of Charitable Expenditure by Activity has been used as the basis for apportionment of the support costs shown above.

## Notes to the Financial Statements continued...

### 6. Governors, Staff and Related Parties

#### a) Numbers and costs

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

	2019 Number	2018 Number
Administration	113	115
Affinity & Projects (previously Fundraising)	1	3
Governors	10	9
	<b>124</b>	<b>127</b>

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

	2019 £'000	2018 £'000
Salaries including benefits in kind	3,843	3,785
Staff restructure programme	21	462
Social Security costs	375	367
Pension costs: Defined benefit	307	328
Pension costs: Defined contribution	475	513
Other Staff Costs	389	347
	<b>5,410</b>	<b>5,802</b>

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

	2019 Number	2018 Number
£60,000 to £69,999	3	3
£70,000 to £79,999	3	4
£80,000 to £89,999	1	1
£90,000 to £99,999	1	-
£110,000 to £119,999	1	2
£140,000 to £149,999	-	1
£170,000 to £179,999	-	1
	<b>9</b>	<b>12</b>

The key management personnel of the Charity are the Governors, the Director, Director of Finance, Interim Director of Finance and Director of Charitable Operations. The Governors are not remunerated for their services. The total remuneration (including employers NIC, pension contributions and benefits in kind) of the key management personnel of the Charity for the year totalled £375,304 (2018: £431,000). The remuneration paid to the Director in the financial year 2018/19, was £130,064 (£177,407 in 2017/18). This comprised salary, employer pension contributions, private healthcare and car allowance.

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

### b) Governors' emoluments

No Governor received any emoluments during the year (2018: nil).

Six Governors (2018: Two) received reimbursement of expenses amounting to £4,040 (2018: £759) following the appointment of new Governors.

### 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 £28,189,057 (2018: £25,868,486), in respect of grants awarded to customers, to fund Advance Payments and adaptations on vehicles provided under the lease Scheme by Motability Operations to customers in receipt of grants. This includes £2,375,000 (2018: £2,191,000) received as a discount, negotiated with Motability Operations on vehicles for customers whose leases had been supported by Charitable Grants.

As at 31 March 2019 Motability Operations was due £3,990,618 (2018: £2,621,339) from Motability.

Of the total grants payable shown on Note 11 (page 58), £19 million represents amounts due to Motability Operations for outstanding commitments.

In addition, £2,751,921 (2018: £2,631,537) 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 £9,055,000 (2018: £9,184,000) in respect of a levy on the leases to cover Motability's administration costs in processing charitable grants applications and support for the Scheme.

As at 31 March 2019 £2,057,000 (2018: £1,338,000) was due to Motability from Motability Operations.

An unrestricted charity donation was received from Motability Operations of £400,000,000 which is currently waiting to be designated by the Governors. (2018: £45,000,000 which was designated for SVP).

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 17.

### e) Related Charity

The Motability Tenth Anniversary Trust (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.

MTAT is a separate charity. Two of the four MTAT Trustees also serve as Governors of Motability. The Governors do not regard the MTAT as a related party as defined by FRS 102. During the period, requests were made by Motability for grant funding of £2,806,810 (2018: £1,792,585) and the MTAT provided donations of £836,632 (2018: £1,303,240) for the PIP Transitional Support Programme. A donation was received from the MTAT of £8,663,438 for Drive-from-Wheelchair vehicles (£3,500,000 in 2017/18).

The Trustees of MTAT and the Governors of Motability have agreed in principle to transfer the net assets of MTAT to Motability. It is anticipated that this will occur during 2020.

## Notes to the Financial Statements continued...

### 7. Fixed Asset Investment in Subsidiary Undertaking

Motability holds 100 ordinary shares of £1 each in Motability Enterprises Limited incorporated in the UK (Company No. 1786053) whose registered office is Warwick House, Roydon Road, Harlow, Essex, CM19 5PX. The company carries out certain trading activities in order to raise funds for Motability (Note 2).

