



# Annual Report and Accounts 2020/21



On the road to freedom

**OUR VISION:**

That no disabled  
person shall be  
disadvantaged due  
to poor access to  
transportation

# Annual Report and Accounts 2020/21

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# Patrons, Governors, Members and Key Executive Staff

## Chief Patron

**Her Majesty The Queen**

## Patrons

The Rt Hon Boris Johnson MP  
(appointed 1 June 2020)  
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

## Life President

The Rt Hon the Lord Sterling of Plaistow  
GCVO CBE (appointed 1 June 2020)

## Life Vice-President

Brian Carte TD

## Governors

### Chairman:

Charles Manby MBE  
(appointed Chairman 1 June 2020)

### Chairman and Co-Founder:

The Rt Hon the Lord Sterling of Plaistow  
GCVO CBE (retired 1 June 2020)

### Vice Chairman:

Ed Humpherson FCA  
(appointed Vice-Chairman  
23 March 2021)

### Hon Treasurer:

David Hunter FCA

Dr Stephen Duckworth OBE  
(retired 6 July 2021)  
Dr Juliana Onwumere  
Professor Mala Rao OBE  
Lord Kevin Shinkwin  
(retired 16 September 2021)  
Cheryl Ward  
Professor William Webb  
Richard Cartwright ACA  
(appointed 10 December 2020)  
Robin Hindle Fisher OBE  
(appointed 10 December 2020)

## Members

Sir Gerald Acher CBE LVO FCA  
Richard Bennison FCA  
Don Brereton CB  
Morigue Cornwell MBE  
Alan Dickinson  
Dr Stephen Duckworth OBE  
(appointed 6 July 2021)  
Christopher E Fay CBE  
Tim Gooch (deceased January 2021)  
The Rt Hon the Lord Hague of Richmond  
Raymond King  
Joanna Lewis  
Edward Lester  
The Baroness Masham of Ilton DL  
The Hon Sara Morrison  
Noel Muddiman CBE  
Peter Oppenheimer\*  
(appointed 4 February 2021)  
David Pritchard\*  
(appointed 10 December 2020)  
Paul Spencer  
The Rt Hon the Lord Sterling of Plaistow  
GCVO CBE

\* Independent member  
of Investment Committee

## Key Executive Staff

### Chief Executive Officer:

Barry Le Grys MBE

### Director of Finance:

Charles Nall ACA

### Director of Charitable Operations:

Lisa Jones

### Director of Performance and Engagement:

Rachael Badger

### Company Secretary:

Anil Gadhia FCA





## OUR VALUES

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

### 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 fulfil our purpose.

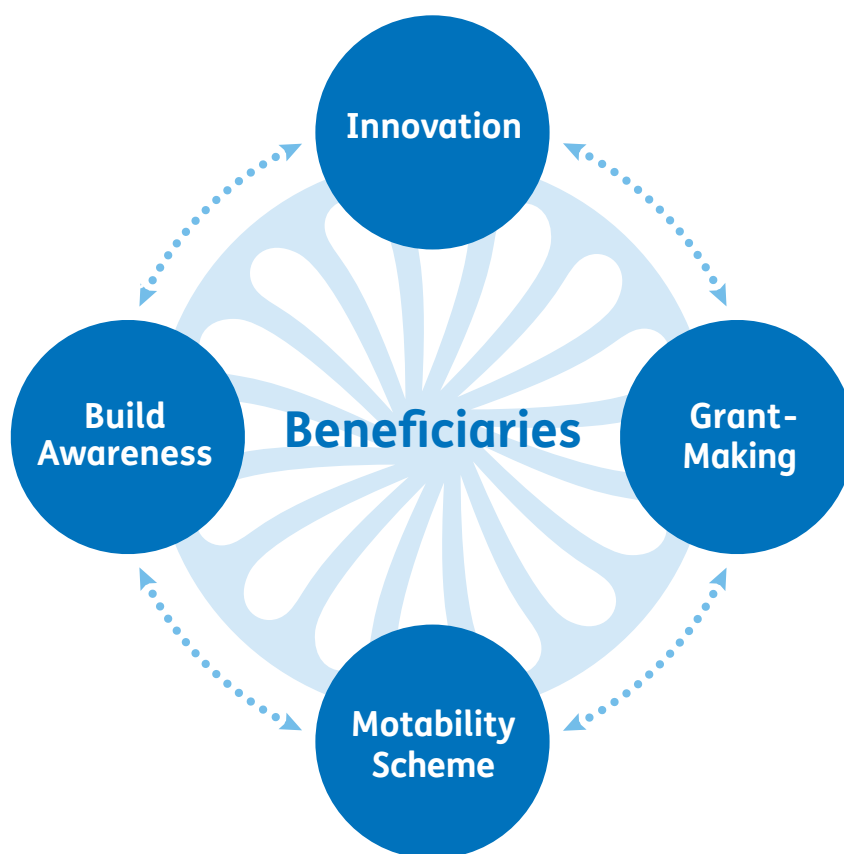


# Introduction

Motability was co-founded 44 years ago by the late Lord Goodman and Lord Sterling, with all-party political support, in order to help disabled people and their families with their personal mobility. During this time, the Charity has grown from strength to strength.

Back in 1977, there were only 25,000 Government-issued vehicles for disabled people; mostly the distinctive single-passenger blue trikes. Through the creation and direction of the Motability Scheme by Motability, Motability Finance – which was increasingly delivering the Scheme – was able to steadily enhance the value and choice of cars for disabled people and their families. As time went on, the Scheme's buying power was such that the value for money for disabled customers improved consistently.

In 2008, Motability Finance changed its name to Motability Operations Limited to more clearly reflect its role and became a subsidiary of Motability Operations Group plc, formed as the culmination of a decision, planned several years earlier, to raise long-term funding on the capital markets. Over the years, money has been reinvested, in consultation with the Charity, by Motability Operations, back into the Scheme for the benefit of customers, through customer support and the



enhancement of many areas of customer service.

The Scheme has proven resilient in the context of successive economic cycles and Government welfare reforms, and has built long-lasting and valued relations with stakeholders across the private, public, and charity sectors. Under Motability's stewardship, the Scheme has provided more than five million vehicles, and helped millions of disabled people and their families to enjoy independence and freedom.

Motability has a wider charitable object than the delivery of the Scheme. Our vision is that no disabled person shall be disadvantaged due to poor access to transportation. Oversight of the Motability Scheme continues to be the mainstay of course, but an increasing element of our grant-making is beyond the Scheme and we are also investing steadily in our Innovation activities; we have a robust, longer-term framework to do so. Motability plans to be in a position to make a significant contribution to our society whilst there is a need to fulfil our charitable object.

# Public and Charitable Benefit

The charitable object of Motability is to facilitate the relief and assistance of disabled persons in connection with the provision of personal, and other, transportation.

This Annual Report reviews the work of Motability over the past year and sets out the aims for 2021/22.

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.







## Meet Owen

Owen from North Yorkshire currently leases a Ford Tourneo on the Motability Scheme.

The vehicle has been converted so Owen can drive whilst sitting in his power chair. Owen received a grant for the conversion costs to his Wheelchair Accessible Vehicle (WAV). "The grant and the vehicle have made a massive difference to me. It means I can travel with my family

and enables me to be on a level playing field with my family and friends.

I currently have a provisional licence and am learning to drive my WAV. I'm very much looking forward to passing my test as it will enable me to be a lot more

independent. I love playing power chair football and going away on trips.

I'm hoping to volunteer at my local hospital and I want to eventually fulfil my dream of working in media. Having this car enables me to pursue that."

# Chairman's Statement



## Chairman's Statement

We plan, pandemic recovery across the globe permitting, to fulfil the grant needs of our beneficiaries at a higher rate in this current year.

### Charles Manby MBE Chairman of Motability

I wrote in last year's Annual Report that 'the full effects of the crisis are yet to unfold'. Three national lockdowns have had a huge impact on both our beneficiaries and our activity as a grant-making charity.

The first lockdown restricted the whole UK economy severely and a high proportion of our grant-making was suppressed. We could not reach and support some of our beneficiaries, and supply chains for vehicle and adaptation manufacturers were adversely disrupted. By the second lockdown, we had quickly made best use of technology to enable us to work from home efficiently and resume our grant-making activity to achieve a charitable expenditure sum of £55 million, albeit at a lower level than planned. The Governors see the shortfall on our original grant spend ambition as grants deferred rather than grants lost. We plan, pandemic recovery across the globe permitting, to fulfil the grant needs of our beneficiaries at a higher rate in this current year.

We have been able to listen to, and support beneficiaries throughout the pandemic despite the external pressures that arose during this time. We welcomed that a trade deal with the EU was agreed at the end 2020; if this had not been the case there would have been a significant operational and financial shock to the Motability Scheme and its business model. Vehicle manufacturers have had production disrupted severely by the pandemic and, additionally, they are required to comply with EU emissions targets and face substantial fines if they do not. They also have been making exceptional levels of investment in the move away from internal combustion engines to hybrid and battery electric vehicles. All of these factors currently impact vehicle availability and bring significant pricing pressure as the markets adjust. Whilst this is challenging and fast moving, we are working hard to ensure a continued high degree of choice of vehicles and appropriate pricing, including vehicles at nil advance payment, in the best interests of beneficiaries.

We continued to work very closely with Motability Operations at all levels in our oversight role during this past year to ensure that we meet customer and beneficiary needs, to provide the highest standard of service, the best possible value for money, and to ensure financial sustainability.

I would like to thank Sir Stephen O'Brien KBE and the Board of Motability Operations, their senior executives and all their staff for the highest order of commitment in running the business, in a seamless fashion, through the most challenging of years. The quality of service, including speed of response for customers, has been outstanding throughout – a quite remarkable performance. I would also like to thank Matthew Hamilton-James who steered Motability Operations as Interim Chief Executive Officer until the arrival of Andrew Miller in January 2021. We welcome Andrew and the experience and expertise of the commercial realm he brings. There are complex items on which to develop strategy, which we will work on together, such as climate change and the accelerating market evolution towards an alternative fuel vehicle fleet.

We also look forward to working with Andrew and his team in thinking through together how to continually develop and improve the Scheme customer proposition.

Throughout the year we maintained close dialogue with Government, particularly the Department for Work and Pensions and other advisory bodies, to ensure the needs of our beneficiaries are considered and met. For example, social security benefits are being devolved to Scotland and there are implications for the Scheme and our customers and beneficiaries. We are all clear that a seamless transition is required, working in concert with Governments, with us focused at the higher policy level, and Motability Operations making the necessary operational preparations for the continued delivery of the Scheme.

We fortunately remain in resilient shape and have protected our founding principles and our values, including long-term sustainability, so we can continue to support current and future generations of beneficiaries. The Board and the Investment Committee have worked hard to consolidate the establishment of the Motability Foundation and its investment portfolio, aiming to be able to support beneficiaries over the long term and provide some assurance to our activities. We also continue to grow our capacity and capability as a charity, in particular, how to develop our Innovation Pillar in an exciting arena. We will explore opportunities with our research and evidence gathering, listen to

disabled people, share the findings across the sector, seek solutions that meet the needs of disabled people, and understand how to implement them, whether through influencing others or as our own projects. Our work which aims to ensure accessibility for 1.35 million disabled drivers to electric charging points is one such undertaking. Another important area of investment is in our digital platform so we can make the online journey intuitive and more efficient for beneficiaries, the public, other charities and organisations. This is progressing well.

We introduced our current strategy in 2019 and said we would evaluate progress and review it after two years. It is now that time and we will conclude before the end of this calendar year. It is a critical principle of all our initiatives to listen to the views of beneficiaries and interested parties; our research has consulted some 14,000 members of the public. The scale and complexity of what we do is daunting but I am confident the Board, with their respective experiences and skill sets, will build on the success of the past four decades of Motability. I would very much like to thank my fellow Governors for their support and their dedication to the cause this past year, with its exceptional demands. Robin Hindle Fisher and Richard Cartwright joined us in the year as Governors with lived experience and we welcome their insight. I am extremely pleased Ed Humpherson has taken on the role of Vice-Chairman. Stephen Duckworth and Kevin Shinkwin announced their

intentions not to stand another term as Governors. I am indebted to them for their invaluable contributions and wish them both well in their future endeavours. Our two independent Investment Committee members, Peter Oppenheimer and David Pritchard, have worked very hard this year establishing the portfolio for which we are especially grateful.

Lord Sterling handed over Chairmanship to me in June 2020, and I wish to thank him for his hugely resourceful leadership of the Board including our plans for facing the COVID-19 pandemic.

Finally, I wish to thank the management team and all staff at Motability for their fortitude and enthusiasm, whatever the twists and turns of the year. In the first national lockdown we were unable to fulfil all our grant-making, but we were able to reach out to many beneficiaries and have hundreds of conversations which were universally well received. The management team worked tirelessly to ensure a COVID-19 pandemic secure and comfortable working environment when employees were allowed back into the office, and that working from home could be done effectively, and in a personally engaged, communicative and supportive manner. I have been impressed with how everyone has always had a strong sense of purpose to the fore – making a real difference to mobility for disabled people.









## Chief Executive Officer's Statement

### Barry Le Grys MBE

The immediate effects of the COVID-19 pandemic are known to us and reflected in the hard facts of this Report. The first national lockdown severely impacted our grant-making and, although we adjusted the Charity as quickly as possible to be able to work from home predominantly, COVID-19 pandemic restrictions then, and in the third national lockdown especially, prevented us reaching our budgeted spend on our Scheme-related grant programmes. The Special Grant and Access to Work Grant programmes were able to continue as planned but all other programmes were affected. Scheme-related grant spend was impacted by the closure of dealerships, the shielding of beneficiaries, and the travel restrictions that prevented home visits for assessments conducted by our field team. Access to Mobility programmes were affected by the Department for Work and Pensions making COVID-19 pandemic-related operational decisions, including to reduce the transition from Disabled Living Allowance to Personal Independence Payment. Driving lessons had to be curtailed. The end result is that our

charitable spend achieved the sum of £55 million, of which £43 million was grant-making. This fall against our target figure is in line with reduced activity across the vehicle industry as a whole due to the pandemic, and compounded by being unable to visit beneficiaries and assess the needs of the most complex grant applications in person, using a demonstration vehicle. As the Chairman has noted, we see the impact as demand deferred rather than lost, and we are all focused on our plans for recovery as the COVID-19 pandemic's impact reduces. You can read about our aims for 2021/22 in the strategic pillar reports below.

The COVID-19 pandemic has taught us lessons in organisational resilience and agility. We are not unique here but we are being very thorough to take account of what we have learned from home working during this time as we look to introduce a sustainable blended office/home policy which will meet the needs of beneficiaries, the individual employee, and the Charity as a whole for the longer term. This is not just about technology – people and practice are hugely important. Other, potentially more profound and far reaching outcomes of the

COVID-19 pandemic are still uncertain, particularly the changing needs of our beneficiaries, but we look to consistent consultation upon our programmes and their evaluation in a timely fashion, and focused research, to alert us.

Alongside planning for the year ahead, we have continued to grow capability and capacity across the Charity. We have added expertise and recruited new employees, but always with an eye to efficiency and flexibility; designing new operating models for our case manager teams and building in contingency for varying scenarios that might unfold in the recovery period. Our Innovation team is growing and our Evaluation team to measure our impact is now fully in place. This year, we will publish an Impact Report alongside this Annual Report. Our sector-leading research with disabled people and transport experts shows that major upcoming changes in the world of transport might risk leaving behind people living with disability. We plan to spend more than £2.2 million on research and innovation this year in order to establish a pipeline of future grant programmes and amplify the voices of disabled people needing inclusive transport.

# ‘We see the impact as demand deferred rather than lost, and **we are all focused on our plans for recovery** as the COVID-19 pandemic’s impact reduces’

Engagement with beneficiaries, stakeholders and other organisations has told us we need to make the digital communication journey to us more intuitive, and I am pleased that this will shortly be the case. Our digital platform will be more user-friendly and work is in hand for improved functionality, with greater scope for continuing development. This is all part of a wider information technology plan which will unfold over the next two years, hinged by a tight change management process that we embedded last year and is really proving its worth, to ensure integration and compatibility across the Charity.

Applying good practice, we are pleased to include a report against Section 172 of the Companies Act 2006 on page 81 noting our significant decisions, their impact, and how we engage with key stakeholders. This is an important demonstration of our intent to be open and share decisions made, conscious of the effect and consequences those decisions have on our stakeholders.

The Motability Scheme is the major part of our assistance to disabled people so, as always, we have been

in close dialogue with Motability Operations about their own plans for the future. We are also refreshing important aspects of our contract with Motability Operations, known as the Scheme Agreement, particularly in the realm of performance, including the key performance indicators. In 2020, Motability Operations reviewed and amended their Economic Capital Model which is used to inform the level of capital reserves maintained by Motability Operations. We commissioned an independent assessment that confirmed the model’s improvements, and noted some considerations for continuing development; another important aspect of our oversight role. The Chairman also pointed out the importance of environmental considerations and the transition to an alternative fuel vehicle fleet. You can read below how we are pursuing certain accessibility aspects of this under our Innovation Pillar. We have supported our own Board with their strategy review this year to enable us to look forward to the next three years, and close coordination with Motability Operations, particularly on the environmental agenda, is vital in shaping future direction and

our endeavour to continue excellent standards of service for users. We have consistently kept in touch with, and listened to, beneficiaries through the COVID-19 pandemic, and surveys with them have been very insightful. We handle more than five thousand calls a week and every one of the calls is an opportunity to ask a beneficiary how they are. During the third national lockdown, for example, 65% of beneficiaries consulted told us they would visit a dealer or supplier within one week of restrictions being lifted, and 21% of beneficiaries told us they were applying for a grant because of a change in their circumstances due to the COVID-19 pandemic. This data has influenced our recovery plans to build in flexibility to absorb possible demand.

I praised our people last year for how quickly they adjusted to different working conditions, and I wish to praise them again this year for their perseverance though a rollercoaster ride of ever-changing circumstances. Nobody is under the illusion that this year is going to be without further turbulence, but the strongest sense of purpose will continue to steer us.



## Meet Jadon

### Jadon lives in South Wales with his parents

Jadon's parents lease a Ford Grand Tourneo Connect on the Motability Scheme so Jadon is able to travel with his family, get out, go to school and take part in his hobbies.

"Jadon is autistic and has learning difficulties," his dad Mark explains. "We found out about the Motability Scheme when we applied for DLA. We spoke to Motability and received a grant for the advance payment for the vehicle.

Jadon enjoys cycling with a trike and the vehicle is large enough to store his trike in the boot. Cycling with Jadon is the safest and most effective form of exercise for the whole family, but we need to be able to travel to various areas to cycle. Without a large vehicle, this is impossible. This vehicle is beyond our ability to finance ourselves, but is available on the Scheme.

The vehicle has been a real benefit to us as a family. We have been able to travel to many fantastic cycling routes close to home and sometimes further away. In reality, these times out cycling are the only real opportunity we have to relax and enjoy time out as a family without worry. The vehicle was essential to our survival as a family unit through the lockdown period."



# Our Strategy

# The Five Strategic Pillars

## Our Founding Principles

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

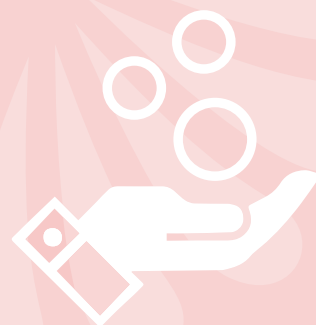
- Solutions that meet the needs of our beneficiaries
- The highest standard of service
- The best possible value for money
- Financial sustainability for the long term

### 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.

## Our Goals

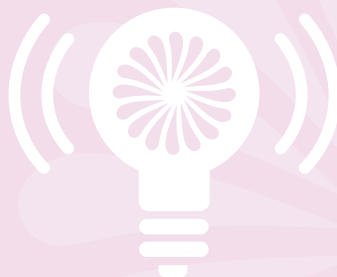
- Ensure the Motability Scheme delivers value for money solutions and high levels of customer service.
- Strengthen our oversight of the Motability Scheme.

- 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.

**BUILD AWARENESS**

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

- 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.

## Motability, the Charity

Motability has a clear charitable object. Our vision is that no disabled person shall be disadvantaged due to poor access to transportation. Motability, the Charity is registered with the Charity Commission in England and Wales under the Charity Registration number 299745, and with the Office of Scottish Charity Regulator (OSCR) under the Charity Registration number SC050642. Oversight of the Motability Scheme and the Scheme itself continue to be the main method by which the Charity strives to achieve the vision, although an increasing element of our grant-making is beyond the Scheme and we are also investing steadily in our Innovation activities. The Scheme enables a person in receipt of a state-provided mobility allowance to use all or part of their allowance to lease a new vehicle with insurance, road tax, servicing, tyres and breakdown cover all included. Motability, the Charity sets the strategic policies and direction of the Motability Scheme, and oversees its performance to ensure that it continues to meet 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 with Motability.

## Motability Operations

Motability Operations has to fund the cost of more than 640,000 vehicles on the Motability Scheme to a value of £7.8 billion as at 30 September 2020 (as per Motability Operations' audited accounts), and needs to borrow money in order to do so. Before any investor lends money to any company, they need to be assured it is a healthy business to have the confidence the loan and the interest will be repaid. Motability Operations must maintain sufficient capital for its activities, keeping the vehicle fleet on the road, to attain a strong credit rating to lower the cost of borrowing, and to ensure access to the capital markets, underpinning the Scheme's value for money. It is also important to us that current Scheme customers are protected from economic downturns or market shocks unless there are exceptional circumstances. Therefore, Motability Operations aims for a modest return on its capital asset base each year. This return figure, and the level of capital reserves, are kept under review.

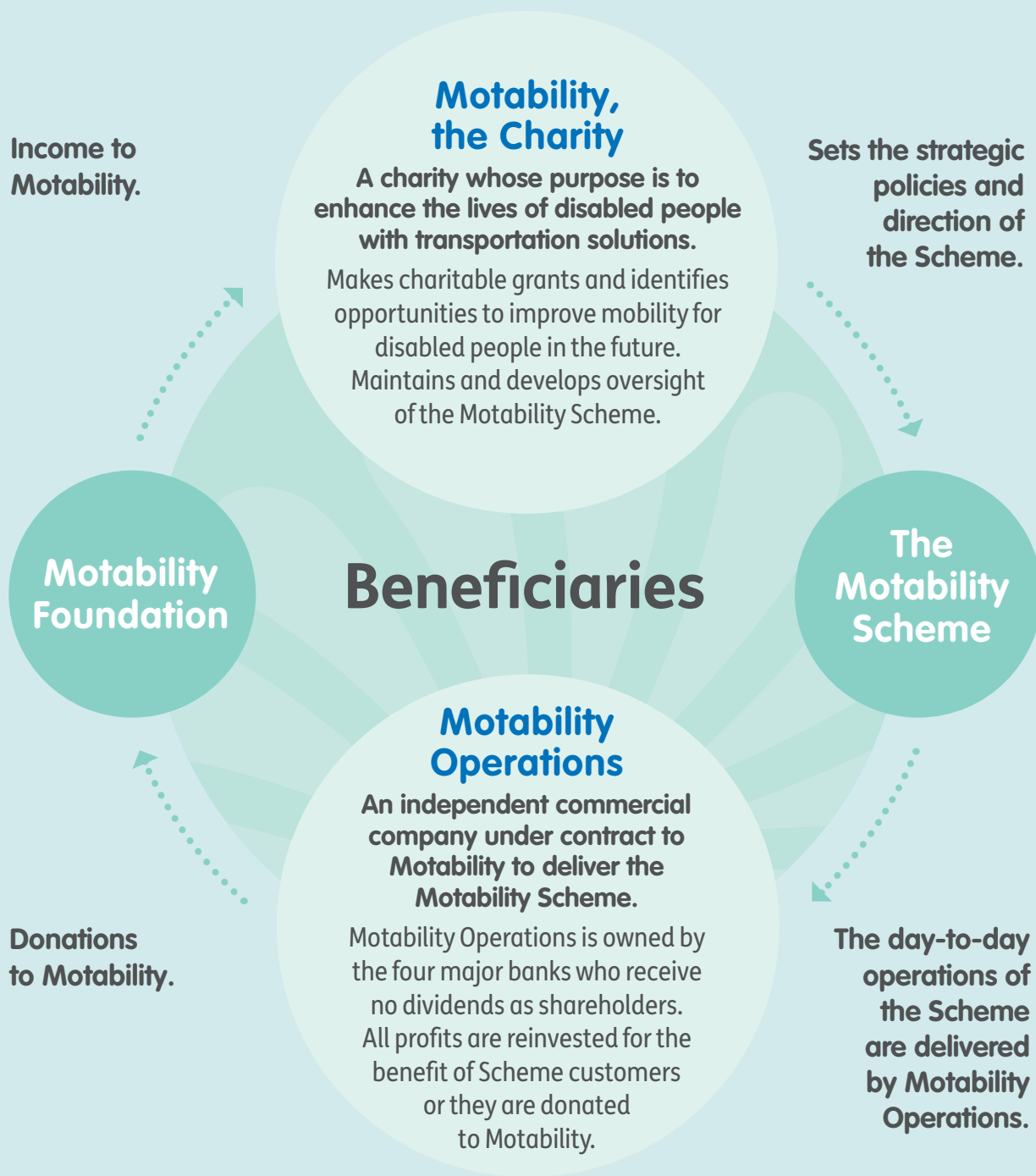
The provision of capital reserves to protect current customers from the excesses of volatile and potentially price-increasing market forces is important, as noted previously. However, in more buoyant markets, financial performance sometimes exceeds forecast returns. Motability Operations does not pay a dividend to its shareholders. Any profits are reinvested for the benefit of current and future Scheme customers through

improved services (online customer accounts, for example); added to capital reserves if risk assessment deems this prudent to further protect current and future customers; or retained to provide capital for future growth expectations; or are donated to Motability to help address the transportation needs of all people with disabilities. Motability and Motability Operations consult on these matters.

## Motability Charitable Object

As a charity, Motability must always act within its charitable object in the best interests of its beneficiaries, who are all disabled people in need of assistance with their personal transportation. Motability must account publicly for its actions, reporting on its charitable activity and the resulting public benefit. This is part of the Motability charitable proposition. A critical feature of the proposition is that any funds donated to Motability can be used to support charitable programmes for all disabled people, within the Charity's objects, not just customers of the Scheme. Those who are eligible for the Scheme have total choice in whether they join the Scheme as a customer or not. If they so choose they adopt the Motability proposition. The Motability proposition must be transparent to all Scheme customers and the wider public, particularly the charitable work of Motability beyond the Scheme, largely through its individual and special grant-making.







# The Motability Foundation

**The Foundation continues to make steady progress, investing its funds in order to provide financial stability to Motability's assistance to current and future generations of beneficiaries.**

## The role of the Foundation

The Foundation's sole purpose is to support Motability which is the Foundation's sole corporate Trustee. The Foundation and Motability share the same charitable objects. The Motability Foundation is an Endowment trust, established in September 2019, and is legally registered as The Motability Endowment Trust with the Charity Commission in England and Wales as a linked charity to Motability under registration number 299745-1. The Foundation's funds came from substantial donations from Motability Operations and Motability Tenth Anniversary Trust in 2019/20, totalling £1,054 million. The Foundation

does not prepare separate financial statements; its results are presented within Motability's consolidated financial statements in the Endowment column. The Foundation's investment advisers are Lane Clarke and Peacock. The long-term investment target is CPI+4%; this is intended to maintain the capital of the Endowment and so support grant-making for future generations of beneficiaries in real terms.

Disabilities are often long term. So the sustainability of Motability's grant-making is essential to many of our beneficiaries. The Foundation provides a degree of financial stability to Motability's grant-making activities, enabling Motability to continue supporting grant programmes when donations from Motability Operations fall below expectation or a donation cannot be made due to economic conditions. It is intended that the

Endowment's capital will only be drawn upon to fund exceptional 'once in a generation' opportunities to sharply improve the transport opportunities for disabled people. Where Motability's spending, net of donations from Motability Operations, exceeds income from the Foundation, Motability will draw upon its general and restricted fund reserves and / or reduce its spending in line with the contingency set out on page 77 of the Financial Review.

## Developments in 2020/21

There is a rolling programme to move the monies that were initially invested in bonds and money market funds into appropriate and diversified assets likely to deliver the long-term return target of CPI+4% over the three years to 31 March 2023 so as to reduce timing risk. During the year, a further £430 million was allocated to new long-term investments, taking the

ASSET CLASS	Valuations: £ million		Investment performance figures	
	31 March 2020	31 March 2021	Year to 31 Mar 21 (%)	Since inception (% pa)
Equity Securities	325	632	39%	12.9%
Debt Securities	207	173	3.4%	1.8%
Money Market Instruments	281	244	0.1%	0.3%
Other	38	95	4.5%	4.5%
Cash	160	10	0.1%	0.3%
<b>Total</b>	<b>1,011</b>	<b>1,154</b>	<b>14.1%</b>	<b>6.7%</b>

total allocated or invested to over 80% of the Endowment's value. The opening and closing asset class mixes, along with performance in the year, are given in the table on page 23.

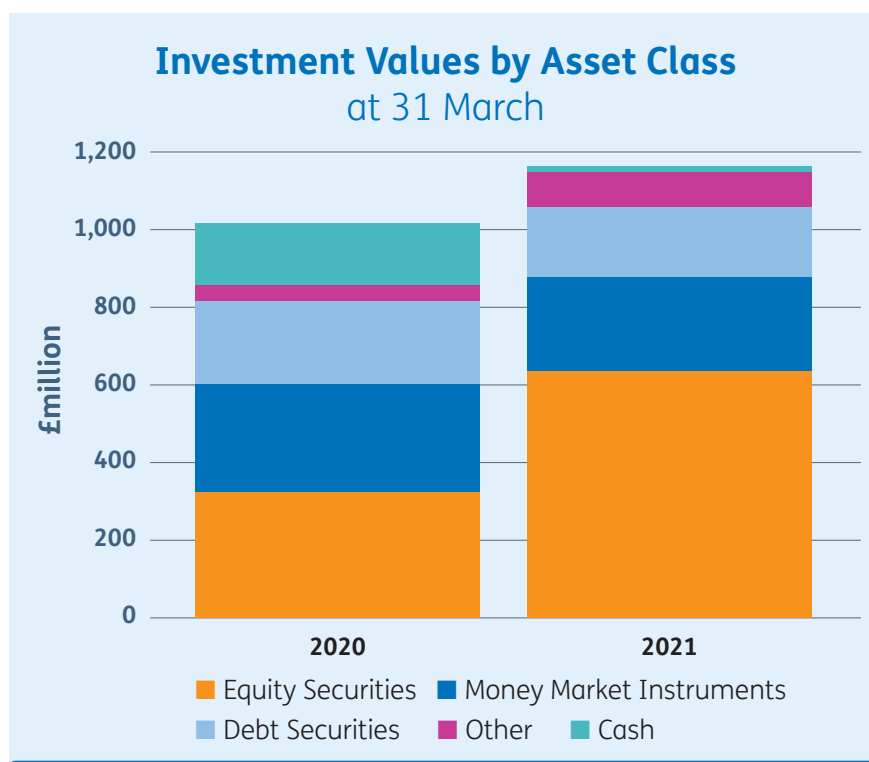
2020/21 was the first full financial year for the Foundation. Income was £8.1 million (2020: £2.5 million) and investment costs were £6.3 million (2020: £0.7 million), both sharply higher owing to increasing investments in equities at a time of very low interest rates. Net income was £1.8 million (2020: £1.8 million). Equities rebounded from their falls in late 2019/20, growing by 39% within the fund and constituting the major source of return in the year. Sterling strengthened towards the end of the financial year which blunted the returns from overseas holdings.

As a result, the Endowment's value rose by £143 million to £1,154 million from £1,011 million over the year to 31 March 2021, a total return of 14.1% compared to a fall of 4.2% last year. The return for the year was greater than the long-term performance target of 5.5%. Compared to the historic donations of £1,054 million, the Endowment's value has increased by £100 million

or 9.5% against a target increase of 7% (the annual return equivalents are an increase in the Endowment of 6.7% p.a. against a target increase of 5.3% p.a.). The composition of the portfolio is shown in the graph below.

Our long-term return target is CPI+4%; however, given current market levels,

expectations are that returns will be harder to make. Key components of managing the risks of volatile investment values are to invest over time and to manage risk in an appropriately diversified portfolio, structured with expert advice.





The Foundation has an investment committee that operates within terms of reference delegated from the Trustee and within the scope of the investment policy, including an asset allocation strategy and a responsible investment policy, approved by the Trustee. During the year, the investment committee reviewed the asset allocation

strategy with Lane Clark and Peacock and monitored the fund managers. Further fund managers were evaluated and appointed. The principal fund managers are noted on page 129. The terms of reference for the investment committee and the investment policy are reviewed regularly.



## Outlook and plans for the future

The Foundation will continue to move funds gradually into investments capable of meeting its long-term return target of CPI+4%. At 31 March 2021, the Foundation had communicated to fund managers its intent to invest a further £197 million, of which £37.1 million constituted contractual commitments. Money market funds and liquid debt securities are sufficient to fund these intentions. The infrastructure requirements of the Foundation will be reviewed in 2021/22 to support the future management of the investment portfolio.

The Foundation will continue to pursue its goal of investing to support the long-term financial sustainability of Motability's grant-making.

STRATEGIC PILLAR

# Motability Scheme



## STRATEGIC PILLAR

# 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, more than 640,000 people benefit from the Motability Scheme, and since 1978, when the first cars were delivered, more than five million cars, powered wheelchairs and scooters have been provided to enhance their mobility.

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.

### AIMS FOR 2020/21

- ✓ Ensure that the Scheme continues to operate to its current high standard for customers, offering value for money and excellent customer service, and minimising the impact of the COVID-19 pandemic on customers **ACHIEVED**
- ➔ Complete work to renew the Scheme Agreement with Motability Operations, including a new performance framework and updated KPIs, with a focus on securing the best outcomes for disabled people **ONGOING**
- ➔ Demonstrate the value for money that the Scheme offers to customers more clearly **ONGOING**
- ✓ Seek to maintain price stability and the Scheme's financial health in an uncertain economic climate, including the recovery from the COVID-19 pandemic **ACHIEVED**
- ➔ Together with Motability Operations, develop environmental positioning, particularly on electric vehicles and transitioning towards the Government target for 2035 **ONGOING**

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.

## Scheme Oversight

Oversight of the Motability Scheme is carried out by a team at Motability, reporting to the Scheme Oversight Committee, which meets quarterly. The Scheme Oversight Committee directs oversight activity and evaluates the outcomes from the Scheme.

In exercising oversight of the Scheme, Motability is guided by its founding principles: solutions that meet the needs of disabled people; providing the highest standard of service; the best possible value for money; and financial sustainability for the long term.

Motability exercises oversight of the Scheme and of Motability Operations in a variety of ways, through the Scheme Agreement (the contract with Motability Operations), including:

- Review of monthly Key Performance Indicator (KPI) reports which define actual performance against contractual requirements
- Analysis of customer research to identify how well the Scheme is meeting the current needs of Scheme customers
- Discussion of current activity and future plans at the quarterly Scheme Oversight Committee, which includes

- directors of Motability Operations
- Assessment of information provided through Motability's attendance at some of Motability Operations' governance committees
- Appraisal of ad hoc reporting as requested by Motability

This is in addition to the routine dialogue between senior management of Motability and Motability Operations on significant issues impacting the operational performance of the Scheme.

The contractual KPIs are reviewed annually with Motability Operations to ensure that they remain relevant and focused on the most important elements of customers' needs and experiences.

One of Motability's objectives for this year was to renew the Scheme Agreement with Motability Operations, including a new performance framework and updated KPIs, with a focus on securing the best outcomes for disabled people. There have been extensive discussions with Motability Operations throughout the year, and these continue amidst a wider strategic dialogue, including the environment agenda, which will impact upon the Agreement.

The Scheme Agreement not only outlines our oversight rights and obligations but also defines the relationship between the two organisations, and is therefore of critical importance to both parties. While discussions continue, both organisations are maintaining a focus on securing the best outcomes for disabled people. Progress has been made in agreeing a refreshed set of KPIs, which will form part of a wider performance framework.



## Scheme Performance

Motability continues to believe that Motability Operations is highly effective in delivering the Scheme to eligible disabled people. In reaching this assessment, Motability not only reflects on formal reporting but also on discussions on specific issues with Motability Operations. During the year, the Scheme Oversight Committee (SOC) reviewed a number of areas including:

### COVID-19 Pandemic Related Disruption

Operational performance against all KPIs was satisfactory until COVID-19 pandemic lockdown. Significant disruption has been experienced with dealers being either closed or operating on a 'click and collect' basis only. This has had an impact on Scheme orders from new customers and renewing customers. There has also been significant concern about the sale of de-fleeted vehicles at the end of lease, but this has been managed effectively in a surprisingly strong used vehicle market. There remains a longer-term concern about the strength of the market and a prudent approach has been taken.

All aspects of customer service have remained operational with the vast

majority of customer support staff working from home. Scheme partners such as Kwik Fit and RAC have also remained fully operational but have all experienced their own COVID-19 pandemic related challenges.

As a result of the COVID-19 pandemic Motability Operations and Motability also agreed that Motability Scheme customers who experienced temporary and exceptional financial need during the COVID-19 pandemic would be able to access an advance of the £600 Good Condition Bonus usually paid at the end of the lease. Around 17,000 customers have requested this support. The two insurance rebate payments of £50 each were also approved for all customers.

### Value For Money

The Motability Scheme continues to offer customers excellent value for money, with independent analysis in March 2021 indicating that prices for the 50 most popular Scheme models represent, on average, a saving of 44.8% (25.3% excluding Value Added Tax and Insurance Premium Tax relief) when compared on a like-for-like basis to the offerings of other major leasing companies. However, the new car market has experienced, and will

continue to experience, significant change and those effects are also being felt by the Scheme:

- The COVID-19 pandemic has reduced the availability of vehicles due to factory shutdowns and Covid-secure working practices
- Reduction in choice through removal of many diesel derivatives and high-emitting vehicles
- The transition to green technology has generally placed upward pressure on prices as this technology remains more expensive and supply is limited
- Manufacturers are under pressure to maintain profitability

Throughout this period of change, we have been in discussion with Motability Operations to ensure that the Scheme has continued to offer great choice and affordability. These pressures will continue into the future, and in 2021/22 manufacturers must meet strict new emission targets or they will be liable for very significant fines. This means there will be further upward pressure on pricing and more range rationalisation. We will continue to ensure that the Scheme delivers excellent value with sustainable pricing across a wide range of vehicles.



### Customer Satisfaction

Every year, the Scheme Oversight Committee reviews the results and methodology of the bi-annual customer satisfaction surveys. Overall satisfaction remains high at 98%, the same as the previous year, however the Autumn 2020 wave of Customer Satisfaction Index (CSI) research was cancelled as a result of the unique operating circumstances and customer experiences as a result of the COVID-19 pandemic lockdowns.

These scores are validated through an external appraisal by the Institute of Customer Service which is an independent professional organisation that works with its members to raise the standards of customer service in the UK. In 2020, Motability Operations obtained a satisfaction rating of 94.4%. This was a further improvement from the 2019 score of 93.7%, despite the unusual operating conditions, and Motability Operations remains one of the highest performing organisations in the UK.

In early 2021, Motability Operations completed a tender process, with Motability involvement, for CSI research services and have now appointed Ipsos MORI.

### Major Risks

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

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

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

The key principal Scheme risks identified currently are:

- Residual values of the vehicles in the used car market which impacts the profitability, reserves and Scheme pricing
- The Scheme fails to evolve to meet a changing environment
- Inability to respond to the impact of the COVID-19 pandemic
- 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 Motability Scheme risks with impacts and mitigations can be reviewed in the Motability Operations Annual Report*

# 'Overall satisfaction remains high at 98%'

## 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. Policy issues are reviewed by the Scheme Oversight Committee and referred to the Board of Governors for final assessment and decisions. During the year, the following specific policy matters were reviewed:

### Accessible Vehicle and Equipment Scheme in Scotland

Disability benefits have been devolved to the Government in Scotland where they intend to develop their own portfolio of benefits. In advance of implementing them, they wanted to introduce a new leasing programme for vehicles and powered wheelchairs to ultimately be paid for by the devolved benefits. Motability and Motability Operations have successfully applied and been granted joint accreditation to continue to deliver the Scheme in Scotland. Both parties are currently in negotiation with the

Scottish Government about the specific terms of the operational contract.

The first change in the benefits structure by the Scottish Government, the introduction of Child Disability Payment, will happen later this year, and arrangements are being finalised to ensure continued support to existing Motability customers in Scotland and to allow new customers to join using the new benefit.

### Wheelchair Accessible Vehicle Pricing

Motability Operations subsidise the cost of Wheelchair Accessible Vehicles (WAVs) to ensure that they are as accessible as possible to disabled customers who need this type of vehicle, and to ensure a manageable price progression from large cars on the price list. During the year, SOC Governors considered whether it was appropriate to continue with this pricing support and if there was another potential mechanism to deliver this benefit to WAV customers. It was concluded that the current subsidy provided by Motability Operations was the best way to support relevant customers.

## Customer Support Costs

Motability Operations support the customer proposition by investing in initiatives that improve the customer experience. Some of these are consumed directly by customers by way of direct payments (such as Good Condition Bonus), services (such as replacement vehicles when the Scheme vehicle is off road) or subsidies (such as those applied to WAV pricing). Other investments are made in the service infrastructure to support / incentivise the required behaviours and standards leading to the provision of excellent service for customers. These costs were reviewed to ensure that they were improving the customer experience and were providing effective and economic benefits.

### Capital Reserves of Motability Operations

In response to the National Audit Office (NAO) Review in 2018, Motability initiated an external review from Oliver Wyman to examine Motability Operations' capital modelling methodology and to benchmark the capital reserve levels against near-comparable companies. Significantly, the review confirmed the appropriateness of Motability Operations' economic

# 'Approximately one third of eligible disabled people choose to join the Scheme'

capital approach, but suggested that Motability Operations should consider reviewing assumptions underpinning the calculation of a number of risk components. Motability Operations have now undertaken a review of all elements of the economic capital modelling as recommended in the Oliver Wyman report. The review included participation from third party experts in economic capital and the review suggested a number of changes in approach. Accordingly, Motability has again engaged with Oliver Wyman who have concluded that the quality of the economic capital modelling framework has materially improved. They identified that on the quantification of individual risks, all significant changes in the framework were sound and individually justifiable in the context of industry standards and accounting rules. They also suggested that some risk appetite decisions should be discussed as part of the agreement between Motability and Motability Operations on the future Capital Management Policy.