### 8. 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 2018	2,899	421	250	121	968	1,245	5,904
Additions	175	-	13	4	89	82	363
Transfers	-	-	-	109	(109)	-	-
Disposals	-	(83)	-	(4)	(166)	(1)	(254)
<b>At 31 March 2019</b>	<b>3,074</b>	<b>338</b>	<b>263</b>	<b>230</b>	<b>782</b>	<b>1,326</b>	<b>6,013</b>
<b>Depreciation</b>							
Balance as at 01 April 2018	1,256	322	105	77	748	756	3,264
Charge for the Year	319	35	28	19	135	98	634
Transfers	-	-	-	109	(109)	-	-
Disposals	-	(82)	-	(4)	(167)	(2)	(255)
<b>At 31 March 2019</b>	<b>1,575</b>	<b>275</b>	<b>133</b>	<b>201</b>	<b>607</b>	<b>852</b>	<b>3,643</b>
<b>Net Book Value</b>							
<b>At 31 March 2019</b>	<b>1,499</b>	<b>63</b>	<b>130</b>	<b>29</b>	<b>175</b>	<b>474</b>	<b>2,370</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>

All assets are used for direct charitable purposes.

## 9. Debtors

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
War Pensioners	82	63	82	63
<b>Owed by DWP</b>	<b>82</b>	<b>63</b>	<b>82</b>	<b>63</b>
Other Debtors	80	327	59	234
Amounts Owed by Subsidiary	-	-	399	264
Amounts Owed by The Motability Tenth Anniversary Trust	11,939	8,849	11,940	8,849
Amounts Owed by Motability Operations Limited	2,057	1,338	2,057	1,338
Prepayments and Accrued Income	1,545	2,195	1,540	2,191
<b>Debtors</b>	<b>15,703</b>	<b>12,772</b>	<b>16,077</b>	<b>12,939</b>

## 10. Current Asset Investments

At 31 March 2019, Group and Charity investments comprised:

	2019 £'000	2018 £'000
Debt Securities	84,922	130,931
Funds and Exchange Traded Funds (ETFs)	322,414	-
<b>Total</b>	<b>407,336</b>	<b>130,931</b>

### Investments held are as follows:

	2019 £'000	2018 £'000
UK	28,066	42,866
Non-UK	379,270	88,065
<b>Total</b>	<b>407,336</b>	<b>130,931</b>

All UK and non-UK investments are Sterling denominated.

All bonds are managed as part of the current assets portfolio; £28,818,639 have maturity dates beyond one year (2018: £51,876,176).

## Notes to the Financial Statements continued...

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

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
<b>Accruals for Grants Payable</b>				
Charitable Grants	1,686	1,385	1,686	1,385
Specialised Vehicles Fund	17,541	12,759	17,541	12,759
War Pensioners	52	44	52	44
PIP Transitional Support	80	77	80	77
<b>Accruals for Grants Payable</b>	<b>19,359</b>	<b>14,265</b>	<b>19,359</b>	<b>14,265</b>
<b>Other Creditors:</b>				
Trade Creditors	1,306	812	1,289	803
Amounts Owed to Motability Operations Limited	3,991	2,621	3,991	2,621
Accruals and Deferred Income	936	515	931	498
Taxation and Social Security	400	339	400	339
<b>Other Creditors</b>	<b>6,633</b>	<b>4,287</b>	<b>6,611</b>	<b>4,261</b>
<b>Creditors Falling Due Within One Year</b>	<b>25,992</b>	<b>18,552</b>	<b>25,970</b>	<b>18,526</b>

### 12. Provisions

	2019 £'000	2018 £'000
<b>Group and Charity Dilapidation Provision</b>		
Provision Brought Forward 1 April	500	500
Movement in Provision	60	-
<b>Dilapidation Provision Carried Forward 31 March</b>	<b>560</b>	<b>500</b>
<b>Group and Charity PIP Provision</b>		
Provision Brought Forward 1 April	41,451	78,528
Provision Utilised in the Year	(18,948)	(29,984)
Credits in the Year	(6,737)	(7,093)
<b>PIP Provision Carried Forward 31 March</b>	<b>15,766</b>	<b>41,451</b>
<b>Provisions Carried Forward 31 March</b>	<b>16,326</b>	<b>41,951</b>

## 12. 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 who originally joined the Scheme before 31 December 2012.
- £1,000 for customers who joined the Scheme in 2013.
- Customers who joined the Scheme after 2013 are not eligible.

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 totalling £175 million and £18.9 million has been paid this year (£30 million in 2017/18) from the provision.

Following detailed customer research in autumn 2018, 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 2019, 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 2019, the support programme has been running for five years and Governors 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 31 July 2020. This date would allow for communication to the customers of any potential changes to the Scheme in January 2020 following the review in December 2019.