## **Eligible Non-Scheme Customers**

Approximately one third of eligible disabled people choose to join the Scheme. It is, however, important to understand why eligible people choose not to join the Scheme, and a programme of research has been initiated to improve understanding of why this is and what barriers exist. Previous research has highlighted that some people do not like the concept of leasing, alongside a lack of awareness of the Scheme generally. The new research has also identified some categories of potentially eligible people who consider that the Scheme is not suitable for them and choose different options to support their mobility. This insight will allow consideration of potential enhancements to the Scheme or potentially offering different services outside the Scheme. Further work will also be undertaken to improve both the awareness and understanding of the Motability Scheme and of Motability, the Charity.

## **Vehicle Availability – Hybrid and Electric Vehicles**

Motability ensures that there is a wide choice of vehicles available to customers, while ensuring that vehicle eligibility for the Scheme is focused on the most cost-effective vehicles that meet the disability requirements of Scheme customers.

During the year, interest in hybrid and electric vehicles grew. Efforts were made to ensure as wide a choice of these vehicles as possible, and in particular to ensure that the eligibility criteria did not limit the inclusion of appropriate vehicles. It is likely that demand and popularity for these vehicles will increase further in the future, in particular given that the mileage range of newer electric vehicles is improving significantly. Providing as wide a choice of these vehicles remains a priority but, at the same time, we recognise that these vehicles are currently more expensive than regular internal combustion engine equivalents and are also subject to different supply dynamics.

During the year, the choice of electric vehicles and plug-in hybrid electric vehicles improved significantly, in part because there was agreement with



Motability Operations to allow flexibility on pricing and insurance eligibility limits. The number of full electric vehicles available at Nil Advance Payment is growing, and there is now an expanding choice of hybrid and electric vehicles at various price points.

### **Scheme Oversight Risk**

Governors considered the external risks that faced the Motability Scheme and the relationship between Motability and Motability Operations, and in particular reflected on potential reputational risks. This risk appraisal will help determine oversight priorities and activity in the year ahead.

### **Scheme Transition to Electric Vehicles**

The Government has announced the ban on new petrol and diesel vehicles from 2030 and the ban on all internal combustion engines from 2035. Governors considered the implications this shift would have on the long-term strategy for the Scheme.

Transport represents Europe's largest source of CO<sub>2</sub> emissions and is the only sector where emissions have grown since 1990. Cars are the largest contributor within transport emissions. Regional and national regulations

are therefore placing pressure on car makers to develop alternatives to traditional internal combustion engine (ICE) vehicles. This year, manufacturers must meet specific CO<sub>2</sub> targets or face very large fines. Manufacturers are introducing hybrids and full battery electric vehicles (BEVs) with hybrids being seen as the short-term solution to reducing emissions, although zero emission vehicles, i.e. full battery electric, will be required to reach future CO<sub>2</sub> targets in 2025 and 2030.

Currently, BEVs command a significant price premium over internal combustion equivalents, potentially as much as £10,000. BEV and ICE price parity is expected around 2025. Before there is wide-scale adoption of BEVs, the charging infrastructure requires further improvement. Our own research, related specifically to disabled drivers, found that 50% or 1.35 million would be reliant on public infrastructure.

As explained under our Innovation pillar, Motability is working in partnership with the Office for Zero Emissions Vehicles to ensure that public charge points are accessible to disabled people.

### **Aims for 2021/22**

- Ensure that the Scheme continues to operate to its current high standard for customers, offering value for money and excellent customer service, and minimises the impact of the COVID-19 pandemic on customers
- Complete work to renew the Scheme Agreement with Motability Operations, including a new performance framework and updated KPIs, with a focus on securing the best outcomes for disabled people
- Seek to maintain price stability and the Scheme's financial health in an uncertain economic climate, including the recovery from the COVID-19 pandemic
- Together with Motability Operations, ensure that customers' needs are understood and supported as the transition to electric vehicles approaches



STRATEGIC PILLAR

# Grant-Making



## STRATEGIC PILLAR

# Grant-Making

2020/21 has seen us award 16,336 grants to support our beneficiaries, committing nearly £43 million in our grant-making. In 2019/20 we supported 25,795 individual beneficiaries with a charitable grant, spending just over £71 million, increased from £52.6 million in 2018/19. We had planned to continue to expand the reach and scope of our grant-making in 2020/21 but the COVID-19 pandemic has had an unprecedented and significant impact on all our daily lives.

The restrictions imposed on all of us have had a notable impact on the number of beneficiaries seeking our support. We anticipate that many beneficiaries who have not approached us for help in 2020/21 will 'defer' their applications until Government restrictions are eased. Our conversations with beneficiaries indicate that in addition to these deferred applications we are likely to see an increase in general demand for our support, with 21% of those recently surveyed telling us that they had applied for a grant as a direct result of changing personal circumstances due to the pandemic.

### AIMS FOR 2020/21

- ✓ To continue to achieve high levels of beneficiary satisfaction regarding their application for a grant **ACHIEVED**
- ➔ To recover from the COVID-19 impact on our grant-making and return to planned operating and spending levels as quickly as possible **ONGOING**
- ✓ To develop the Motability Special Grants Programme **ACHIEVED**
- ➔ To continue to build our understanding of the impact that our grant-making has on the transportation needs of our disabled beneficiaries **ONGOING**

Our ambition remains to help as many beneficiaries as possible in 2021/22, increasing our grant-making to meet this new and deferred demand. We know that our grant-making programmes make a huge difference to the day-to-day lives of our beneficiaries and their families. Every grant we provide helps empower disabled people to be more independent and to have the freedom and choice to get on with their daily activities. Our beneficiaries are at the heart and centre of all that we do, and we outline each of our grant programmes and how they have supported our beneficiaries during the most unprecedented year.

### The impact of the COVID-19 pandemic on our activities as a grant-making charity

During the first national lockdown from March 2020, around half of our staff across the Charity were able to work effectively from home, but our Scheme-related grant programmes ceased during this time due to dealerships and adaptation companies closing for business during lockdown. Driving lessons were also impacted due to the national restrictions on our Advanced Driving Instructors (ADI) and test centres. Our other grant programmes were able to continue even though we had reduced numbers. We were delighted, however, that our grant case managers, who were not able to work due to the enforced

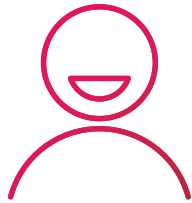
## We asked our beneficiaries to rate our service



### Ease of getting through



9.26/10



### Attitude / helpfulness



9.68/10



### Knowledge / expertise



9.59/10



### Ease of completing application form



8.59/10

lockdown, were able to join forces with the National Emergency Trust (NET). Each grant case manager was allocated a region or county within the UK to help NET in its emergency appeal to support those impacted by the COVID-19 pandemic, by using their experience and expertise in grant-making. We were able to resume our Scheme-related grant programmes at the end of the first lockdown in June 2020 as the country reopened for business.

Like many other organisations, we quickly looked to increase our homeworking capabilities for all staff. To ensure our success, we undertook a pilot in August 2020 which helped to implement home working across our organisation. This meant that despite the introduction of tiers in October 2020, the second lockdown in November 2020 and the third in January 2021, we were able to continue grant-making activity, seamlessly supporting our beneficiaries.

We made sure that we kept in touch with beneficiaries throughout the year to provide some reassurance at a difficult time and, importantly, to also understand what their need for support might be once the country came out of lockdown and with the

easing of restrictions. This was also invaluable in helping us to prepare in terms of understanding what future demand would be for Scheme-related grant programmes.

Factors such as: dealerships and adaptation companies closed for business during lockdown; different tier systems throughout the UK; and restrictions on travel imposed from one part of the country to another meant that dealerships were only able to offer at best a 'click and collect' service.

These circumstances were not suitable for many of our beneficiaries who

### During Lockdown One:

**28% of those we spoke to told us that they had been advised to shield**

need to be able to test drive a vehicle to ensure it is exactly right for their particular mobility needs.

Nearly 28% of our Scheme-related grant programme beneficiaries were required to shield for long periods, not leaving their homes, and so did not need a grant whilst they shielded. Working with Motability Operations, we provided lease extensions to ensure a vehicle was available when mobility was needed.

In 2020/21 we have continued to see excellent levels of satisfaction with the service we have provided. Each quarter we speak to circa 600 beneficiaries who have been awarded a grant to understand how they would rate their experience of our service. We are exceptionally proud of our teams in continuing to deliver the highest levels of service despite the challenges that the COVID-19 pandemic and home working placed upon them. We take feedback from our beneficiaries very seriously and are committed to changing our processes to better meet our beneficiaries' needs. As a result, we are currently reviewing our online application forms to make them more user-friendly and accessible.



## Meet Isaac

Isaac lives in Suffolk with his mum, Sarah, and younger brother and sister. He has two live-in carers who have become part of the family.

“We always have lots of friends and family around and I love it most when we all listen to music together. I can’t walk or talk but I smile and laugh a lot, and they can always tell how I feel and what I need.”

Isaac received a grant towards his Wheelchair Accessible Vehicle (WAV), which he travels in with his mum and carers.

Before he got the grant and joined the Motability Scheme, Isaac and his family weren’t able to travel together. “My mum had an old car that broke down a lot. There was never enough space for my brother

and sister to come out with me as I need a carer to sit next to me while travelling.

Having the Motability vehicle has made such a difference. Being able to travel in my wheelchair is safer, more comfortable and vital to my wellbeing. It also means my family can travel with me and we can all do things together now. We live in a rural area so everything is far away from us, but I like being able to travel in my wheelchair and looking out of the window as the world goes by.”

Isaac enjoys going swimming regularly and attending a resource

centre where he takes various classes, including cooking and computing.

“My favourite activity is swimming so my mum and carers take me to a hydro pool four times a week. The nearest pool is a long way away but it helps me move my arms and legs, and prevents pain so the journey is worth it. I love music too and went to a festival last year where I saw George Ezra – it was very exciting. I can do all the things I love most now thanks to my Motability vehicle.”





## Meet Samantha

Samantha from Cambridgeshire, leases a Wheelchair Accessible Vehicle (WAV) from the Motability Scheme.

“Before I joined the Motability Scheme it was extremely difficult. I am unable to travel on buses, taxis or trains due to the size and height of my power chair. I was only able to go out around where I live in my power chair, so I was very restricted. The Motability Scheme has helped me tremendously. I am very thankful to them.”

Samantha qualified as a nursery nurse, but stopped when she developed early onset adult dystonia, a neurological movement disorder resulting in painful and uncontrollable muscle spasms.

“I try to live an enjoyable life even though it is difficult due to my condition. I try not to let it stop me. My condition causes my fingers and thumbs to contract into the palms of both hands, and my ankles and feet to invert. I am unable to bear weight and am a full-time wheelchair user. I visited an exhibition a few years ago and saw a Motability stand and found out about Motability and the Scheme. I received a grant for the cost of the adaptations to my WAV, and having a Motability Scheme vehicle which is highly adapted for my needs is fantastic. It is a drive-

from WAV, so I can drive it whilst sitting in my power chair. I am able to drive it using the space drive joystick controls. It is fantastic, it gives me so much independence and freedom: I absolutely love it. I am so grateful for Motability for the grant and the Motability Scheme for the vehicle. I have an assistance dog called Bugsy who really helps me, too. With the vehicle it means we can go on holiday together and visit places, which has really opened up the world again to me and has given me my independence back.”



## Scheme-Related Grant Programmes

**16,336**  
grants in total  
were awarded  
in 2020/21

The majority of Scheme customers simply use their mobility allowance to lease the vehicle they require, paying an upfront or advance payment where needed. There are, however, some disabled people who cannot afford the advance payment or the adaptations they may need. Our means-tested charitable grants towards these costs can make a world of difference to our beneficiaries and their families, enabling them to access the benefits of the Motability Scheme and enjoy the everyday freedom and independence so many of us take for granted.

In 2020/21 we awarded 9,925 Scheme-related grants (12,105 in 2019/20) committing £32 million (£51.1 million in 2019/20) in charitable grants; a reduction over the year as a direct result of the COVID-19 pandemic.

### Car and Vehicle Adaptation Grant Programme

The Car and Vehicle Adaptation Grant Programme supports customers of the Motability Scheme with the cost of the advance payment or adaptations for a vehicle that meets their disability needs. Although many adaptations are available at no additional cost on the Scheme, more complex adaptations, such as mechanical and electric swivel seats, person hoists, rooftop wheelchair storage devices and electronic driving controls are considerably more expensive.

In 2020/21 we awarded 6,740 grants (7,560 in 2019/20) and committed £12.3 million (£13.8 million in 2019/20). This is lower than we had expected, again greatly impacted by the COVID-19 pandemic and specifically due to the dealerships being closed during lockdowns or only offering 'click and collect' services.

We also found that beneficiaries not being able to test drive a vehicle to ensure it met their disability need, meant that redeeming their grant award was difficult. All Scheme customers had their leases extended during this time in order to keep them fully mobile.

### Wheelchair Accessible Vehicles (WAVs) Grant Programme

WAVs are vehicles that have been adapted to enable a wheelchair user to access the vehicle and either remain in their wheelchair when travelling or transfer to a seat and secure the wheelchair or scooter safely. As the needs of each beneficiary are unique and wheelchairs can differ so much, a WAV supplier will demonstrate the WAV options to a beneficiary to ensure they get the correct WAV for their needs.

Through our WAVs Grant Programme in 2020/21 we committed £11.5 million (£18.8 million in 2019/20) to support 2,902 disabled beneficiaries (3,932 in 2019/20) with the cost of their WAV on the Motability Scheme, including adaptations needed for getting into their WAV or securing their wheelchair safely. This, again, is much lower than we had anticipated due to the impact of COVID-19 pandemic restrictions and the ability of our beneficiaries to have a WAV demonstration.

# 'I couldn't bear the thought of life without the Motability car. Motability is such a wonderful thing'

## Complex Driving Solutions Grant Programme

Some disabled people need a bespoke driving solution or adaptations to enable them to access a vehicle whilst remaining in their wheelchair and either drive from their wheelchair or transfer onto a specialist driver seat. They may also need specialist controls to be able to drive. 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.

In 2020/21 Motability provided both advice and grants to 283 beneficiaries, (down from 613 in 2019/20) committing £8.2 million (£18.5 million in 2019/20) to enable them to drive independently.

The Complex Driving Solutions Grant Programme has been significantly impacted by the COVID-19 pandemic. Due to the very nature of their individual complexity, the grants awarded in this programme are of the highest value across Scheme-related grants and therefore our spend this

year has been greatly affected, many potential beneficiaries of such grants were required to shield throughout the COVID-19 pandemic and were unable to be assessed for the appropriate mobility solution.

## Mobility Driving Advisors

The work of our experienced team of Mobility Driving Advisors was also challenging with lockdown and tier travel restrictions in place, meaning that fewer assessments could take place. Following Government and Public Health England advice at all times, and in consultation with our Health and Safety advisor, we put

various measures in place to ensure our Advisors and demonstration vehicles were completely COVID-19 pandemic secure and safe. To help reassure our beneficiaries further, we produced a short video, to show what an assessment would comprise of and that the Advisor would be dressed in full PPE, to watch before their visit. As well as PPE, our Advisors are testing daily and will be vaccinated as part of the Government vaccination programme.



# Access to Mobility Grant Programmes

The Access to Mobility Grant Programmes were established to support our vision *'that no disabled person shall be disadvantaged due to poor access to transportation'*. In 2020/21 Motability awarded 6,407 grants (13,690 in 2019/20) committing more than £7.3 million (£19.2 million in 2019/20) through the following grant programmes:

## Driving Lessons Grant Programme

Through our Driving Lessons Grant Programme, Motability provides grants towards the cost of learning to drive for Scheme beneficiaries who have a provisional licence and want a full driving licence. We can also provide grants to disabled people who already have a driving licence but need familiarisation lessons; for example, if they need to get used to new driving adaptations.

In 2020/21 we awarded 995 grants (1,113 in 2019/20) and committed £1.4 million (£1.4 million in 2019/20) to support our beneficiaries in gaining greater independence by learning to drive. With our partner, the AA Driving School, we had plans to increase this significantly in future years with an agreed further expansion

of the programme. However, as a result of the COVID-19 pandemic and Government social distancing restrictions in place, all driving lessons ceased, as well as both theory and practical tests, throughout all lockdowns and tiers. As we emerge from these restrictions we will again refocus our ambition to grow this grant programme.

## Transitional Support Programme (TSP)

In 2013 the Government began a programme to replace the Disability Living Allowance (DLA) with a Personal Independence Payment (PIP) for disabled people aged between 16 and 64. As a result of the reassessment process and transition from DLA to PIP, some disabled people lose their eligibility for the Motability Scheme.

Motability recognises the difficulties and hardship many disabled people

face when they are no longer eligible to remain on the Motability Scheme. In 2013 we announced a package of support measures and, to March 2021, have provided more than £136 million to support disabled people to remain mobile when leaving the Motability Scheme.

In March 2020 the Department for Work and Pensions (DWP) announced that it was suspending all benefit reassessments as a result of the COVID-19 pandemic for at least three months and was going to concentrate on processing new benefit claims on the basis of paper applications and follow-up telephone calls. The DWP recommenced benefit reassessments in July 2020, excluding DLA to PIP reassessment. Face-to-face reassessments were still suspended. Some DLA to PIP reassessments have been completed, but volumes have been very low.

**'The Motability grant helped me finish my driving lessons and actually pass'**





## Meet Nick

Nick from Gloucestershire leases a Toyota Rav4 on the Motability Scheme.

Nick's Toyota is fitted with a hoist so he can easily and safely store his scooter in the boot. Nick received a grant for the Advance Payment and hoist, and chose the hybrid model of the Rav4 to lease on the Scheme.

"I was a business owner but retired early due to ill health. I have spinal stenosis, arthritis and heart problems, and Motability has opened up my world. Without Motability, I could not have afforded a reliable, fuel-efficient

car with a hoist. The car is perfect for me. The higher seat position saves me a lot of pain and is much more comfortable to drive than cars I used to drive before I found out about the Motability Scheme."

# ‘Without Motability I could not have afforded a reliable, fuel-efficient car with a hoist’

Children under the age of 16 are still eligible for DLA rather than PIP. They transition from DLA to PIP when they become 16 and these “Rising 16s” are eligible for TSP support. In the November 2020 Grant-Making Committee, Governors reviewed the long-term support for this category of eligible customer and agreed that they should continue to receive support until eligibility expires in 2023/24. This decision was subsequently ratified by the Board of Governors.

In 2020/21 we supported 2,756 beneficiaries (8,924 in 2019/20)

with charitable support to help them in their transition from the Scheme.

## Additional Transitional Support Grant Programme

We understand that some Scheme customers may experience significant potential hardship when losing their eligibility for the Motability Scheme as a result of an unsuccessful assessment for the transition of DLA to PIP. In these circumstances, Motability can offer additional financial support towards the cost of buying a replacement vehicle or transferring adaptations to a new vehicle.

In 2020/21 our Additional Transitional Support Grant Programme supported 52 individuals (135 individuals in 2019/20) with these additional needs, committing just over £0.2 million (£0.4 million in 2019/20).

As outlined above, the number of customers leaving the Scheme because of a failed DLA to PIP reassessment has been low as a result of the disrupted DWP activity, and the number of customers seeking this support has also fallen significantly.

## Stopped Allowance Support Grant Programme

In 2019/20 we launched a new grant programme to support Scheme customers who lose their higher rate mobility benefit through reassessment, either in transitioning to PIP, renewing their PIP award, or in renewing their DLA award. This Stopped Allowance Support Grant Programme is available for three years from September 2019.

Through the grant programme Motability will help Car Scheme customers leaving the Scheme due to a stopped allowance (following reassessment), with a payment of £1,000. The Stopped Allowance Support grant can provide essential





# ‘The vehicle is so much easier to transfer Gino in and out of now he is getting older and heavier’

help to a disabled person with their ongoing mobility costs, including finding alternative transport options. Powered Wheelchair and Scooter Scheme customers are eligible for a smaller payment of £125.

COVID-19 pandemic-related disruption to DWP reassessment activity has resulted in fewer customers requiring this support.

Since it launched in September 2019, we have supported 6,039 individuals with their ongoing mobility needs, spending £6.2 million. We will undertake an evaluation of this programme in April 2022.

## Access to Work Grant Programme

In January 2020, and in consultation with the DWP, Motability launched a further new grant programme to support our disabled beneficiaries with the personal costs of transportation equipment required to gain employment.

The Government’s Access to Work Programme provides support to disabled people who are in work or have the offer of work. Support offered by Access to Work includes

grants towards the cost of equipment required for individuals to gain or retain employment.

When a grant is offered through Access to Work, it requires a personal contribution from the applicant if the equipment can also provide a benefit outside of work. This is known as the “Social and Domestic Contribution” and has been a long-standing feature of the programme.

Access to Work offers funding that is calculated pro rata to the number of days worked. So, if someone works three days a week, the DWP can offer

a grant of 3/7 of the equipment cost. Although Motability has no role in determining who should receive assistance from the Access to Work Programme, as this decision is made solely by the DWP, we now support disabled people with grants towards the Social and Domestic Contribution through our Motability Access to Work Grant Programme.

In 2020/21 we spent £0.1 million on this new programme to reimburse the total Social and Domestic Contribution for manual or powered wheelchairs, scooters and vehicle adaptations.





## Meet Gino

Gino lives with his parents in Fife. His mum, Charlene, leases a Wheelchair Accessible Vehicle (WAV) on the Motability Scheme.

“Before Motability, we used to have a vehicle, but it was not wheelchair suitable. I found out about the Motability Scheme and applied for a grant for a passenger WAV so we can get Gino in and out of the vehicle whilst he is in his wheelchair. Gino has 1p36 Deletion Syndrome which causes epilepsy, global

developmental delay, hearing loss and respiratory problems. He is a full-time wheelchair user,” Charlene explains. “If it wasn’t for Motability, we would still be struggling. We wouldn’t be able to afford a suitable car for Gino without them. The vehicle is so much easier to transfer Gino in and out of now

he is getting older and heavier. He loves water play and getting out in the vehicle. We are now able to take him out as a family. Motability are the easiest, most helpful company we have had the pleasure of speaking with. They make the whole process so easy and stress-free.”



# Special Grant Programmes

During 2019/20 work began on the development of a new Motability grant programme to support other charities and organisations with similar objectives to our own. Governors on the Motability Grant-Making Committee have supported in this work by providing direction and reflections from their experiences outside of the Charity. We will continue to look to increase the range and reach of how we support disabled beneficiaries with their transportation needs alongside the work we are undertaking on our Innovation pillar and further develop our Special Grants Programme.

The following grant awards were made in 2020/21:

## Special Grant – Designability

Designability is a charity based in Bath that provides powered mobility solutions to children under the age of three through a free equipment loan scheme. The product made available to children through the loan scheme, known as the Wizzybug, is designed and manufactured by a specialist in-house team at Designability. Each Wizzybug is bespoke to the child and adjusted specifically for their needs.

The child has use of the Wizzybug for as long as it can provide a benefit. It is then returned to Designability, where it is refurbished, re-customised and provided to another child.

Motability have allocated £5 million to Designability over the course of five years to expand the Wizzybug Loan Scheme and to consider how the Wizzybug can be modified to

support an even wider range of disabled children.

Powered mobility solutions for children promote independence, participation, an inclusive attitude amongst their peers, and improvements in both mental and motor development.





## Meet Libby

Libby has a whole new level of independence thanks to her Wizzybug.

Libby's mum, Kayley, explains why she was so excited when she found out a Wizzybug would be suitable for her daughter.

"Libby was born prematurely, and unexpectedly, at 34 weeks. In the early stages of her life, we noticed that she was struggling with function on her left side. An MRI when she was 15 months old confirmed what the paediatricians had suspected, and Libby received a diagnosis of left hemiplegic cerebral palsy. Libby didn't meet her milestones, and despite having

incredible determination, she finds walking a real challenge. She often falls and trips, but each and every time she picks herself back up. I came across Wizzybug by chance on Facebook and immediately knew it would be a game changer for Libby. I had my reservations as I wasn't sure she would qualify, but the occupational therapist at Designability who took on Libby's case agreed it would be suitable for her and we haven't looked back. Wizzybug has enabled Libby to have a whole new level of independence, and she is able

to join in activities we thought weren't possible. She loves to use her Wizzybug at any given opportunity and enjoys talking to other adults and children about how lucky she is to have it. For us as a family, it has allowed us to visit new environments comfortable in the knowledge that Libby is safe and can explore her surroundings independently. Wizzybug has been such a positive and life-changing experience for Libby and I cannot thank them enough for allowing Libby to flourish."





## Meet Elijah

**A grant has meant that Elijah's mum can drive him and his equipment to hospital without having to worry.**

Elijah needs round-the-clock care, so when lockdown began, his Mum Natasha faced new challenges in caring for him.

"At the beginning of lockdown, my car was not working and I had no way of transporting Elijah to hospital when we needed to go. Family Fund were very helpful and understanding of our needs, and genuinely wanted to help us. I could tell that the person who dealt with

us cared about us, and about what we needed," says Natasha. Then, she spoke to Motability. "They were really, really helpful, always getting back in contact with me to make sure I knew what the situation was and letting me know my different vehicle options." Family Fund and Motability worked with Natasha to find the most suitable car for Elijah's needs and helped her visit a dealership.

"They did their research and kept in contact every couple of days to let me know when the car would be on its way. They were really good," says Natasha.

The car has meant that Natasha can drive Elijah and his equipment to hospital without having to worry about distancing from other people.

"Having the car means that if we have to go in for any hospital trips now, I can take Elijah and we do not have to worry about being in contact with any other people."

The car also allows Natasha to leave Elijah's wheelchair packed and ready in case they have to make an emergency trip to the hospital.

"Elijah also has a specialist seat for the car, making the journey easier. Without the grant, I probably would have had to continue relying on my parents to go out and get things for us. We wouldn't have been able to get out and about as much until he was able to get the normal DLA (Disability Living Allowance) when he turned three years old, so we would have been stuck in the house. I'm so glad that Family Fund and Motability realised the gap in funding and helped fill it."

# ‘They genuinely wanted to help us. I could tell that the person who dealt with us cared about us and about what we needed’

We also awarded a special grant to Designability to support a team of designers and engineers to begin to explore holistic Electric Vehicle charging solutions for the benefit of disabled users.

Designability’s CEO, Catharine Brown said: “Motability and Designability will continue working closely to engage with disabled people to identify needs, define design requirements and test concepts, demonstrating what best practice in EV charging accessibility looks like.”

## Special Grant – Family Fund

Working in partnership with the charity Family Fund, Motability has been exploring ways to support families with severely disabled children under the age of three who are currently ineligible to qualify for DLA and therefore unable to join the Motability Scheme. A first phase pilot, funded by the Motability Tenth Anniversary Trust and costing £1.5 million, ran for 18 months from January 2018. The initiative, called Family Fund Mobility Support, looks to provide a fully-funded leased vehicle to families who would otherwise struggle to afford the mobility solution they need. A second phase of the pilot was

approved in 2020 with further funding of £5 million to Family Fund. The findings of this second phase will help Motability shape any further support in this area for future years.

Family Fund is the UK’s largest charity providing grants for families raising disabled or seriously ill children and young people. Last year, they provided more than 150,000 grants or services worth more than £49 million to families across the UK.

## Special Grant – Driving Mobility Pilot

We awarded Driving Mobility grant funding of £0.05 million to pilot a new Driving Assessment Grant Programme for disabled drivers who do not currently use the Motability Scheme. This will offer financial support to those who qualify for the pilot to use the services available at Driving Mobility centres.

Supported by the Department for Transport, Driving Mobility is the national charity which accredits more than 20 driving assessment centres across the UK. Many with outreach facilities, these centres are managed by NHS departments and independent charities so clients with restricted

mobility have access to all they need to get behind the wheel. Occupational Therapists, Approved Driving Instructors and support staff provide a comprehensive range of services including fitness-to-drive assessments following injury or diagnosis, through to mobility equipment recommendations and accessible transport advice. Disabled clients seeking independence either self-refer or are signposted from organisations such as the DVLA, NHS, or the police.

The Driving Assessment Grant Programme is scheduled to run as a pilot for 12 months and will help to provide driving assessments, vehicle adaptations and familiarisation lessons on a pilot basis to approximately 50 disabled drivers in receipt of a qualifying means-tested or disability-related benefit.





PROGRAMMES	£			Number of grants		
	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
Cars and Adaptations	6,028,270	13,770,482	12,316,583	4,986	7,560	6,740
Wheelchair Accessible Vehicles	13,933,205	18,788,663	11,515,887	3,281	3,932	2,902
Complex Driving Solutions	11,963,718	18,524,525	8,165,337	459	613	283
<b>Scheme Related Grants (A)</b>	<b>31,925,193</b>	<b>51,083,670</b>	<b>31,997,807</b>	<b>8,726</b>	<b>12,105</b>	<b>9,925</b>
Driving Lesson Support	1,006,308	1,401,623	1,360,127	856	1,113	995
Stopped Allowance Support	-	3,658,469	2,487,875	-	3,498	2,541
PIP - Transition Support Payment	18,953,000	13,671,000	3,193,699	12,981	8,924	2,756
PIP - Additional Transition Support	775,668	407,490	171,540	259	135	52
Access to Work	-	26,085	131,442	-	20	63
<b>Access to Mobility (B)</b>	<b>20,734,976</b>	<b>19,164,667</b>	<b>7,344,683</b>	<b>14,096</b>	<b>13,690</b>	<b>6,407</b>
<b>Grants to Individuals (A)+(B)</b>	<b>52,660,169</b>	<b>70,248,337</b>	<b>39,342,490</b>	<b>22,822</b>	<b>25,795</b>	<b>16,332</b>
<b>Special Grants</b>						
Family Fund	-	500,000	2,500,000	-	1	1
Designability (Charging points)	-	-	90,000	-	-	1
Designability (Wizzybug Loan Scheme)	-	300,000	950,000	-	1	1
Driving Mobility	-	-	50,000	-	-	1
<b>Grants to Organisations</b>	<b>-</b>	<b>800,000</b>	<b>3,590,000</b>	<b>-</b>	<b>2</b>	<b>4</b>
<b>Total</b>	<b>52,660,169</b>	<b>71,048,337</b>	<b>42,932,490</b>	<b>22,822</b>	<b>25,797</b>	<b>16,336</b>

## Aims for 2021/22

- To continue to achieve high levels of beneficiary satisfaction regarding their application for a grant
- To recover from the COVID-19 pandemic impact on our grant-making and return to desired operating and spending levels as quickly as possible
- To continue to build our understanding of the impact that our grant-making has on the transportation needs of our disabled beneficiaries



STRATEGIC PILLAR

# Build Awareness



## STRATEGIC PILLAR

# Build Awareness

### Build awareness and understanding of Motability as a grant-making charity

All eligible recipients of HRMC DLA and ERMIC PIP receive an annual communication with an invite to join the Motability Scheme, alongside a reference to Charitable Grants. This is mailed on our behalf by the Department for Work and Pensions (DWP). The mailings had recommenced with a strong start in January 2020, with both the DLA and PIP campaigns on schedule. March 2020 resulted in a pause as the UK went into its first national lockdown. Challenges included; the closure of the car dealerships, the pause to grant-making, and the DWP ceasing assessments for mobility benefits. The campaigns recommenced in June 2020 with a total of 251,455 DLA recipients and 148,428 PIP recipients receiving our mailing. Many external campaigns that we had planned were delayed due to industry capacity and our capabilities in dealing with potential demand.

### Disability Charity Engagement

Guided by the overview of disability conditions produced by the Department for Work and Pensions, we commenced our engagement

strategy to reach out to other disability charities to build awareness and explore further engagement opportunities of mutual interest.

### Healthcare Professionals

We launched our first Out of Home hospital poster campaign in high footfall areas across 32 sites in Manchester and Birmingham. These were in situ for three months. As a result of this campaign we saw a 29% increase in healthcare professionals requesting information via our website.

## AIMS FOR 2020/21

Create engaging ways of raising awareness both of our charitable work and the Motability Scheme by:

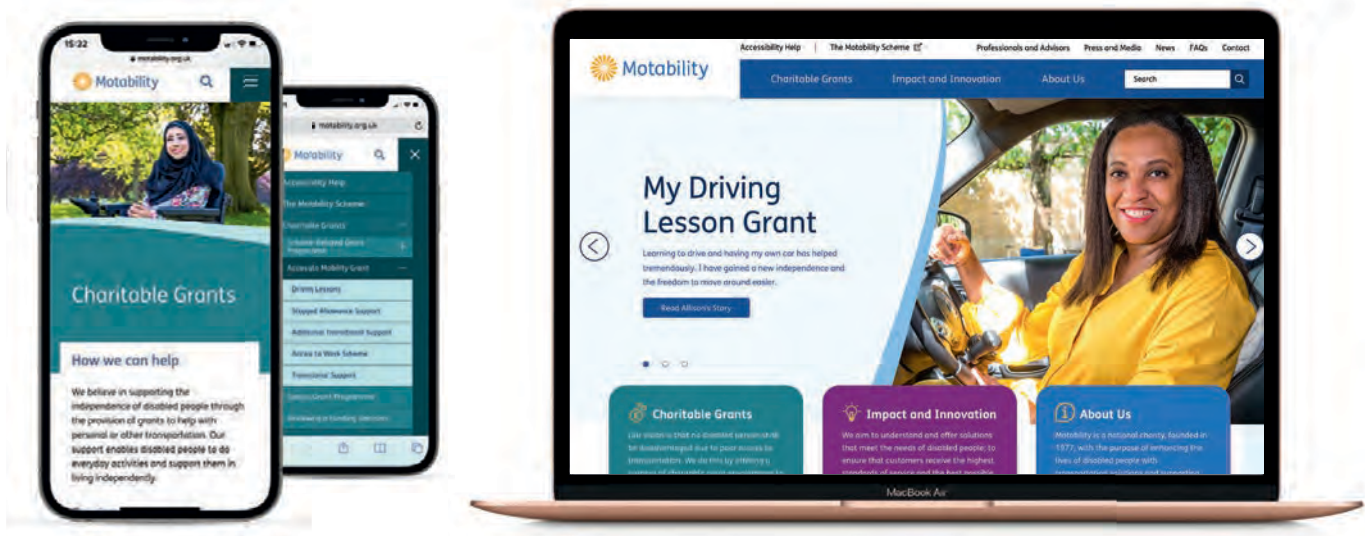
- ➔ Building awareness and understanding of Motability as a grant-making charity to all potential beneficiaries by creating individual campaigns and bespoke materials, based on sound research, for each grant programme in line with resources and capacity, and taking account of the impact of the COVID-19 pandemic on various activities **ONGOING**
- ✓ Launching a new website for [motability.org.uk](https://motability.org.uk) **ACHIEVED**
- ✓ Developing and implementing a digital vision and strategy for Motability by March 2021 **ACHIEVED**
- ➔ Establish Motability's identity as a leading grant-making charity **ONGOING**

### Advertising

We continued to drive awareness using our beneficiaries' stories within advertising creatives featured in SEN magazine, PosAbility, Enable and OT magazine.

### Exhibitions

Exhibitions moved to an online presence. We attended seven virtual events which included OT Show, Kidz2Adultz and Disability Awareness Day. We will continue to create content that can be used to engage further in a remote environment.



## Developing and implementing a digital vision and strategy for Motability

We engaged with an external digital agency in early 2020 to review the Charity website and the digital journey our beneficiaries and visitors take. The current website falls out of technical support in 2021 and so the decision to overhaul and change our hosting and support arrangements, and to move to a new Content Management System (CMS), was approved in August 2020.

The new website will have enhanced, fully accessible content to reflect, with greater transparency, our role of oversight of the Scheme and the work of Performance and Engagement. It will help to provide much clarity of who we are and what we, as a Charity, do. Importantly, it will provide a more user-friendly and intuitive CMS to improve our beneficiaries' navigation and use of the site.

## Internal Communications

As well as a new website, we will also be launching a new Intranet that will sit on the same platform as the website. This will mean efficiencies across the joint CMS, and will help to future-proof required internal functionality, particularly around

remote collaborative working, as we move to a blended or hybrid working model post COVID-19 pandemic.

During the COVID-19 pandemic we kept engagement and communication with staff high on our day-to-day agenda by: producing a digital monthly staff magazine with regular wellbeing features, photographs of staff and activities during lockdown; weekly business email updates from the CEO; quarterly virtual people manager and all staff briefings.

## Press and Public Relations

We have been working closely with the Innovation team within Performance and Engagement on various projects, including the Electric Vehicle accessible charging points initiative and for the Driving Mobility special grant, utilising social media channels to raise awareness of these important areas. We will continue to reach out to other charities, disabled people organisations, advisory bodies and beneficiaries, and analyse and act upon feedback informing Scheme Oversight, Grant-Making and Innovation agendas as we do so.





We remained in dialogue with MPs throughout the COVID-19 pandemic, particularly in dealing with their constituents and concerns at this time.

### Lifestyle Magazine

Despite the COVID-19 pandemic effects on the publishers, all four issues were published in a new format that focuses on informing and updating Scheme customers and beneficiaries.

Lifestyle aims to inform and update Scheme customers and beneficiaries through an holistic magazine, both about the Scheme but also of general 'lifestyle' information which may

help or advise them more broadly on matters of independence and transportation.

### Aims for 2021/22

#### Digital

- To launch a new website in June 2021 with full Shaw Trust accessibility accreditation. To launch a new Intranet, phase one delivery September 2021, and to plan for ongoing development and functionality

### Raising Awareness

- Campaigns for awareness-raising activity for Grant programmes and for Performance and Engagement initiatives – to be scoped in line with internal capacity and industry capabilities – with beneficiaries, potential beneficiaries, healthcare professionals, disability groups, and other charities and key stakeholder groups



STRATEGIC PILLAR

# Innovation



## STRATEGIC PILLAR

# Innovation

We have a bold vision to ensure that disabled people are not disadvantaged by poor access to transportation, and we are determined to increase the range and reach of what we do, looking beyond the Motability Scheme.

In 2020/21 we conducted sector-leading research with disabled people and transport experts, as well as our own frontline staff, to understand what mobility challenges disabled people are facing and what innovative solutions would help overcome them.

We used the research results, which are available to read on our website, to create an innovation framework to identify and assess opportunities for us to explore. We have put listening to people with disabilities and how we can make a positive impact on their lives at the centre of this new framework.

We have also considered key criteria which fit with our existing and future capabilities; our financial strategy; public demand and momentum for change; and how to avoid duplicating existing services. Using these key criteria within our innovation framework, our Board has prioritised two areas for innovation:

### AIMS FOR 2020/21

- ➔ In dialogue with disabled people and disabled people's organisations, our Board will use existing and new insight and evidence to identify the best new opportunities for Motability to improve mobility for disabled people in the future **ONGOING**
- ✔ We are conducting research to identify what is needed to ensure that electric vehicle charging ports are accessible for disabled people, as we know this will be a concern for Scheme customers and other drivers, both current and future **ACHIEVED**
- ✔ We will also establish a new impact and evaluation framework so that we can understand more clearly over time what makes the most difference to the mobility of disabled people, and ensure that we are using our resources effectively **ACHIEVED**

#### Priority area one

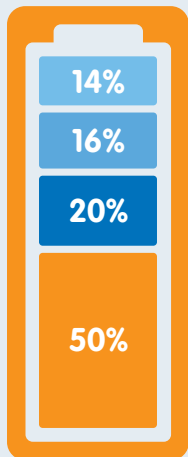
Firstly, we learned that the voices of disabled people are not always listened to and that their specific mobility needs are not always considered when decisions are being made about transport. So we will work with the wider disability sector to amplify the voices of disabled people to influence policy and practice for inclusive transport; to improve understanding of "what works"; and influence decision makers to ensure transport is accessible.

#### Priority area two

Secondly, the research showed there are major challenges for disabled people who find public transport inaccessible. We want to understand a range of possible community and door-to-door transport models and where there might be new opportunities in this area.

The research shows that upcoming changes in the world of transport might risk leaving behind people living with disability. We have identified a small number of pilot innovation projects in our two priority areas.

Because of their home parking situation, **50% of disabled drivers are unlikely to be able to charge their EV at home, either easily or at all, by 2035**



- Inadequate home or on-street charging
- Tenants reliant on landlords for charging
- Dependent on on-street charging
- Homeowners with off-street parking



Ricardo Energy & Environment report for Motability 2021

#### Example: Electric Vehicles (EVs) Innovation and Influencing Project

Our first project aims to use evidence, influencing and innovation to find solutions to accessibility barriers with the current electric vehicle charging infrastructure. This is particularly urgent given the Government's proposed 2030 ban on the sale of new petrol and diesel vehicles.

This year we sponsored user research with the Research Institute for Disabled Consumers (RiDC), which demonstrated that many disabled drivers might face difficulties with the weight of charging cables, the force required to attach the connector, the lack of dropped kerbs around charge points and unsuitable parking arrangements. We commissioned further research from Ricardo Energy & Environment which outlined the scale of the issues and who we potentially need to engage with to resolve these.

Ricardo Energy & Environment estimates there will be 2.7 million disabled drivers in the UK in 2035. Of these 2.7 million, it is estimated that up to 1.35 million, or 50%, will be wholly or partially reliant on public charging infrastructure which has not been designed with their needs in mind.

Our Innovation team has engaged with several key stakeholders including; Government departments and agencies; the Office for Zero



# ‘We have put **listening to people with disabilities** and how we can make a positive impact on their lives at the centre of this new framework’

Emission Vehicles (OZEV); car manufacturers; charge point providers; industry bodies; information service providers and disability groups, to produce a strategic plan of how to move the project forward. This project will subsequently focus on three key work streams:

- **Engaging Government** with evidence on the accessibility barriers disabled drivers will face with existing charging infrastructure. For example, we responded to the Office for Zero Emission Vehicles (OZEV) on the consumer experience of public charge points. We have established a partnership with OZEV to work together towards accessible charging standards in the UK. We also took part in a Transport Scotland panel which evaluated bids from an innovation perspective focused on accessible EV charging and supported those who were successful with their projects moving forward.
- **Engaging Industry** with evidence on the accessibility barriers disabled drivers will face with existing charging infrastructure. For example, we worked with information service provider Zap-Map to run a survey on the issues disabled drivers might

face. Our partnership led to a press release about the survey results which generated interest with more than 60 publications, raising our profile among businesses in the e-mobility space. We are also working in partnership with UK Power Networks (UKPN) on their “Enable” project, which aims to support local areas in determining their needs for accessible charging.