The provision included is based on the estimated cost of providing support to the projected numbers of qualifying claimants in the 16 months to 31 July 2020. 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 2019.

- 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 seven 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. Experience has indicated that approximately 35% of customers have chosen the longer retention period and the 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 £44.1 million (£36.7 million in 2017/18) donated by Motability Operations is held as a restricted reserve that will be used in future years to fund further payments to customers leaving the Scheme following a PIP reassessment.

## Notes to the Financial Statements continued...

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

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Amortised Rent Free Period on Current Premises Lease	97	94	97	94
<b>Creditors Falling Due After One Year</b>	<b>97</b>	<b>94</b>	<b>97</b>	<b>94</b>

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

	Unrestricted Designated Funds £'000	Unrestricted General Funds £'000	Total Unrestricted Funds £'000	Total Restricted Funds £'000	Total Group Funds £'000
<b>Fund Balances at 31 March 2019 are Represented By:</b>					
Fixed Assets	-	-	-	2,370	2,370
Current Assets	52,390	406,604	458,994	83,147	542,141
Current Liabilities	(8,711)	(4,033)	(12,744)	(13,248)	(25,992)
Provisions	-	-	-	(16,326)	(16,326)
Creditors Over One Year	-	-	-	(97)	(97)
<b>Net Assets Excluding Pension Liability</b>	<b>43,679</b>	<b>402,571</b>	<b>446,250</b>	<b>55,846</b>	<b>502,096</b>
Pension Liability	-	-	-	(3,700)	(3,700)
<b>Net Assets Including Pension Liability</b>	<b>43,679</b>	<b>402,571</b>	<b>446,250</b>	<b>52,146</b>	<b>498,396</b>

	Unrestricted Designated Funds £'000	Unrestricted General Funds £'000	Total Unrestricted Funds £'000	Total Restricted Funds £'000	Total Group Funds £'000
<b>Fund Balances at 31 March 2018 are Represented By:</b>					
Fixed Assets	-	-	-	2,640	2,640
Current Assets	67,117	3,361	70,478	99,543	170,021
Current Liabilities	(7,338)	(1,718)	(9,056)	(9,496)	(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>

## 15. Restricted Funds

<b>Movement in Funds:</b>	Balance 31/03/2018 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	Other Realised Gain/Loss £'000	Transfers Between Funds £'000	Balance 31/03/2019 £'000
Fundraising – Donations and Appeals	25	(1,876)	-	-	-	1,891	40
Specialised Vehicle Fund to Disabled People	(263)	11,379	(11,998)	-	-	-	(882)
PIP Transitional Support Programme	36,745	2,260	5,853	(725)	-	-	44,133
Funding and Other Income in Relation to Administration Costs	14,111	9,142	(9,721)	-	(1,001)	-	12,531
War Pensioners	24	279	(279)	-	-	-	24
<b>Balance before Pension Deficit</b>	<b>50,642</b>	<b>21,184</b>	<b>(16,145)</b>	<b>(725)</b>	<b>(1,001)</b>	<b>1,891</b>	<b>55,846</b>
Pension Deficit	(3,039)	-	-	-	(661)	-	(3,700)
<b>Restricted Funds</b>	<b>47,603</b>	<b>21,184</b>	<b>(16,145)</b>	<b>(725)</b>	<b>(1,662)</b>	<b>1,891</b>	<b>52,146</b>

The figure of £1,891,000 relates to the return of prior year income back to MTAT which is then covered by a transfer from the general fund during the year.

<b>Movement in Funds:</b>	Balance 31/03/2017 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	Transfers Between Funds £'000	Transfers Between Funds £'000	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	28,925	3,368	6,062	(1,610)	-	-	36,745
Funding and Other Income in Relation to Administration Costs	14,543	9,211	(8,644)	-	(999)	-	14,111
War Pensioners	24	256	(256)	-	-	-	24
<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>-</b>	<b>50,642</b>
Pension Deficit	(5,836)	-	-	-	2,797	-	(3,039)
<b>Restricted Funds</b>	<b>41,979</b>	<b>23,243</b>	<b>(17,807)</b>	<b>(1,610)</b>	<b>1,798</b>	<b>-</b>	<b>47,603</b>