- **Supporting Innovation** by funding organisations working on best practice for accessible charge-points. We awarded a special grant to the disability and design charity, Designability, to begin to explore holistic EV charging solutions for the benefit of disabled users with a team of designers and engineers.

## Aims for 2021/22

- We will drive forward our project on EV charging infrastructure, working closely with key stakeholders to move towards our vision whereby there is accessible charging available to disabled drivers across the UK
- We will continue to build and expand our innovation portfolio within our two priority areas; working with partners to amplify the voices of disabled people, focusing on research evidence and “what works,” while also exploring opportunities to improve the provision of door-to-door and community transport solutions
- We will work to evaluate and articulate the impact of our innovation activities. We will also explore new ways of achieving positive outcomes for our beneficiaries both within and outside our current grant-making activity

STRATEGIC PILLAR

# Disability Charity



## STRATEGIC PILLAR

# Disability Charity

### Our People

As of 31 March 2021, the number of Motability employees totalled 175. This represents a 14% increase when comparing against 31 March 2020, an increase attributed to growth and investment in most areas of the organisation, such as Charitable Operations, Corporate Services and the new Performance and Engagement department. We are also exploring ways of engaging more within the local community and to see how we can provide more work experience opportunities.

### Investors in People Award

We are proud to be accredited at Gold standard with 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

### OPERATING AIMS FOR 2020/21

- ➔ Implement software to assist Charitable Operations plan and manage resources **ONGOING**
- ✓ Establish the right office space for the future **ACHIEVED**
- ✓ Draw up a human resource plan to support the ambitions of Motability **ACHIEVED**
- ➔ Further develop the Motability Foundation **ONGOING**
- ➔ Implement a robust income forecasting model **ONGOING**
- ✓ Implement a change management programme **ACHIEVED**
- ✓ Implement business critical software upgrades **ACHIEVED**
- ✓ Reassess the business continuity plan and longer-term working practices in light of the COVID-19 pandemic **ACHIEVED**

### Equality and Diversity

We pursue a policy of equality and diversity as a disability friendly organisation. 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 Department for Work and Pensions as a Disability Confident Employer.

### Blended Working

A blended working project team have been assembled and are currently in the process of implementing a blended working approach throughout the organisation, meaning a better work-life balance by providing the option of working from home and the office.

### Reward

Our remuneration policies are regularly reviewed against comparable benchmarks to ensure they are 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.

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

Motability offers a Pension Salary Exchange, Life Assurance, Bupa Private Medical Insurance, and employee assistance through Bupa Healthy Minds.

### **Pay Gaps**

Motability completed a gender pay gap review earlier this year. Although the organisation isn't legally obligated to report on this, it was an activity we wanted to complete as this is highly important to Motability. As well as looking at gender, the organisation decided to go even wider and analysed the position in respect of the ethnicity and the disability pay gaps.

Overall, the analysis confirmed that there is no difference in hourly pay on a job level basis between men and women. In other words, our generic

roles are paid at an equal level with no positive or negative variance when it comes to gender, ethnicity and disability. When comparing Motability to the national pay gap averages the analysis showed we are over on the average gap in respect of gender, slightly over on the average gap for disability, and much better than the national average when it comes to ethnicity.

So, in conclusion, there is still some work to be done, but the organisation remains very committed and will continue to operate proactively in this area. With the arrival of a new Talent Acquisition Partner this year, we will remain focused and forward thinking in respect of gender, ethnicity and disability when it comes to talent attraction and retention at Motability.

### **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. Our Pension Management Committee meets twice a year to ensure our pension arrangements continue to meet the needs and interests of members.

### **COVID-19 pandemic and our people**

During the COVID-19 pandemic we followed Government guidelines to keep our employees safe whilst continuing to provide the service to our beneficiaries.

- Ensuring the offices were always secure, especially for a number of staff who could not work from home
- Equipping the workforce with remote working capabilities
- Enhancing our telephony system to support remote working
- Continuing system updates and upgrades ensuring cyber security and compliance
- Creating employee newsletters to keep staff informed
- Developing information to support wellbeing and surveying staff to identify further support needed
- Enhancing dependency and parental leave in direct response to the challenges presented by lockdown restrictions

Motability's live risk assessment document can be viewed on our website, this continues to be reviewed and updated regularly or if a significant change occurs.

### **COVID-19 pandemic staff survey**

A survey was undertaken to understand how staff received our response to the COVID-19 pandemic lockdown and subsequent return to the office. 99% had confidence in Motability's response to the COVID-19 pandemic and 97% felt safe carrying out their role.



Our internal wellbeing group, representing all departments across Motability, known as the Wellbeing Champions, identified Mental Health First Aiders as a necessary channel of confidential support for employees. Following careful consideration, we trained 11 managers who volunteered to become Mental Health First Aiders.

### Our Impact

This year we have developed our understanding of how Motability makes a difference to disabled people, and how much difference we make. Through large-scale research with disabled people we have learned that Motability makes a very significant difference to people's mobility and contributes to improving their quality of life.

The biggest differences that we currently make are to people's access to places and people; their sense of choice and control; their connections and relationships; their health and wellbeing; and their ability to work or study. You can find out more about the difference we make in our Impact Report, which is published on our website.

## Environment

### Streamlined Energy and Carbon Reporting Statement

Greenhouse gas emissions and energy use data for the period 1 April 2020 to 31 March 2021 are below:

#### Intensity ratio

An intensity ratio is a way of defining emissions data in relation to an appropriate business metric, allowing for comparison of energy efficiency performance over time and with other similar types of organisations. Motability have chosen to use the number of average full-time employees (FTE) during the reporting period to normalise its emissions, as delivering our company values relies on the hard work and dedication of staff members. Therefore, the intensity measurement ratio is total gross emissions in tCO<sub>2</sub>e/FTE.

#### INTENSITY RATIO (tCO<sub>2</sub>e/FTE)

<b>1 April 2019 to 31 March 2020</b>	0.819 (tCO <sub>2</sub> e/FTE)
<b>1 April 2020 to 31 March 2021</b>	0.432 (tCO <sub>2</sub> e/FTE)

#### Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the Greenhouse Gas Protocol (GHG) Reporting Protocol – Corporate Standard and have used the 2020 UK Government’s Conversion Factors for Company Reporting. The sharp fall in the intensity ratio in 2020/21 was due to the impact of the COVID-19 pandemic restricting operational activity. The intensity ratio is therefore expected to rise in the future if COVID-19 pandemic related restrictions are relaxed.

#### Measures taken to improve energy efficiency

Motability continues to strive for energy and carbon reduction arising from our activities. We have sourced a consultancy company that can work with us and have employed an environmental specialist to develop and implement our environmental and sustainability plans in the future.

#### Materiality

Motability has, to the best of its knowledge, included 100% of all energy sources within this report. Expensed mileage data has been converted using an estimate of 50/50 diesel/petrol when calculating kWh and CO<sub>2</sub>e emissions.

ANNUAL CARBON EMISSIONS REPORTING 2020/21			2020/21
<b>Energy Consumption</b> (kWh)	Grid Electricity		95,111
	Natural Gas		66,440
	Company Fleet		135,134
	Grey Fleet		837
	<b>Total Energy Consumption</b>		<b>297,522</b>
<b>Greenhouse Gas Emissions</b> (tCO <sub>2</sub> e)	Scope 1	Natural Gas	13.54
		Company Fleet	34.75
	Scope 2	Purchased electricity	22.17
	Scope 3	Grey Fleet	0.20
		Electricity T and D	1.91
	<b>Total Gross Emissions</b>		<b>72.57</b>



## Control and Assurance

Motability has a comprehensive system of internal controls, policies and reporting overseen by the Audit and Risk Committee (ARC). During the year, ARC's work included significant reviews of Motability's budget and business plan along with re-forecasts, and Motability's financial scenarios for the next five and 10 years, and the adequacy of the proposed levels of reserves in light of the unfolding events of the COVID-19 pandemic. Investment Committee oversees investment policy and performance.

ARC oversees the annual external audit. During the year, Motability tendered its audit and BDO were appointed. Deloitte resigned and ARC noted its appreciation of Deloitte's work over the last nine years. ARC reviewed and recommended Motability's 2019/20 Annual Report

and Accounts to the Board of Governors. ARC sets the priorities for, and received the reports of, Motability's internal audits conducted by the internal audit team and by Grant Thornton, and by a specialist firm for FCA compliance. The 2020/21 audit plan addressed financial, operational and compliance areas, including: IT infrastructure and strategy, and cyber risks; budgeting and forecasting; the overall control environment from a fraud perspective; payroll; compliance with FCA regulations, compliance with DWP security criteria; home working and business continuity.

ARC reviews relevant policy areas within Motability and this year the notable policies reviewed were: Business Continuity; Whistle Blowing; Anti-Fraud; Bribery and Corruption; Anti-Money Laundering; Conflict of Interest; Receiving or Offering Gifts

and Hospitality. The full policies register is annually approved by ARC. The Chair of ARC, Motability Finance Director and CEO also attend Motability Operations Quarterly Audit Committee meetings and provide an update to Motability ARC.

Motability reviews the risks it faces and the steps needed to mitigate risk regularly. A major focus of ARC's work in 2021 was the ongoing oversight of management's activity to address the COVID-19 pandemic including investment in remote working capability and health and safety compliance for Motability's office, and for the field team who visit and assess grant applicants. Motability maintains a risk register, and a summary of the key risks faced by the Charity, confirmed by the Board, is set out on the following pages.



# The principal risks for Motability are:

RISKS	FACTORS	MITIGATION
<b>Strategic Risk</b> Our strategy is ambitious yet we do not maximise the impact of our resources on the mobility of disabled people.	We do not keep up with and understand the changing requirements of disabled people.  Too many initiatives are undertaken, and we are unable to implement in full or successfully.  Under-delivery of a mobility solution against the expectations of disabled people.	Research and innovation projects have been established to consider other growth routes.  A planned approach to implementation is being undertaken to ensure the necessary resource is in place.  Regularly review and evaluate plans to ensure they meet beneficiary needs, including behavioural changes due to the COVID-19 pandemic.
<b>External Influences Risk</b> We do not maintain the confidence of stakeholders that the Charity and the Scheme is the best way to deliver mobility for disabled people.	We do not deliver the required service to beneficiaries.  The UK and Scottish Governments are unable to work with us to redirect the mobility component of qualifying disability benefits.  Unable to work with the right organisations across the industry to deliver mobility solutions.	Act upon the changing needs of beneficiaries led by research and innovation projects.  Motability is accredited by the Scottish Government. Future Scotland Act Order frames the needed social security relationship.  Effective PR monitoring and communication strategy, liaising with disability organisations and other stakeholders.
<b>Environment Risk</b> We do not keep in step with the UK position on the environment.	The Motability Operations' and Motability transport solutions should seek to be aligned to Government carbon emission targets.	Develop our Environment Agenda in concert with Motability Operations.
<b>Financial Risk</b> Our investment strategy doesn't deliver sufficient income to support and sustain our current and future ambitions.	Future donations from Motability Operations are volatile and unknown.  The Motability Foundation fails to deliver the required levels of return.  We do not manage short-term liquidity requirements.	Work with Motability Operations to understand the financial impact of the COVID-19 pandemic, vehicle carbon emission targets and BREXIT.  Monitor the fund managers' progress with investment levels and performance.  Continue to monitor cash flow positions and forecasts of grant spending.

RISKS	FACTORS	MITIGATION
<b>Operational Risk</b> We are unable, in the current climate (COVID-19 pandemic), to deliver our grant services to Scheme customers.  Motability's data or systems suffer a malicious attack or other disruption to business continuity.	The adaptation and converter industry cannot cope with the volume of demand (or lack of it).  Beneficiaries express concerns over grant-making.  The Scheme fails to run effectively and efficiently.  Loss of data or service availability due to cyber attack.	Collaborate across the industry to understand demands and manage solutions where possible.  Regularly review beneficiary feedback, and update operational and communications plans as appropriate.  Business continuity plans reviewed to support use of off-site resource.  Robust and strengthened control environment including Information Security framework.
<b>Reputational Risk</b> The Charity and the Scheme do not evolve, we do not communicate our strategy and come under pressure when we are not seen to be using the donations for public good.	New grant programmes are not reviewed and considered.  The strategy is changed but the communication of the change is misunderstood.  Oversight of the Scheme is brought into question.	Continue to assess and review new grant programmes on the basis of increased research.  Effective communications strategy delivering consistent messages to all stakeholders.  Focused oversight of the Motability Scheme and the risk management conducted by Motability Operations.  Close working with Motability Operations on new products and services.
<b>Compliance Risk</b> Compliance with the Charity Commission requirements and ever-increasing ethical, legal and regulatory obligations, for example General Data Protection Regulations (GDPR).	Fines and penalties as a result of non-compliance could lead to restrictions in our ability to carry out our charitable objectives.	A thorough compliance programme is in place which is reviewed quarterly by management. Internal audit capability strengthened.  Data Protection and Data Security are the foundations for considering and developing new working practices/projects.  A well-established annual routine training programme is in place.



**During 2020/21**



We had almost **200,000 conversations** with beneficiaries.



We surveyed almost **41,000 individuals** including **beneficiaries, non-beneficiaries, the general public and healthcare professionals...**



Which resulted in **14,000 responses.**

## **Risk Management**

An established risk management framework is in place to support informed decision making and create a consistent approach to assessing risks that effect our ability to achieve our objectives. The robust risk management framework allows us to focus on those risks which could adversely impact our plans or our reputation.

Motability is a financially strong charity that is working to improve transportation for disabled people. Effective risk management is central to successfully delivering our strategy and ensuring the sustainability of that strategy for the future. The framework is designed to:

- Identify the significant risks faced
- Enable informed decision making regarding risks that affect the ability to meet our objectives
- Provide a consistent approach to considering the risks so as to ensure they do not exceed acceptable limits
- Manage, where we cannot eliminate, risks to our strategy

The COVID-19 pandemic was recognised as a serious incident in February 2020, and subsequently

a broader working group was established to ensure timely responses to COVID-19 pandemic developments and this remains in operation.

Motability Internal Governance and Risk Assurance Committee (MIGRAC), consisting of senior management across the Charity, manages and reviews the Risk Register on a quarterly basis, ensuring risks are always current. The review provides assurance to the Audit and Risk Committee that appropriate arrangements are in place to:

- Ensure the effective management of the risks
- Recommend changes to policies, processes or action which may be required

Each risk is measured in terms of its gross and net impact and likelihood, with the difference being the controls or mitigating factors implemented to manage the risk exposure. Each risk has an assigned owner to ensure clear accountability and ownership exists. The updates provided to the Board of Governors, the Audit and Risk Committee and the Executive Team ensure that Senior Managers are also considering 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's key risks are summarised on pages 66 and 67.

### Operating Aims for 2021/22

- Implement an Impact Report to review our service delivery
- Review and implement recommendations from the planned independent 2021 review of governance at Board level
- Continue consolidation of the Motability Foundation (Motability Endowment Trust) to enable the Charity to fulfil its strategy
- Refine and implement the Information Technology plan
- Continue to evolve business and digital continuity plans for the organisation
- Identify the positive learnings from the COVID-19 pandemic and build upon these, including the consolidation of blended working practices across the organisation
- To improve communications with staff and facilitate blended working by launching a new intranet
- Develop a long-term estate plan
- Consistently improve upon the current baseline on environment and sustainability practices within our Harlow office
- Develop an employer value proposition, in concert with wider communications, to underpin all human resource plans and reinforce our values
- Design and implement a talent acquisition and retention plan with a focus upon equality and diversity
- Assess and adjust our approach to performance management

# Financial Review and Results

Governors' Report (Trustees' Report)



# Financial Review and Results

**Motability's results for the year 2020/21 are presented in the Consolidated Statement of Financial Activities (SoFA) on page 92.**

## Overview

Charitable spend declined from £73.2 million to £55.1 million as the COVID-19 pandemic closed or suppressed the supply of new vehicles to our beneficiaries in the year's lockdowns, and beneficiary demand reduced as individuals chose to shelter from the pandemic. Total resources available for Motability's charitable objects increased in the year by £87.3 million from last year's £1,437 million to this year's £1,524 million as gains of £142 million on investments outpaced the net deficit on general and restricted funds of £55.5 million.

## Income

Income for the year was £10.2 million, principally income from investments that grew to £9.2 million (2020: £6 million) as the proportion of the Endowment placed in higher-yielding, long-term investments rose whilst interest rates remained at historic lows. No donation was received from Motability Operations. As a result, income was sharply down from the £1,054 million in 2019/20 that arose due to the one-off large

donations from Motability Operations of £852 million and Motability Tenth Anniversary Trust of £201 million – those donations were made in the form of expendable Endowment to recognise their one-off nature.

Motability does not solicit donations. We gratefully receive a small volume of spontaneous donations year to year, shown as voluntary fundraising income. Other Trading Activities income arises from our affinity partnerships that are reviewed regularly to ensure that the products fill a gap in provision for disabled people at a fair cost. Motability acts as a conduit body to channel grants to veterans of the Armed Forces funded by Veterans UK, and those funds are described in Note 18 rather than on the face of the SoFA in order to better reflect that relationship.

## Expenditure

Total expenditure was £62 million (2020: £74.6 million) of which the main constituent was charitable expenditure of £55.1 million (2020: £73.2 million), the fall being due to the COVID-19 pandemic suppressing demand for new vehicles and so reducing demand for grants, particularly for the most complex – and therefore the most

expensive – needs. This is shown in more detail in Note 3. There, it can be seen that grant awards declined to £39.6 million (2020: £60.8 million) due to lower demand for grants. As noted in last year's Annual Report, this lower demand is need that has been deferred, not lost, and Motability expects to spend more once the COVID-19 pandemic recedes as both underlying demand returns to normal levels and deferred applications are received, and Motability's investment in research into the transportation needs of disabled people (as set out on page 57) translates into new spending programmes.

Charitable expenditure and grant awards are expressed net of movements in the PIP provision. These movements have been significant in recent years, reducing charitable spend in 2018/19 by £25.7 million and by £10.3 million in 2019/20 as changing and better data revised estimates of future spending downwards. In 2020/21 lower assessment activity by the Department for Work and Pensions, owing to the COVID-19 pandemic, meant fewer grants for people who needed support on finding themselves assessed as not eligible for Personal Independence Payments (PIP). The view of future assessments and awards remains

cautious due to the COVID-19 pandemic and the Department for Work and Pensions' desire to protect vulnerable individuals. As a result of these historic and current factors, the change in the PIP provision is a further small decrease of £3.4 million in 2020/21, which decreases charitable expenditure and grant awards by the same amount.

Areas of charitable work that were new in 2019/20, principally grants to institutions and research and innovation, grew in 2020/21 and more detail of these can be found in Note 3. Scheme Oversight spending also increased with a follow-up review of Motability Operations' capital requirements. Total non-grant related charitable expenditure grew to £3.2 million (2020: £1.9 million).

Within Charitable Expenditure are Allocated Support and Governance Costs, detailed in Note 4. As noted in last year's Annual Report, Motability has been investing in its capability and capacity, and so Allocated Support and Governance Costs increased from £6.7 million last year to £7.7 million this year, a rise of 15%. The cost of raising funds is significant for all large foundations; the cost is principally investment management charges. Total cost of raising funds grew in the year to £6.9 million (2020: £1.4 million) as the move to longer-term investments in turn incurred higher investment management charges. Investment management charges are likely to increase further in later years. The main categories of expenditure disclosed in Note 4

for this year and last are shown in the pie charts.

### Net results, investment gains and fund balances

Net expenditure before gains and losses on investments for the year was £51.8 million (2020: net income of £979 million). Stripping out the effect of major donations, 2020's comparable net expenditure figure was £68.1 million. These deficits are funded from substantial general funds balances.

Investment markets recovered strongly in 2020/21 although the effect of rises in overseas markets was dulled as sterling strengthened against other currencies as Brexit's uncertainties settled. The result was investment gains of £142 million, more than reversing last year's investment losses of £44.3 million, driven in both years by the Endowment's equity holdings.

Net income (after gains and losses on investments) was £90.4 million (2020: £936 million). After actuarial losses on the defined benefit scheme of £3.1 million (2020: gain of £3.2 million) the net movement in funds for the year was a gain of £87.3 million. Stripping out last year's major donations, the comparable figure for 2020 would have been a net loss in funds of £109 million.

Charitable spending was funded from general fund balances on hand which declined by £55.7 million (2020: £61.3 million) to £329 million (2020: £385 million). Investment returns drove a gain of £142 million

in the Endowment to £1,154 million (2020: £1,011 million). Total funds on hand are £1,524 million (2020: £1,437 million), a rise of £87.3 million.

### Asset holdings and investment performance

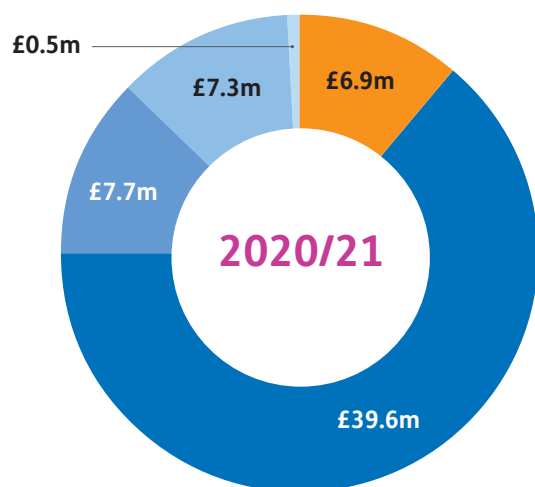
Motability started the year with £235 million in cash, more than would normally be held due to turbulence in bond markets in March 2020. The bulk of this cash was placed on deposit by the year end in order to enhance interest income. Meanwhile, Note 10 details further funds were invested in assets more suited to the Foundation's long-term investment return target.