## Notes to the Financial Statements continued...

### 16. Unrestricted Funds

<b>Movement in Funds:</b>	Balance 31/03/2018 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	Transfers Between Funds £'000	Balance 31/03/2019 £'000
<b>Charity</b>						
General Fund	1,628	405,451	(3,715)	1,083	(1,891)	402,556
Designated Fund - Specialised Vehicle Passenger Fund	59,089	1,389	(17,318)	(659)	-	42,501
Designated Fund - Discretionary Hardship Fund	690	499	(11)	-	-	1,178
<b>Charity Unrestricted Funds</b>	<b>61,407</b>	<b>407,339</b>	<b>(21,044)</b>	<b>424</b>	<b>(1,891)</b>	<b>446,235</b>
<b>Group</b>						
General Fund	1,643	405,602	(3,866)	1,083	(1,891)	402,571
Designated Fund - Specialised Vehicle Passenger Fund	59,089	1,389	(17,318)	(659)	-	42,501
Designated Fund - Discretionary Hardship Fund	690	499	(11)	-	-	1,178
<b>Group Unrestricted Funds</b>	<b>61,422</b>	<b>407,490</b>	<b>(21,195)</b>	<b>424</b>	<b>(1,891)</b>	<b>446,250</b>

The figure of £1,891,000 relates to the return of prior year income back to MTAT which is then covered by a transfer from the general fund during the year.

<b>Movement in Funds:</b>	Balance 31/03/2017 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	Transfers Between Funds £'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>Charity Unrestricted Funds</b>	<b>20,910</b>	<b>48,599</b>	<b>(7,109)</b>	<b>(993)</b>	<b>-</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>Group Unrestricted Funds</b>	<b>20,925</b>	<b>48,881</b>	<b>(7,391)</b>	<b>(993)</b>	<b>-</b>	<b>61,422</b>

The Specialised Vehicle Passenger Fund has been designed to provide support to passenger WAV beneficiaries who need additional financial support. The Discretionary Hardship Fund has been designated during the prior year to support customers with Financial Hardship.

## 17. 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 2019. Investments have been valued for this purpose at fair value.

The pension cost to the Charity under FRS 102 was £299,000 (2018: £329,000).

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

	2019 %	2018 %	2017 %
Rate of Increase in Salaries	N/A	N/A	N/A
Rate of Increase in Pensions in Payment	2.20	2.10	2.20
Discount Rate	2.60	2.60	2.50
Price Inflation	3.20	3.10	3.20

## Notes to the Financial Statements continued...

### 17. Pension Arrangements (continued)

17.1. 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:

	2019 %	2019 £'000	2018 %	2018 £'000	2017 %	2017 £'000
Equities	2.40	10,129	2.60	11,872	2.50	11,155
Bonds/Gilts	2.40	7,383	2.60	4,477	2.50	3,524
Cash	2.40	2,562	2.60	2,994	2.50	3,187
Property and Other	2.40	1,588	2.60	1,632	2.50	1,595
<b>Total Fair Value of Assets</b>		<b>21,662</b>		<b>20,975</b>		<b>19,461</b>
Present Value of Scheme Liabilities		(25,362)		(24,014)		(25,297)
<b>Net Pension Liability</b>		<b>(3,700)</b>		<b>(3,039)</b>		<b>(5,836)</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 2019. The contribution rate for 2019 was nil of pensionable earnings (2018: nil) due to the scheme being closed to future accrual with effect from 30 April 2012.

	2019 %	2018 %
Equities	46.76	56.60
Bonds/Gilts	34.08	21.35
Cash	11.82	14.27
Property and Other	7.34	7.78

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:

	2019	2018
<b>Retiring Now</b>		
Males	22.00	22.10
Females	23.90	24.00
<b>Retiring in 20 Years</b>		
Males	23.40	23.60
Females	25.50	25.50

17.2. The movement in the scheme's deficit over the year to 31 March 2019 is summarised as follows:

	2019 £'000	2018 £'000
<b>The Pension Deficit as at 31 March Comprises:</b>		
Pension Deficit at 1 April	(3,039)	(5,836)
Actuarial gain/(loss) in the year	(1,662)	1,798
Deficit Recovery Plan Payment	1,220	1,248
Contribution to Scheme administration costs	80	80
<b>Subtotal</b>	<b>(3,401)</b>	<b>(2,710)</b>
<b>Analysis of Amounts (Charged) to the SoFA for the Year:</b>		
Other Finance Cost	(83)	(148)
Current Service Cost	(178)	(181)
Past Service Cost	(38)	-
<b>Subtotal</b>	<b>(299)</b>	<b>(329)</b>
<b>Pension Deficit at 31 March</b>	<b>(3,700)</b>	<b>(3,039)</b>

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

	2019 £'000	2018 £'000
Current service cost	178	181
<b>Total</b>	<b>178</b>	<b>181</b>

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

	2019 £'000	2018 £'000
Expected return on pension scheme assets	536	480
Interest on pension scheme liabilities	(619)	(628)
<b>Total</b>	<b>(83)</b>	<b>(148)</b>

## Notes to the Financial Statements continued...

### 17. Pension Arrangements (continued)

#### 17.5. Analysis of the amount that has been recognised in the Statement of Financial Activities.

	2019 £'000	2018 £'000	2017 £'000
Actual return less expected return on pension scheme assets	(405)	409	1,604
Experience gains/(losses) arising on the scheme liabilities	(14)	(57)	1,893
Changes in the assumptions underlying the present value of the scheme liabilities	1,446	1,446	(2,707)
<b>Total</b>	<b>1,027</b>	<b>1,798</b>	<b>790</b>

#### 17.6. History of experienced gains and losses.

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
<b>Difference between actual and expected return on assets</b>					
Amount	(405)	409	1,604	(314)	814
<b>% of scheme assets</b>	<b>(1.9%)</b>	<b>1.9%</b>	<b>8.2%</b>	<b>(1.9%)</b>	<b>5.0%</b>
<b>Experience of gains and losses arising on liabilities</b>					
Amount	(14)	(57)	1,893	120	111
<b>% of scheme assets</b>	<b>(0.1%)</b>	<b>(0.3%)</b>	<b>9.7%</b>	<b>0.7%</b>	<b>0.7%</b>

### 18. Commitments

#### Operating Leases

Amounts payable in total under operating leases with expiry dates:

	Premises 2019 £'000	Premises 2018 £'000	Other 2019 £'000	Other 2018 £'000
Within One Year	418	303	6	29
Between One and Five Years	1,441	1,212	-	14
Over Five Years	-	152	-	-
<b>Total</b>	<b>1,859</b>	<b>1,667</b>	<b>6</b>	<b>43</b>

#### Operating Lease Expenditure

	2019 £'000	2018 £'000
Premises	399	349
Plant, Machinery and Vehicles	19	16
<b>Total</b>	<b>418</b>	<b>365</b>

## 19. 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.

## 20. Post Balance Sheet Events

The list below summarises major events that have occurred since the year end.

- From April 2019, Motability has ceased to receive the lease levy income from Motability Operations.
- In June 2019, Motability announced the creation of the Motability endowment fund, to be called The Motability Foundation.
- In July 2019, in consultation with the DWP, Motability has arranged to extend our charitable contribution in two further directions, which are the Stopped Allowance Support programme and Access to Work grants.
- In September 2019, Motability received an unprecedented donation of £800 million from Motability Operations Limited.
- In September 2019, Motability announced the appointment of Lane, Clark and Peacock LLP as their investment advisors.
- The Trust Deed for The Motability Foundation was approved in September 2019.
- It has been agreed in principle by the Trustees of MTAT and the Governors of Motability to transfer the net assets of MTAT to Motability. It is anticipated that this will happen in 2020. As at March 2019, the MTAT net asset figure stood at £204.6 million.

# Contacts

## Bankers

Barclays Bank PLC  
Harlow Business Centre  
Harlow  
Essex CM20 1ET

---

## Solicitors

Farrer & Co  
66 Lincoln's Inn Fields  
London WC2A 3LH

---

Memery Crystal LLP (GDPR)  
165 Fleet Street  
London EC4A 2DY

---

## Auditor

Deloitte LLP  
Statutory Auditor  
1 New Street Square  
London EC4A 3BZ

---

## Investment Advisors

Lane, Clark and Peacock LLP  
95 Wigmore Street  
London  
W1U 1DQ  
(appointed September 2019)

---

## Registered Office

Motability  
Warwick House  
Roydon Road  
Harlow  
Essex CM19 5PX

I cannot commend enough the provision of a reliable new vehicle to provide a family with the hassle-free ability and support to work, holiday, create experiences and live a life with minimum worry. It has provided a sense of self-esteem and self-confidence to me as a father and a husband.



**Motability**

Registered charity in England  
and Wales No. 299745