The Endowment's growth in the year of £143 million represents a return on assets of 14.1% as against the return target of RPI+4% or 5.5% for 2020/21. The principal contributor to this progress was the Foundation's equity holdings. Since inception, the Endowment has grown by £100 million from £1,054 million, an annualised return of 6.7%.

### Defined benefit pension scheme

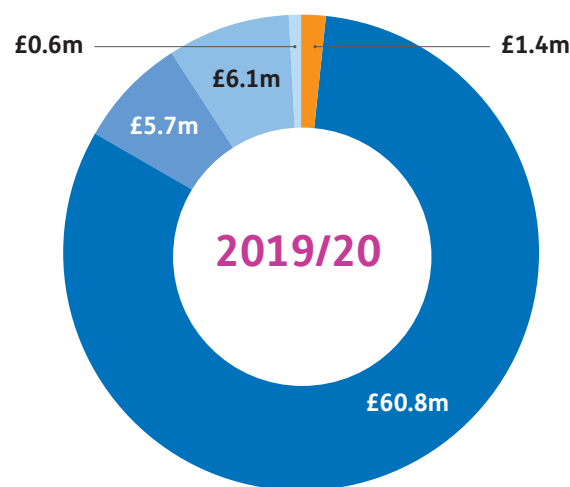
Motability has a defined benefit pension scheme that shut to new members in 2005 and to future accruals in July 2012. At 31 March 2021 the pension fund's assets were valued under FRS 102 assumptions at £24.7 million (2020: £23.3 million) and liabilities were valued at £27.3 million (2020: £23.2 million), resulting in a deficit of £2.6 million (2020: nil). The last actuarial valuation was carried out at 31 March 2019. It showed that the assets of the scheme were

# Analysis of total expenditure



## 2020/21 (£62 million)

Cost of Raising Funds	£6.9 million
Direct Grants	£39.6 million
Direct Charitable Activity	£7.7 million
Allocated Support Costs	£7.3 million
Governance Costs	£0.5 million
<b>Blue: Charitable Spend</b>	<b>89%</b>
<b>Orange: Cost of Raising Funds</b>	<b>11%</b>



## 2019/20 (£74.6 million)

Cost of Raising Funds	£1.4 million
Direct Grants	£60.8 million
Direct Charitable Activity	£5.7 million
Allocated Support Costs	£6.1 million
Governance Costs	£0.6 million
<b>Blue: Charitable Spend</b>	<b>98%</b>
<b>Orange: Cost of Raising Funds</b>	<b>2%</b>

£21.8 million and the liabilities were £23 million, resulting in a deficit of £1.2 million. During the year a payment of £0.6 million (2020: £0.7 million) was made to eliminate the deficit. Motability is in discussions with the pension scheme Trustees as to the future level of contributions needed to move the pension scheme to 'self-funded' status.

## Outlook

Looking ahead to the financial year 2021/22, the COVID-19 pandemic continues to be a significant factor. Whilst many car dealerships have moved to a 'click and collect' business model, our ability to meet

beneficiaries and make personalised recommendations remains dependent on COVID-19 pandemic restrictions. As noted last year, as well as above, this means grant-making is deferred rather than cancelled. Depending on COVID-19 pandemic factors such as the success of vaccinations and the emergence of new strains of the virus, our intention is to maintain grant making at similar levels to 2019/20 and, if possible, grow our grant-making.

Motability will continue to judiciously invest in its people, systems and processes, particularly in its institutional grant programme

capacity on the basis of its maturing programme of research. The prospects for investment markets look volatile at current levels, so Motability will continue to gradually deploy more of its investments into holdings more suited to the long-term perspective of the Endowment, spreading the risk of buying holdings at too high a level, in order to improve investment returns in the years ahead.

Where 2019/20 was a year of contrasts between major donations and the onset of the COVID-19 pandemic and its associated risks to future income, 2020/21 has seen those risks mature and, at least for the moment, not seem so disastrous with the advent of vaccines. Meanwhile, the investment returns from the Endowment in 2020/21 have protected the resources available to support Motability's beneficiaries in the years ahead for the time being. The Governors will continue to keep the financial and investment strategies under regular review to secure Motability's beneficiaries' interests and the Charity's sustainability.

## Investment policy

Motability's Endowment is held by the Motability Endowment Trust, known as the Foundation, registered charity no. 299745-1. Motability has adopted a responsible investment policy which is periodically reviewed. The policy has been communicated to fund managers, and each year Motability reviews the progress made by its fund managers. Lane Clark & Peacock are the primary investment advisors and supplementary investment advisors are being sought to advise on private equity and venture capital investments. The investment goal for the Endowment is to maintain its value in real terms with an investment return target of CPI+4% net of costs in the long term so as to maintain the Foundation's grant-making capacity in real terms.

The investment goal for restricted and general funds has been to maintain

the nominal value of the assets whilst earning an income equivalent to, or slightly better than, the return on cash pending their use to fund grant programmes. Given the current high level of general funds reserves, the move to ultra-low interest rates and the medium-term risk of higher inflation, the Governors have sought to diversify these funds' investments to secure a return nearer the Bank of England's medium-term inflation target of 2% p.a. The current goal is to secure the next two years' spending ambitions with a very high degree of certainty, and to secure the capital value of further general funds reserves values with a high degree of certainty alongside the return target noted.

## Financial risk for investments

The principal financial risks that Motability faces derive from the Endowment portfolio (equities, bonds, money market and cash investments) and Motability's general and restricted fund balances (bonds, money market funds, deposits and cash). These risks are inflation risk, market risk, credit risk and liquidity risk. They are set out in the following paragraphs along with the measures taken to mitigate them.

**INFLATION RISK:** the risk that the cost of achieving Motability's charitable goals rises faster than the value of its investments, undermining the Foundation's ability to support Motability's grant-making. The Foundation manages this risk through a diversified portfolio of real asset investments that should be expected to keep up with, or

exceed, the rate of inflation in the wider economy in the long term. Motability will manage this risk through diversifying its investments intended to meet charitable spending requirements more than two years away into asset classes capable of producing a return near the Bank of England's medium-term inflation target of 2% p.a.

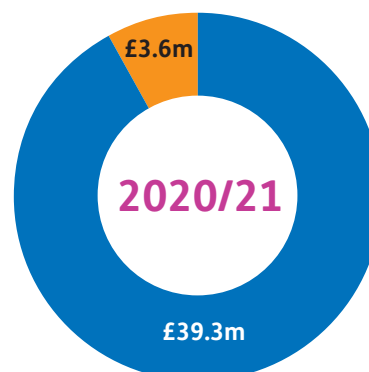
**MARKET RISK:** the risk that the prices of investments could fall or become more volatile. Motability manages this risk through a diversified asset allocation strategy of appropriate investments. For equities, the Foundation holds diversified portfolios, appointing both passive and active managers, and through appointing active managers with differing investment styles. No active fund manager holds more than 25% of the long-term portfolio, and Motability's Endowment represents no more than 15% of the funds of any one long-term portfolio manager. As a long-term investor, Motability accepts equity market volatility. For bonds, the risk is mitigated through diversification and by focusing on higher-rated investment grade holdings, typically A or AA rated. Interest rate risk is mitigated through holding a diverse range of short maturities with a willingness to hold to maturity. Foreign exchange risk is accepted by Motability as sterling assets are a majority of current investment holdings: this stance was reviewed in the year and a 50% sterling, 50% non-sterling currency position has been identified as a neutral position (and will be regularly reviewed in



# Direct grants by beneficiary type

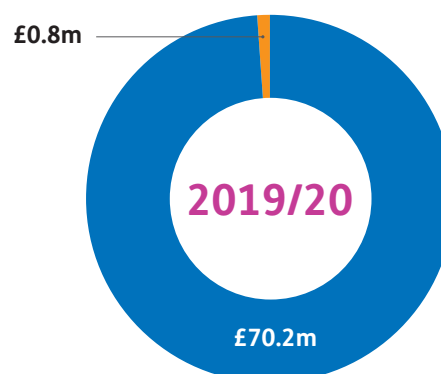
## 2020/21 (£42.9 million)

■ Individuals	£39.3 million	92%
■ Institutions	£3.6 million	8%



## 2019/20 (£71 million)

■ Individuals	£70.2 million	99%
■ Institutions	£0.8 million	1%



future). Motability holds other asset classes and Motability manages market risk in those holdings through diversification by asset class and by manager, and through regular monitoring of performance.

**CREDIT RISK:** the risk that a counterparty will default on their obligations. For all asset classes, Motability mitigates this risk by diversifying its holdings and by using custodians. For bond and money market funds, Motability monitors market conditions, duration and credit quality regularly with investment managers. No one bank or bond exposure normally constitutes more than 10% of cash and short-term investments. For cash including

deposits, Motability currently limits the duration of deposits to a maximum of three months and ensures that one third of those deposits sits within the ring-fenced entities of a UK bank.

**LIQUIDITY RISK:** the risk that an asset cannot be sold for the expected fair price or due to the absence of willing buyers in the market (a market liquidity squeeze); that obligations cannot be met because cash is not available (e.g. from a bank or money market fund) due to financial stress and / or a market liquidity squeeze; or because Motability has not managed its cash position appropriately. Motability mitigates liquidity risk through a diversified asset allocation strategy, a variety of asset managers,

regular dialogue with its investment managers to understand potential risks, holding cash balances within the ring-fenced entities of UK regulated banks, and regular cash flow forecasting exercises.

## Reserves policy

Motability's principal reserve is the expendable Endowment which represents the net assets of the Foundation. The investment policy objective is to maintain the Endowment's real value over the long term to support the real value of future grant-making.

Restricted funds are held for the purpose for which they were received. The objective is to preserve the value

of these funds whilst earning a return slightly higher than cash in the short term with a very high degree of certainty that the capital value will be protected until such time as these funds are spent on their restricted purposes.

There is one restricted fund; the Personal Independence Payments Transitional Support Programme fund. The COVID-19 pandemic has delayed the process of assessing recipients of Disabled Living Allowance for Personal Independence Payments, so the future commitments to this programme remain uncertain. Due to the need to ensure this programme's affordability, Motability continues to assess the level of likely claims on the fund over the 16 months from the year-end. Sixteen months is the estimated time required for Motability to give effective notice of its intention to stop this programme. Estimates of total potential claims against this fund vary but are likely to be met from within the balance on hand at the year-end of £41.3 million (2020: £41.1 million).

Designated funds are general funds set aside for a specific purpose determined by the Board of Governors. Within total general funds of £329 million (2020: £385 million), designated general funds have been set aside from general funds to support a particular Wheelchair Accessible Vehicle initiative known as the Specialised Vehicle Passenger Fund. Grant spending in the year reduced this fund to £7.7 million (2020: £18.4 million). The remaining funds are likely to be spent within the

next two years. Thereafter, remaining commitments under this purpose will be met from the general fund.

Undesignated general funds are held primarily to bridge the inevitable gaps and changes in investment and donation income that occur from time to time, and so provide assurance that long-term commitments to support the mobility needs of disabled people can be met, as well as to meet unexpected expenditures, for example high grant demand due to sudden car price inflation.

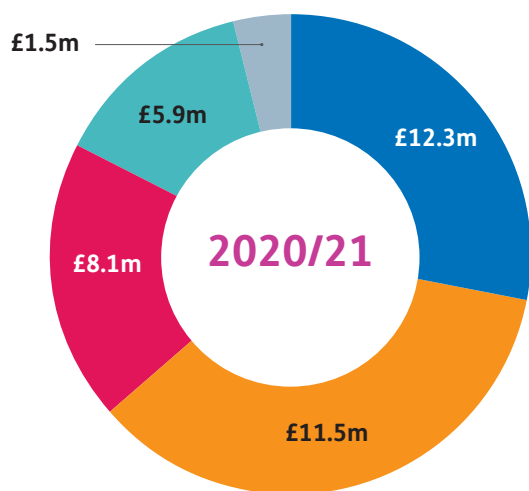
Motability conducts regular scenario planning exercises to understand its future income and spending prospects. This modelling produces a core range for the undesignated general fund reserves requirement of around one-and-a-half years' to two-and-a-half years' spending. Given potentially lumpy donations from Motability Operations, general fund reserves could exceed three years' spending or fall below one year's spending in some years.

As noted in last year's Annual Report, the COVID-19 pandemic has introduced further uncertainty into Motability's income and spending prospects, and the current level of general fund reserves may need to support several years' activity. Nevertheless, the introduction of successful vaccines and the continued financial strength of Motability Operations over the last year due to resilient second-hand car prices means that the Governors feel it reasonable to try to raise charitable

spend in 2021/22 above that achieved in 2020/21, and would prefer to see charitable spending reach or exceed the level achieved in 2019/20. The Governors are of the view that Motability's current research agenda will deliver further spending requirements. These ambitions have been included in the modelling of the outlook for Motability's finances that is refreshed every six months. That modelling concludes that these spending ambitions are affordable within the financial risk appetite set by the Audit and Risk Committee.

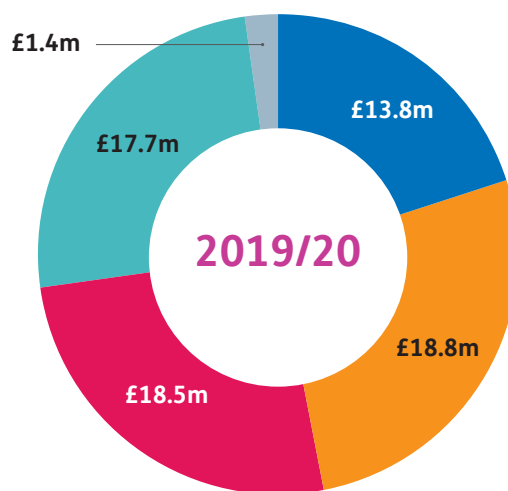
General fund reserves are currently above the targeted level, partly because spending is artificially low, and reserves levels are planned to decline. The COVID-19 pandemic means that there is a range of spending outcomes envisaged for 2021/22. If no donations are received from Motability Operations then under all scenarios operating deficits result in 2021/22 and the level of general fund reserves will continue to decline. The Governors note that planned deficit spending is only possible because of significant general fund reserves and, given plans to spend from general fund reserves, therefore conclude that the current level of general fund reserves is appropriate. The Governors will keep the appropriate level of unrestricted general fund reserves within the reserves policy under regular review.

# Grants to individuals by programme



**2020/21** (£39.3 million)

Cars and Adaptations	£12.3m	31%
Wheelchair Accessible Vehicles	£11.5m	29%
Complex Driving Solutions	£8.1m	21%
PIP (TSP / SAS / ATS)	£5.9m	15%
Driving Lessons / Other	£1.5m	4%



**2019/20** (£70.2 million)

Cars and Adaptations	£13.8m	20%
Wheelchair Accessible Vehicles	£18.8m	27%
Complex Driving Solutions	£18.5m	26%
PIP (TSP / SAS / ATS)	£17.7m	25%
Driving Lessons / Other	£1.4m	2%

## Going concern

Motability has reviewed its future spending plans in a five-year scenario to allow for differing levels of future donations from Motability Operations and income generated by the Foundation's Endowment, and differing spend rates from the £329 million general funds and £41.3 million restricted funds on hand (these sums include £343 million in cash, short-term deposits and money market funds). Motability will seek to maintain core spending on beneficiaries and will curtail discretionary grant programmes where necessary to achieve this end. Motability's future financial plans, budgets, reserves levels and cash flow forecasts for a period of more

than 12 months from the date of signature of the accounts have been prepared by management and reviewed by the Governors. On this basis, the Governors believe that the going concern assumption continues to be appropriate and that Motability has a sound financial basis upon which to plan for the future.

## Auditors

As a result of tendering the audit during the year Deloitte LLP resigned as auditors. The Governors thank Deloitte for their service as auditors for the past nine years. BDO LLP were successful in the tender and were appointed to fill the vacancy. A resolution to re-appoint BDO LLP

as auditor will be proposed at the forthcoming Annual General Meeting.







# Governors' Report (Trustees' Report)

**The Accounts comply with the requirements of the Charities Act 2011, the Royal Charter and the Statement of Recommended Practice (SORP) 2019.**

The Chief Patron, Patrons, Life President and Life Vice President, present Governors, any past Governors, and Members who served during the year are shown on the inside front cover of this report.

Details of the registered office, key executive employees and professional advisors are shown on pages 4 and 129.

## Structure, Governance and Management

The Charity is governed by its Royal Charter, granted on 18 May 1988. The Charity's Royal Charter and Byelaws to adopt current best practices were updated and received Privy Council approval on 11 November 2020.

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). Governors may offer themselves for re-election to a maximum of three terms of three years each. Members may be appointed by the Board without the intention of becoming Governors.

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 documents. Throughout the year, Board Members receive updates on information relevant to their role and are supported with their training needs as appropriate.

The Governors are not remunerated. Their expenses in carrying out their duties are reimbursed and these are detailed in Note 6B to the financial statements.

Related parties are identified when new transactions arise and are set out in Note 6E to the financial statements.

The Charity has one wholly owned subsidiary, Motability Enterprises Limited, about which further details are given in Note 2 to the financial statements.

The Motability Tenth Anniversary Trust (MTAT) is a separate independent charity that was set up to provide long-term support to Motability. MTAT closed on 31 March 2020 when it donated its net assets to the Motability Foundation and an application to dissolve MTAT is currently in progress.

### **Scheme Oversight Committee**

The purpose of the Scheme Oversight Committee (SOC) is primarily to ensure effective oversight by Motability of the performance and financial position of the Motability Scheme, and to report to the Board of Governors on a regular basis.

The SOC comprises four Governors who have appropriate skills and experience in relation to the oversight of the Motability Scheme. The Committee meets quarterly and is supported by senior management of both Motability and Motability Operations.

The Committee was chaired during the year by Ed Humpherson. The other Governors serving in the Committee are David Hunter, Dr Stephen Duckworth OBE (retired 6 July 2021) and Professor Mala Rao OBE.

### **Grant-Making Committee**

The Committee reviews Motability's grants policies and oversees the administration of Charitable Operations to ensure that it delivers value for money and a high level of customer service to meet the needs of beneficiaries. The Grant-Making Committee comprises three Governors and was chaired during the year by Charles Manby before Robin Hindle Fisher became Chair on 8 March 2021. Other Governors serving in the Committee are Cheryl Ward and Dr Juliana Onwumere. Lord Kevin Shinkwin (retired 16 September 2021) retired from the Committee on 2 March 2021.

### **Audit and Risk Committee**

The Audit and Risk Committee (ARC) is responsible for the oversight of Risk Assessment, Risk Management and Internal Controls. 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 ARC comprises four Governors. The Committee was chaired during the year by the Honorary Treasurer, David

Hunter. The other Governors serving in the Committee are Dr Stephen Duckworth OBE (retired 6 July 2021), Professor William Webb and Richard Cartwright ACA (appointed 10 December 2020).

### **Investment Committee**

Following the receipt of the Motability Operations Endowment donation in September 2019, a joint investment committee – the Motability and Motability Foundation Investment Committee – was established. The Investment Committee appoints, monitors and can remove investment managers in pursuit of the investment strategy contained within the investment policy.

The Committee is chaired by Charles Manby, and the other Governors serving in the Committee are David Hunter and Robin Hindle Fisher (appointed 10 December 2020). The Committee has two other independent external members, David Pritchard and Peter Oppenheimer (appointed 10 June 2020).

## Remuneration Committee

The primary purpose of the Remuneration Committee is to review the remuneration of the Chief Executive, Directors, and key executive employees, as well as the employee pay and benefits strategy.

The Remuneration Committee comprises three Governors and is currently chaired by the Chairman, Charles Manby, supported by Cheryl Ward and Richard Cartwright (appointed 10 December 2020).

## Nomination Committee

The Committee identifies and recommends the appointment of new Governors, evaluating the balance of skills, knowledge and diversity on the Board, and considers all candidates based on merit and against objective criteria. The Committee also recommends the appointment of the Chief Executive and Directors to the Board of Governors.

The Nomination Committee comprises four Governors and is chaired by the Chairman of Motability, Charles Manby. The other Governors serving in the Committee are Ed Humpherson, Professor Mala Rao and Lord Kevin Shinkwin (retired 16 September 2021).

## The Chief Executive Officer

The Chief Executive Officer is responsible for the day-to-day management of the Charity's affairs and the relationships with stakeholders, including Government, Motability Operations and Regulators.

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

The current Chief Executive Officer is Barry Le Grys MBE.

## Governance Review

Governance is reviewed internally on an annual basis and measured against the principles of the Charity Governance Code. An independent review is commissioned to report in 2021 which will focus upon Board effectiveness.

## National Audit Office

NAO statutory access rights to Motability and Motability Operations granted as part of our agreement with the Chief Secretary to HM Treasury have expired.

## Companies Act 2006

Companies are required to include a statement in their strategic report of how directors have complied with their duty to have regard to the matters in Section 172 (1) (a)-(f) of the Companies Act 2006 ('the Act'). Motability does not have to report against Section 172 but considers it good practice. One of the key clauses is the need to act fairly as between members of the company. We listen to, and engage effectively with, our wide variety of stakeholders on whom the future success of Motability depends, including service users, supporters, employees and suppliers, to ensure responsible decisions are made. This helps us ensure that any decisions are sustainable in the long term and do not disproportionately affect any single stakeholder group.

To this end, the Board notes the key decisions and considerations it has made during the year to March 2021, and our relationships with key stakeholders, in the tables on the following page:

## SIGNIFICANT DECISIONS

Significant Decision	Section 172 Matter Affected	Action
Intent to make grants at 2019/20 levels despite COVID-19 pandemic uncertainties.	Relationship with beneficiaries and suppliers.	The Charity surveyed beneficiaries and consulted our suppliers, leading to a determined effort to administer as many grants as possible under Government-imposed restrictions across the UK.
Increased financial envelope for 2021/22 despite COVID-19 pandemic uncertainties.	Relationship with beneficiaries and suppliers.	The Charity surveyed beneficiaries and consulted our suppliers, leading to a scenario-based plan to reach as many beneficiaries as possible, including those deferred and / or prevented from applying by their condition and / or circumstance during the COVID-19 pandemic.
Special Grant to Family Fund to be upgraded from a pilot to programme status.	Relationship with a partner charity and beneficiaries.	Endorsed by public consultation and the Department for Work and Pensions, we increased financial support to the Family Fund Mobility Support project to assist more families with severely disabled children ineligible to join the Motability Scheme.
Independent review of Motability Operations Economic Capital Model commissioned.	Long-term sustainability of the Motability Scheme for use by beneficiaries.	The major way in which Motability assists disabled people with mobility is by contracting and overseeing Motability Operations to deliver the Motability Scheme. Capital is vital to funding the Scheme. This review confirmed that the amount of capital required is calculated appropriately and some risk appetite decision making can be developed further.
Digital platform technology and all contents to be overhauled.	Communications with beneficiaries and stakeholders.	Consultation with disabled people advisory bodies and interest groups identified limitations with our digital communications. Overhauling the platform and contents will enable this to be improved significantly.
Top two priorities for Innovation to be amplifying the voices of disabled people and expanding research into community and door-to-door transport.	Design of longer-term programmes and projects to assist disabled people.	Extensive research and consultation with a wide range of disability and transport organisations led to these two priorities. The Charity wishes to ensure that decision makers hear the voices of disabled people and know 'what works' when important decisions are made relating to transport and mobility. The Charity wishes to be a catalyst for solutions to the research findings that millions of disabled people cannot drive and find public transport inaccessible.



## KEY STAKEHOLDERS

Key stakeholder and why they are important to our success	How we engage	Where to find key highlights of 2020/21 and further information in this report
UK and Scottish Governments: The major way in which Motability assists disabled people with mobility is by contracting and overseeing Motability Operations to deliver the Motability Scheme. The transfer of Government benefits and VAT status for the Scheme are under the authority of the UK and Scottish Governments.	We have formal quarterly meetings at Director level for all parties and routine engagement below this level. Memorandums of Understanding and Agreements are reviewed regularly for operational purposes.	Motability Scheme on page 26.
Motability Operations: The major way in which Motability assists disabled people with mobility is by contracting and overseeing Motability Operations to deliver the Motability Scheme.	There is a performance framework in place: monthly reporting against KPIs; quarterly Scheme Oversight Committee meets; analysis of customer research and surveys. Motability Operations Directors brief the Motability Board quarterly. Motability attend specific Motability Operations governance committees. The senior management of Motability and Motability Operations are routinely in dialogue.	Motability Scheme on page 26.
Beneficiaries and Potential Beneficiaries: As a charity, Motability must always act within its charitable object in the best interests of its beneficiaries, who are all disabled people in need of assistance with their personal transportation.	Motability continually surveys the beneficiary experience of grant-making. Our Innovation team conducts extensive research and consultation with disabled people and disability organisations, as well as our own frontline staff, to better understand what mobility problems disabled people are facing and what solutions would assist them.	Grant-Making on page 34. Innovation on page 56.
Vehicle adaptation manufacturers: Our Motability Scheme-related grants are dependent on their products.	Motability provides regular briefings to manufacturers and works closely with the adaptations department of Motability Operations for delivery matters.	Grant-Making on page 34.
Access to Mobility and Special Grant Partners: Working with other charities increases the range and reach of how we support our disabled beneficiaries.	Motability has contractual arrangements with other parties to deliver services for beneficiaries and each includes a performance framework enabling evaluation and learning for developing assistance to meet beneficiary needs.	Grant-Making on page 34.
Employees: Motability has two key resources; funds and its people. The skills and endeavour of employees are vital to our achievements.	Motability conducts staff surveys and maintains several internal media channels for employees. There are health and wellbeing, talent development and blended working programmes.	Our People on page 61.
Regulators: Motability is regulated by the Charity Commission, the Office of the Scottish Charity Regulator, the Financial Conduct Authority and Information Commissioner's Office. The correct relationship with regulators ensures good governance and practice.	Motability is fully compliant with all reporting requirements.	Control and Assurance on page 65.

## 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 FRS 102, 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, updated in 2019.

The Governors are responsible for the maintenance and integrity of the Charity and financial information included on the Charity's website, [motability.org.uk](http://motability.org.uk). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The systems of internal control follow Charity Commission Guidelines (CC8), designed to provide reasonable but not absolute assurance against material misstatement or loss.

They include:

- 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

**By Order of the Board**  
**Charles Manby MBE**  
**Chairman**  
**27 July 2021**











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

for the year ended 31 March 2021

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

## Opinion on the financial statements

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 March 2021 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; and
- Have been prepared in accordance with the requirements of the Charities Act 2011 and Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 & 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010

We have audited the financial statements of Motability ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, statement of financial activities (Charity only) the balance sheet (Group and Charity), the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. 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 Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed,

we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our Auditor's report thereon. The other information comprises the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 this regard.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 require us to report to you if, in our opinion;

- The information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- Proper 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.

### Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities and Corporate Governance, 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 determines 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 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts 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.

### Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Group and the sector in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We considered the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error, the Group's compliance with laws and regulations that have a direct impact on the financial statements such as the Charities Act 2011 and other laws and regulations applicable to the Group such as employment law, taxation legislation, data protection, health and safety legislation, and Financial Conduct Authority regulation. We considered financial performance, key performance indicators and other performance targets. We also considered the risks of non-compliance with requirements imposed by the Charity Commission, and other regulators, and we considered the extent to which non-compliance

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

might have a material effect on the Group financial statements.

We also communicated relevant identified laws and regulations, potential fraud risks and that there were no known matters of significant non-compliance with laws and regulations, to all engagement team members including internal specialists audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

As a result of these procedures we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: income recognition, expenditure, grant payments and investments valuation.

### Our tests included:

- Agreeing the financial statement disclosures complied with applicable legislation
- Enquiries of the Audit and Risk Committee, management and internal audit, review of minutes of meetings of those charged with governance
- Reviewing correspondence with HMRC
- Audit testing a sample of expenditure and grant awards, ensuring these have been made in accordance with authority limits, award letters and internal control procedures
- Challenging assumptions made by management in their significant accounting estimates, in particular in relation to the PIP provision

- Enquiries of third parties, where information from that third party has been used by the Group in the preparation of the financial statements, particularly including investment manager and custodians confirmations of year-end valuations and investment holdings
- Testing of IT general controls
- Review of supplier statement reconciliations and controls over supplier data change
- Performed audit procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud

As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluations, whether there was evidence of bias in accounting estimates by management or the Board that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial

statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

### Use of our report

This report is made solely to the Charity's Trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. 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.

### BDO LLP London

Statutory Auditor

London, United Kingdom

Date: 28 July 2021

*BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006. BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).*



# Financial Statements

for the year ended 31 March 2021

# Consolidated Statement of Financial Activities

for the year ended 31 March 2021

		Unrestricted	Restricted	Endowment		Unrestricted	Restricted	Endowment	Restated
		Funds	Funds	Fund	Total	Funds	Funds	Fund	Total
		2021	2021	2021	2021	2020	2020	2020	2020
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and Endowments from:</b>									
Voluntary Fundraising Income		92	-	-	92	65	2	-	67
The Motability Tenth Anniversary Trust Donations		-	-	-	-	58	(5,768)	201,161	195,451
Motability Operations Donations		-	-	-	-	-	-	852,345	852,345
<b>Donations and Legacies</b>		<b>92</b>	<b>-</b>	<b>-</b>	<b>92</b>	<b>123</b>	<b>(5,766)</b>	<b>1,053,506</b>	<b>1,047,863</b>
<b>Other Trading Activities</b>		<b>423</b>	<b>-</b>	<b>-</b>	<b>423</b>	<b>467</b>	<b>-</b>	<b>-</b>	<b>467</b>
Bank Interest Receivable		63	9	146	218	481	59	117	657
Investment Income		804	217	7,929	8,950	1,906	968	2,420	5,294
<b>Income from Investments</b>		<b>867</b>	<b>226</b>	<b>8,075</b>	<b>9,168</b>	<b>2,387</b>	<b>1,027</b>	<b>2,537</b>	<b>5,951</b>
Other Income		508	-	-	508	-	-	-	-
<b>Total Income and Endowments</b>		<b>1,890</b>	<b>226</b>	<b>8,075</b>	<b>10,191</b>	<b>2,977</b>	<b>(4,739)</b>	<b>1,056,043</b>	<b>1,054,281</b>
<b>Expenditure on:</b>									
<b>Raising Funds</b>	4	<b>614</b>	<b>25</b>	<b>6,263</b>	<b>6,902</b>	<b>629</b>	<b>81</b>	<b>694</b>	<b>1,404</b>
<b>Charitable Expenditure</b>	3,4	<b>54,998</b>	<b>57</b>	<b>-</b>	<b>55,055</b>	<b>38,421</b>	<b>34,752</b>	<b>-</b>	<b>73,173</b>
<b>Net (Expenditure) / Income Before Gains / (Losses) on Investments</b>		<b>(53,722)</b>	<b>144</b>	<b>1,812</b>	<b>(51,766)</b>	<b>(36,073)</b>	<b>(39,572)</b>	<b>1,055,349</b>	<b>979,704</b>
Net Gains / (Losses) on Investments	10	1,166	11	140,995	142,172	696	(562)	(44,338)	(44,204)
<b>Net (Expenditure) / Income</b>		<b>(52,556)</b>	<b>155</b>	<b>142,807</b>	<b>90,406</b>	<b>(35,377)</b>	<b>(40,134)</b>	<b>1,011,011</b>	<b>935,500</b>
<b>Transfer Between Funds</b>		<b>15</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>(25,665)</b>	<b>25,665</b>	<b>-</b>	<b>-</b>
<b>Other Realised Gains and Losses:</b>									
Actuarial (Loss) / Gain on Defined Benefit Pension Scheme	19	(3,147)	-	-	(3,147)	(216)	3,460	-	3,244
<b>Other Realised (Losses) / Gains</b>		<b>(3,147)</b>	<b>-</b>	<b>-</b>	<b>(3,147)</b>	<b>(216)</b>	<b>3,460</b>	<b>-</b>	<b>3,244</b>
<b>Net Movement in Funds</b>		<b>(55,688)</b>	<b>140</b>	<b>142,807</b>	<b>87,259</b>	<b>(61,258)</b>	<b>(11,009)</b>	<b>1,011,011</b>	<b>938,744</b>
<b>Reconciliation of Funds:</b>									
Fund Balances Brought Forward 1 April		384,992	41,114	1,011,011	1,437,117	446,250	52,123	-	498,373
<b>Fund Balances Carried Forward 31 March</b>	15-17	<b>329,304</b>	<b>41,254</b>	<b>1,153,818</b>	<b>1,524,376</b>	<b>384,992</b>	<b>41,114</b>	<b>1,011,011</b>	<b>1,437,117</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 96 to 127 form an integral part of the financial statements.

All the Group's financial activities in this and the prior year were continuing.

The Endowment column represents the financial activities of the Motability Endowment Trust ("The Foundation").

The treatment for grants made to War Pensioners has been changed to that of an Agency arrangement for 2020/21, and the prior year War Pensioners comparative has been amended to reflect this change. Please see Note 18 for further details.

# Statement of Financial Activities (Charity Only)

for the year ended 31 March 2021

		Unrestricted	Restricted	Endowment		Unrestricted	Restated Restricted	Endowment	Restated
		Funds	Funds	Fund	Total	Funds	Funds	Fund	Total
		2021	2021	2021	2021	2020	2020	2020	2020
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and Endowments from:</b>									
Voluntary Fundraising Income		353	-	-	353	399	2	-	401
The Motability Tenth Anniversary Trust Donations		-	-	-	-	58	(5,768)	201,161	195,451
Motability Operations Donations		-	-	-	-	-	-	852,345	852,345
<b>Donations and Legacies</b>		<b>353</b>	<b>-</b>	<b>-</b>	<b>353</b>	<b>457</b>	<b>(5,766)</b>	<b>1,053,506</b>	<b>1,048,197</b>
Bank Interest Receivable		63	9	146	218	479	59	117	655
Investment Income		804	217	7,929	8,950	1,906	968	2,420	5,294
<b>Income from Investments</b>		<b>867</b>	<b>226</b>	<b>8,075</b>	<b>9,168</b>	<b>2,385</b>	<b>1,027</b>	<b>2,537</b>	<b>5,949</b>
Other Income		518	-	-	518	-	-	-	-
<b>Total Income and Endowments</b>		<b>1,738</b>	<b>226</b>	<b>8,075</b>	<b>10,039</b>	<b>2,842</b>	<b>(4,739)</b>	<b>1,056,043</b>	<b>1,054,146</b>
<b>Expenditure on:</b>									
<b>Raising Funds</b>		<b>462</b>	<b>25</b>	<b>6,263</b>	<b>6,750</b>	<b>494</b>	<b>81</b>	<b>694</b>	<b>1,269</b>
<b>Charitable Expenditure</b>	4	<b>54,998</b>	<b>57</b>	<b>-</b>	<b>55,055</b>	<b>38,421</b>	<b>34,752</b>	<b>-</b>	<b>73,173</b>
<b>Net (Expenditure) / Income Before Gains / (Losses) on Investments</b>		<b>(53,722)</b>	<b>144</b>	<b>1,812</b>	<b>(51,766)</b>	<b>(36,073)</b>	<b>(39,572)</b>	<b>1,055,349</b>	<b>979,704</b>
Net Gains / (Losses) on Investments	10	1,166	11	140,995	142,172	696	(562)	(44,338)	(44,204)
<b>Net (Expenditure) / Income</b>		<b>(52,556)</b>	<b>155</b>	<b>142,807</b>	<b>90,406</b>	<b>(35,377)</b>	<b>(40,134)</b>	<b>1,011,011</b>	<b>935,500</b>
<b>Transfer Between Funds</b>		<b>15</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>(25,665)</b>	<b>25,665</b>	<b>-</b>	<b>-</b>
<b>Other Realised Gains and Losses:</b>									
Actuarial (Loss) / Gain on Defined Benefit Pension Scheme	19	(3,147)	-	-	(3,147)	(216)	3,460	-	3,244
<b>Other Realised (Losses) / Gains</b>		<b>(3,147)</b>	<b>-</b>	<b>-</b>	<b>(3,147)</b>	<b>(216)</b>	<b>3,460</b>	<b>-</b>	<b>3,244</b>
<b>Net Movement in Funds</b>		<b>(55,688)</b>	<b>140</b>	<b>142,807</b>	<b>87,259</b>	<b>(61,258)</b>	<b>(11,009)</b>	<b>1,011,011</b>	<b>938,744</b>
<b>Reconciliation of Funds:</b>									
Fund Balances Brought Forward 1 April		384,977	41,114	1,011,011	1,437,102	446,235	52,123	-	498,358
<b>Fund Balances Carried Forward 31 March</b>	15-17	<b>329,289</b>	<b>41,254</b>	<b>1,153,818</b>	<b>1,524,361</b>	<b>384,977</b>	<b>41,114</b>	<b>1,011,011</b>	<b>1,437,102</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 96 to 127 form an integral part of the financial statements.

All the Charity's financial activities in this and the prior year were continuing.

The Endowment column represents the financial activities of the Motability Endowment Trust ("The Foundation").

The treatment for grants made to War Pensioners has been changed to that of an Agency arrangement for 2020/21, and the prior year War Pensioners comparative has been amended to reflect this change. Please see Note 18 for further details.

# Balance Sheet (Group and Charity)

as at 31 March 2021

	Note	Group 2021 £'000	Restated Group 2020 £'000	Charity 2021 £'000	Restated Charity 2020 £'000
Tangible Fixed Assets	8	2,797	2,728	2,797	2,728
Fixed Asset Investments	10	1,367,973	1,240,409	1,367,973	1,240,409
<b>Non Current Assets</b>		<b>1,370,770</b>	<b>1,243,137</b>	<b>1,370,770</b>	<b>1,243,137</b>
<b>Current Assets:</b>					
Debtors	9	4,036	4,240	4,252	4,518
Current Asset Investments	10	-	-	-	-
Short-Term Deposits	10	160,003	-	160,003	-
Cash		29,241	235,384	28,962	235,078
<b>Current Assets Total</b>		<b>193,280</b>	<b>239,624</b>	<b>193,217</b>	<b>239,596</b>
Creditors: Amounts falling due in one year	11	(34,258)	(39,531)	(34,210)	(39,518)
<b>Total Assets less Current Liabilities</b>		<b>1,529,792</b>	<b>1,443,230</b>	<b>1,529,777</b>	<b>1,443,215</b>
Creditors: Amounts falling due after one year	13	(50)	(69)	(50)	(69)
Provisions	12	(2,734)	(6,044)	(2,734)	(6,044)
<b>Net Assets Excluding Pension Liability</b>		<b>1,527,008</b>	<b>1,437,117</b>	<b>1,526,993</b>	<b>1,437,102</b>
Pension Liability	19	(2,632)	-	(2,632)	-
<b>Total Net Assets</b>		<b>1,524,376</b>	<b>1,437,117</b>	<b>1,524,361</b>	<b>1,437,102</b>
<b>Represented By:</b>					
<b>Endowment Funds</b>	<b>17</b>	<b>1,153,818</b>	<b>1,011,011</b>	<b>1,153,818</b>	<b>1,011,011</b>
<b>Restricted Funds</b>	<b>15</b>	<b>41,254</b>	<b>41,114</b>	<b>41,254</b>	<b>41,114</b>
<b>Unrestricted Funds</b>	<b>16</b>	<b>329,304</b>	<b>384,992</b>	<b>329,289</b>	<b>384,977</b>
<b>Total Funds</b>		<b>1,524,376</b>	<b>1,437,117</b>	<b>1,524,361</b>	<b>1,437,102</b>

The Notes on pages 96 to 127 form an integral part of the financial statements. The financial statements on pages 92 and 93 were approved and authorised for issue by the Board of Governors on 27 July 2021 and were signed on its behalf by:

Charles Manby MBE, Chairman  
David Hunter FCA, Hon. Treasurer

The Endowment Funds balance refers to the Motability Endowment Trust ("The Foundation").

The treatment for grants made to War Pensioners has been changed to that of an Agency arrangement for 2020/21, and the prior year War Pensioners comparative has been amended to reflect this change. Please see Note 18 for further details.



# Consolidated Cash Flow Statement

for the year ended 31 March 2021

	Group 2021 £'000	Restated Group 2020 £'000
<b>Net Income for the year (as per the Statement of Financial Activities)</b>	<b>90,406</b>	<b>935,500</b>
<b>Adjustments to Exclude Non-Cash Items:</b>		
FRS 102 Pension Adjustment	(515)	(456)
(Decrease) / Increase in Debtors	204	11,379
(Increase) / Decrease in Authorised Grants Awaiting Payment	(4,019)	13,072
(Increase) / Decrease in Creditors: Amounts Falling Due Within One Year	(1,254)	530
(Increase) in Creditors: Amounts Falling Due After One Year	(19)	(28)
Decrease in Provisions	(3,310)	(10,282)
Movement in Tangible Fixed Assets	819	746
Loss on Disposal of Fixed Assets	466	17
<b>Adjustment to Exclude Investment Income and Expenditure:</b>		
Investment Income	(6,570)	(2,239)
Interest Income	(218)	(657)
Adjustment for gains and losses on investments	(139,241)	44,204
Receipt of Donated Assets	-	(191,970)
Receipt of Expendable Endowment	-	(861,536)
Receipt of Endowment Donations	-	(1,053,506)
<b>Net Cash Flows from Operating Activities</b>	<b>(63,251)</b>	<b>(61,720)</b>
<b>Cash Flows from Investing Activities:</b>		
Interest Receivable	218	657
Investment Income	6,570	2,239
Sales of Fixed Asset Investments	612,853	407,336
(Increase) / Decrease in Fixed / Current Asset Investments	-	437,060
Gross Investment Sales	10 612,853	844,396
Gross Investment Purchases	10 (519,899)	(802,358)
Endowment Cash to Portfolio - Purchases	10 -	(727,345)
(Increase) / Decrease in Short-Term Deposits	(160,003)	1,000
(Increase) in Fixed Asset Investment Cash	(80,999)	-
Purchase of Tangible Fixed Assets	(1,354)	(1,121)
<b>Net Cash Flows from Investing Activities</b>	<b>(142,614)</b>	<b>(682,532)</b>
<b>Net Cash Flows from Financing Activities:</b>		
Receipt of Expendable Endowment:		
- Motability Operations Donations	-	852,345
- MTAT Cash at Bank	-	2,469
- MTAT Cash held by Fund Managers	-	6,722
<b>Net Cash Flows from Financing Activities</b>	<b>-</b>	<b>861,536</b>
Change in Cash and Cash Equivalents in the Year	(205,865)	117,284
Cash and Cash Equivalent Brought Forward	235,384	118,100
Change in Cash and Cash Equivalents due to exchange rate movements	(278)	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>29,241</b>	<b>235,384</b>
<b>Analysis of cash and cash equivalents</b>		
Cash	29,241	235,384
<b>Cash and cash equivalents</b>	<b>29,241</b>	<b>235,384</b>
<b>Analysis of Changes in Net Debt</b>		
Cash in hand	29,241	235,384
Notice Deposits (less than 3 months)	160,003	-
<b>Total Net Debt</b>	<b>189,244</b>	<b>235,384</b>

Current Asset Investments are money market funds normally with an average duration of three months or more.  
The Notes on pages 96 to 127 form an integral part of the financial statements.

# Notes to the Financial Statements

## 1. Accounting Policies

### A. Corporate and charitable status

Motability is a public benefit entity incorporated by Royal Charter and registered with the Charity Commission, Charity no. 299745, in England and Wales, and Charity no. SC050642 in Scotland.

### B. Consolidation

Group financial statements have been prepared in respect of Motability and its wholly owned subsidiary, Motability Enterprises Limited.

Motability is the sole corporate Trustee of the Motability Endowment Trust (the “Foundation”) which shares Motability’s registered charity number (with the suffix ‘-1’) and has the same charitable objects. The assets and liabilities of the Foundation have been included with those of the Charity on a line-by-line basis and included in the column ‘Endowment’ where appropriate. This fulfils the requirement to show the accounts of a linked charity as Motability’s only Endowment assets, liabilities and activities are those of the Foundation.

The Foundation supports Motability’s charitable purposes through the returns The Foundation earns on its assets. As a new foundation, the principal activity during the year was

investing in appropriate and diversified assets so as to obtain a long-term return of RPI+4%.

Motability Enterprises Limited (MEL) is incorporated in the United Kingdom and registered in England and Wales. MEL’s financial statements have been consolidated with those of the Charity on a line-by-line basis. The principal activity of MEL during the year was the raising of funds for the Charity by commission received from home and travel insurance partners.

The net assets of the Motability Tenth Anniversary Trust were transferred to the Motability Endowment Trust on 31 March 2020.

The 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: 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 (FRS102) effective 1 January 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from

1 April 2005 which has since been withdrawn.

Motability, as the parent charity, has taken the qualifying entity exemption under FRS 102 from preparing its own Cash Flow Statement.

The most significant areas of judgement in applying these accounting policies to the financial statements are deemed to be in relation to the valuation of investments and the calculation of the Personal Independence Payments Transitional Support Programme future grant commitments (the PIP provision) as set out below in Note P.

The financial statements have been prepared in pounds sterling, which is the functional currency of Motability and its subsidiary. Monetary amounts in these financial statements are rounded to the nearest £’000.

### C. Going Concern COVID-19 pandemic

The Governors have considered forecasts and spending plans for the Charity and the impact on those of the COVID-19 pandemic for a period of at least 12 months from the signing of the accounts. More information is given in the Governors’ Report on page 79.

The impact of the COVID-19 pandemic on the accounting policies and estimates adopted in the financial statements has been considered, in particular, grant recognition and asset valuation. For grants, the principal effect of public policy and beneficiary behaviours has been to reduce the volume of grant applications and thus grants awarded, as shown by the fall in charitable expenditure in the financial results for the year.

The COVID-19 pandemic has reduced the likelihood of grants being claimed in the short term and contact with beneficiaries confirms that this is a delay rather than a change of intent to claim. Therefore, grant commitments made in the year and outstanding at 31 March 2021 are stated at their full value.

For investments, the economic impact (either positive or negative) of the COVID-19 pandemic on a financial asset will be reflected in that asset's fair value. Motability's and the Foundation's investments are stated at fair value at 31 March 2021.

The Endowment of the Foundation is expendable, although the current policy of the Trustee is, where possible, to invest the assets of the Foundation to retain the real value of the Endowment while also generating

sufficient return, so as to maintain and enhance the stability and scale of grant-making and other charitable activities as may be determined from time to time by the Trustee.

As noted in the financial review section of the Annual Report for the year ended 31 March 2021, Motability has reviewed its future spending plans in five-year scenarios to allow for differing levels of future donations from Motability Operations and income generated by the Foundation's Endowment, and differing spend rates. Motability has on hand some £329 million in general funds and £41.3 million in restricted funds. These sums include £160 million in cash deposits and a further £173 million in money market funds. Motability will seek to maintain core spending on beneficiaries and will curtail discretionary grant programmes where necessary to achieve this end. Motability's future financial plans, budgets, reserves levels and cash flow forecasts for a period of more than 12 months from the date of the signature of the accounts have been prepared by management and reviewed by the Governors. On this basis, the Governors believe that the going concern assumption continues to be an appropriate basis on which to prepare these statements.

#### D. 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 (at probate), the amount can be quantified with reasonable certainty and when it is probable the income will be received
- Gift Aid income is recognised on an accruals basis when the receipt and value are both certain
- Interest is recognised when receivable and the amount can be measured reliably by the Charity. This is normally upon notification of the interest paid or payable by the bank
- Dividends are recognised once the dividend has been declared and notification has been received of the dividend due

Note: Motability administers grants for disabled people on behalf of Veterans UK. However, in this respect, Motability is acting as a conduit – please see Note 18 for further details. As a result, Motability does not treat these grants as income.

#### E. Expenditure

Expenditure is recognised once there is a legal or constructive obligation

## Notes to the Financial Statements cont.

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:

- ‘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.
- ‘Charitable Expenditure’ includes direct charitable expenditure, grants and directly attributable costs including central overheads such as relevant staff costs.
- ‘Grants to Individuals’ and ‘Grants to Institutions’ are recognised when they have been approved, to the extent that a legal or constructive obligation exists to provide the services agreed, except to the extent that they are subject to conditions that enable the Charity to revoke the award
- Grant expenditure on ‘Driving lesson support’ 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
- Stopped Allowance Support become payable upon the return of cars on the scheme

- ‘Governance costs’ include audit fees, legal advice for Governors relating to the financial management of the Charity and compliance with constitutional and statutory requirements, and are part of the total support costs of the Charity. These are allocated as part of non-directly attributable support costs as described below.
- ‘Allocated Support Costs’ and ‘Governance Costs’ are allocated on the ratio of the expenditure for the programme as a percentage of the total.

Staff costs comprise salaries and social security contributions, contributions to the Charity’s defined contribution scheme and the charge to the Statement of Financial Activities (SoFA) in respect of the defined benefits pension scheme. Any annual leave that an employee has accrued but not yet taken as at 31 March is calculated at the pro-rata cost of these days. The cost is included within the SoFA, with a corresponding liability shown as falling due within one year.

Termination benefits may occur where the Charity has agreed to terminate the employment of an employee and are included within the financial statements when the payment has been formally agreed or a detailed formal plan for the termination from

which the Charity is realistically unable to withdraw exists. The amount of termination benefit shown is either the amount agreed or paid, or the Charity’s best estimate of the expenditure required to settle the obligation.

Motability administers grants for disabled people on behalf of Veterans UK. However, in this respect, Motability is acting as a conduit – please see Note 18 for further details. As a result, Motability does not treat these grants as expenditure.

### F. Tangible Fixed Assets

Assets are included on the balance sheet at cumulative historical cost less depreciation and any impairments in accordance with FRS 102. The cost of Tangible Fixed Assets is their purchase price including associated costs such as taxes and legal fees, together with any costs directly attributable to bringing the asset into working condition for its intended use; and subsequent dilapidations or decommissioning costs anticipated which are provided for. Assets in the course of construction are stated at cost and are not depreciated until available for use. Expenditure on fixed assets is capitalised, where individual items cost £1,000 or more. 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

Capital commitments as at 31 March 2021 are disclosed in Note 8.

#### **G. Financial Assets and Liabilities including Investments**

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are measured at their transaction price (including transaction costs) except for quoted investments which are held at fair value through the SoFA and financing transactions which are held at the present value of the future payments discounted at a market rate of interest for a similar debt instrument through the SoFA.

The majority of the Charity and Group's financial assets and financial liabilities are 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 the SoFA.

The Charity and Group also hold a smaller amount of unquoted investments, which are valued at the best estimate of fair value as follows:

- Pooled investments are stated at fair value, the basis of fair value being the market value of the underlying investments held. These valuations are provided by the fund managers and are subject either to independent valuation or annual audit.
- Unquoted hedge funds are valued by reference to the market value of their underlying investments. These valuations are provided by the third-party hedge fund administrators.
- Private equity investments are held through funds managed by private equity groups. As there is no identifiable market price for private equity funds, these funds are included at the most recent valuations from the private equity groups where:
  - The private equity group provides a fair value that complies with the International Private Equity and Venture Capital Valuation Guidelines; or
  - The private equity group provides valuations that comply with International Financial Reporting

Standards or US GAAP, the equivalent to UK GAAP

- Where a valuation is not available at the balance sheet date, the most recent valuation from the private equity group is used, adjusted for cash flows and foreign exchange movements and any impairment between the most recent valuation and the balance sheet date
- Derivative financial instruments. Managers of segregated funds may enter into derivatives as part of their portfolio risk management, fair values of these derivatives are provided by the fund managers.

Investment in the subsidiary Motability Enterprises Limited is unquoted and held at cost less impairment.

Net realised and unrealised gains and losses on investments are recognised within the SoFA. Gains and losses are realised when an investment is disposed of in the year. Unrealised gains and losses arise on the revaluation of investments to fair value at the balance sheet date.

Transactions denominated in foreign currency are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate ruling at the balance

## Notes to the Financial Statements cont.

sheet date. All gains and losses on exchange, realised and unrealised, are included in the appropriate income or expenditure category in the SoFA.

### H. Fund Accounting

Expendable Endowment funds are held and invested to provide a return to support general funds expenditure on Motability's objects. The capital of the Endowment may be spent. Given the importance of the regular returns expected to be received from the Endowment in order to support grant-making in years of low or no donations from Motability Operations, the Governors aim to preserve the real value of the capital and the return on it over the long term. They have determined that the Endowment's capital should only be spent in exceptional circumstances such as a 'once in a life time' opportunity to make a permanent systemic improvement to the transport opportunities for all disabled people.

Restricted funds are funds subject to specific restrictions imposed by the donor. These funds are held by Motability until spent in accordance with the terms of the donation. Unrestricted funds comprise the accumulated movement on funds available for use at the absolute discretion of the Governors. Unrestricted funds may be transferred

to a restricted fund in order to support that specific activity. Any transfer between funds requires the approval of the Audit and Risk Committee.

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.

### I. Pension Costs

The Charity operates a defined benefit pension scheme for certain employees. The amounts charged to the SoFA are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailment. They are included as part of staff costs.

The net interest cost on the defined benefit liability is charged to the SoFA and included within support costs. Re-measurement 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 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.

### J. Leases

As there are no finance leases, all 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.

#### **K. Transitional Support Programme Grants**

In 2013 the DWP announced that Personal Independence Payment (PIP) would replace Disability Living Allowance (DLA) as a disability benefit as part of the Welfare Reform changes. PIP has different qualification criteria compared with DLA and it was immediately apparent that large numbers of scheme customers would lose eligibility to the scheme when they failed to transition to the qualifying Higher Rate Mobility Component of PIP.

That year, Motability therefore announced that it would provide financial assistance to help customers to sustain their mobility 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 affected customers returning their vehicles in an acceptable condition, and within the designated time period, Motability provides a support payment of £2,000 for customers where the customer originally joined the scheme before 31 December 2012 and £1,000 for customers who joined the scheme

during 2013. These payments are reduced to £500 and £250 respectively where customers opt for an extended vehicle retention period of 26 weeks.

In order to ensure the most effective use of the available funds, Governors review all aspects of the support package in the autumn of every year, taking account of customer feedback, economic circumstances and any possible changes the Government may be making to PIP at that time. The last assessment was in December 2020 and the next assessment will be in December 2021. This annual review also seeks to: estimate future expenditure so as to provide comfort to the Governors that the estimated sum is affordable; to inform the Governors as to overall spending commitments for the Charity; and for the Governors to confirm that they wish to continue to support the programme.

Management believe that a reasonable estimate of the constructive economic obligation as at the end of each financial year can be established, and have accounted for this by way of a provision. The provision estimate recognises that there is a 16-month commitment from the balance sheet date for providing the current level of transitional support, i.e. to all qualifying customers who might

leave the scheme by 31 July 2022 (from 2020/21 assessment). This date would allow for communication to customers of any potential changes to the programme in January following the review in the autumn.

Accordingly, 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. This equates to the expenditure expected in the next 16 months. The same methodology has been adopted again this year as it is both appropriate and consistent with previous years. The provision is based on a number of assumptions, of which the major items are:

- 1.** The number and timing of customer DLA to PIP reassessments – the COVID-19 pandemic related disruption since March 2020, when the DWP announced the suspension of all reassessment activity, makes estimating future volumes more difficult this year. The number of

## Notes to the Financial Statements cont.

reassessments has been estimated at 190,000.

**2.** The failure rate – the percentage of customers becoming ineligible for the necessary level of PIP award following reassessment – has been estimated at 25% in line with recent DLA to PIP assessment failure rate experience.

**3.** Weighted average support payment – the average cost of the support payment is assumed at £1,900 per customer, based on an analysis of the existing customer profile.

**4.** The elapsed time to complete a customer assessment – this is estimated at six months from invitation to be assessed for PIP through to payment.

**5.** Customer adherence to payment qualification criteria – the main assumption is the number of customers not returning their vehicles within the allowed time or in the correct condition, who lose eligibility for support, and this is estimated at 5%.

**6.** The proportion of customers who opt for an extended retention period of 26 weeks in return for a reduced payment (£500 or £250). It is currently estimated that two thirds of customers now choose this option.

It is considered that of the above assumptions the one that has the biggest potential impact is

the estimation of future DWP reassessment activity. In order to fund this Transitional Support, Motability Operations has made restricted purpose donations to Motability totalling £175 million. As at the end of the financial year, £133 million has been spent on the programme, of which £3.2 million was spent during the year. The date for the end of the main DLA to PIP programme is difficult to predict, as future caseloads are so uncertain. There will however be an ongoing commitment to “Rising 16s”, who transition from DLA to PIP on their sixteenth birthday, until 2026/27, albeit at low expenditure levels. The balance of funds donated by Motability Operations is held as a restricted fund reserve.

### L. Debtors

Trade and other debtors are recognised at the settlement amount. Investment income owed is accrued at the anticipated receipt value. Prepayments are valued at the amount prepaid net of any trade discounts due.

### M. Current Investments and Cash

Current Asset Investments are money market funds normally with an average duration of three months or more. Where market conditions at the balance sheet date suggest that liquidity is stressed either within the fund or within money markets

and short bond markets more generally, Current Asset Investments may include money market funds with an average duration of less than three months.

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

### N. Creditors

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.

### O. Provisions and contingent liabilities

Provisions are recognised where there is a present obligation as a result of a past event, if it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Under the terms of its office lease the Charity will be required to make good the condition of the property when it leaves. The Dilapidations provision in the accounts is based on a ‘cost of works’ for this work to be carried out.



A provision in respect of the PIP Transitional Support Programme is set out in Accounting Policy Note K.

Where no provision is recognised, contingent liabilities are disclosed in the notes to the financial statements, unless the possibility of a transfer of economic benefits is remote.

#### **P. 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. Other than pension obligations where the actuarial assumptions underlying the pension deficit are set out in Note 19, the Trustees consider the most significant judgements and estimates to be in relation to the PIP Provision as follows:

##### **PIP Provision Judgements**

The underlying assumptions and judgements for the PIP provision have been calculated using a model based on actual information for 2020/21.

The assumptions relating to the PIP Transitional Support Programme are reviewed on an ongoing basis. There is also a Governor annual review of the whole programme 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 most significant change relates to a reduced rate of DWP PIP reassessments. The COVID-19 pandemic related disruption over the past year makes forecasting the year ahead more problematic than usual.

##### **PIP Provision Estimates**

The 16-month provision at the end of 2019/20 was £5.4 million which was based on an estimate that ranged from a low of £1.5 million to a high of £7.4 million. The actual spend for 12 months was within this range for 2020/21 at £3.2 million. The 16-month provision at the end of 2020/21 is £2.1 million, which is based on an estimated range from a low of £0.8 million to a high of £5.6 million. Please see Section K - Accounting for PIP Transitional Grants for further details.

##### **Non-Listed Investment Valuations**

Non-listed investments are valued at the value supplied by the fund

manager as at the year end. Where the value is thought to be significantly impaired then the value is stated at the lower of cost or impaired valuation. The basis of impairments for non-listed investments are arrived at from a review of the general performance of the relevant economy and discussions with the relevant fund manager. There were no impairments in the year.

#### **Q. Taxation**

The charitable members of the Group are exempt from taxation on their income and gains falling within Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to their charitable purposes. The non-charitable subsidiary, although subject to taxation, does not pay UK Corporation Tax because its policy is to donate taxable profits as a qualifying distribution under Deed of Covenant to Motability. Foreign tax incurred on overseas investments is charged as it is incurred.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## Notes to the Financial Statements cont.

### 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 made a qualifying distribution of its trading profits to Motability as a corporate gift aid payment under Deed of Covenant without deduction of tax.

A summary of its trading results extracted from its full accounts is shown below.

The net assets of the subsidiary are £15,000 (2020: £14,576).

	Total 2021 £'000	Total 2020 £'000
<b>Income and Expenditure Account</b>		
Turnover	423	467
Less: Cost of Goods Sold and Other Costs	(55)	(36)
<b>Gross Profit</b>	<b>368</b>	<b>431</b>
Administration Expenses	(107)	(98)
Interest Receivable	-	2
<b>Net Profit</b>	<b>261</b>	<b>335</b>
Gift Aided to Motability	(261)	(335)
<b>Retained in Subsidiary</b>	<b>-</b>	<b>-</b>

### 3. Charitable Expenditure

	Direct	Direct	Allocated			Restated	Restated	Restated	Restated	Restated
	Grants	Charitable	Support	Governance	Total	Direct	Direct	Allocated	Restated	Restated
	2021	Activity	Costs	Costs	Costs	Grants	Activity	Costs	Costs	Costs
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Grants to Individuals:</b>										
Cars and Adaptations	12,317	1,438	1,970	130	15,855	13,770	1,018	1,167	118	16,073
Wheelchair Accessible Vehicles	11,516	1,346	1,841	121	14,824	18,789	1,411	1,618	164	21,982
Complex Driving Solutions	8,165	954	1,305	86	10,510	18,525	1,369	1,570	159	21,623
Driving Lesson Support	1,360	159	217	15	1,751	1,402	104	119	12	1,637
Stopped Allowance Support	2,488	291	398	26	3,203	3,658	-	289	29	3,976
PIP TSP	3,194	373	511	34	4,112	13,671	-	1,079	109	14,859
PIP Additional Transitional Support	171	20	28	2	221	407	30	34	3	474
Access to Work	131	16	21	1	169	26	-	2	-	28
<b>Grants to Individuals:</b>	<b>39,342</b>	<b>4,597</b>	<b>6,291</b>	<b>415</b>	<b>50,645</b>	<b>70,248</b>	<b>3,932</b>	<b>5,878</b>	<b>594</b>	<b>80,652</b>
<b>Grants to Institutions:</b>										
Family Fund (Support Under 3 Year Olds)	2,500	291	400	26	3,217	500	-	39	4	543
Designability (Charging Points)	90	11	14	1	116	-	-	-	-	-
Designability (Wizzybugs)	950	110	152	10	1,222	300	-	24	2	326
Driving Mobility	50	5	8	1	64	-	-	-	-	-
<b>Grants to Institutions:</b>	<b>3,590</b>	<b>417</b>	<b>574</b>	<b>38</b>	<b>4,619</b>	<b>800</b>	<b>-</b>	<b>63</b>	<b>6</b>	<b>869</b>
<b>Grant-Making Awarded before</b>										
<b>Movement in Provision</b>	<b>42,932</b>	<b>5,014</b>	<b>6,865</b>	<b>453</b>	<b>55,264</b>	<b>71,048</b>	<b>3,932</b>	<b>5,941</b>	<b>600</b>	<b>81,521</b>
PIP Provision (Release) / Charge	(3,350)	-	-	-	(3,350)	(10,282)	-	-	-	(10,282)
<b>Motability Funded Grant-Making</b>	<b>39,582</b>	<b>5,014</b>	<b>6,865</b>	<b>453</b>	<b>51,914</b>	<b>60,766</b>	<b>3,932</b>	<b>5,941</b>	<b>600</b>	<b>71,239</b>
<b>Build Awareness</b>	<b>-</b>	<b>1,138</b>	<b>163</b>	<b>11</b>	<b>1,312</b>	<b>-</b>	<b>1,281</b>	<b>101</b>	<b>10</b>	<b>1,392</b>
<b>Innovation</b>	<b>-</b>	<b>603</b>	<b>86</b>	<b>6</b>	<b>695</b>	<b>-</b>	<b>179</b>	<b>15</b>	<b>1</b>	<b>195</b>
<b>Motability Scheme</b>	<b>-</b>	<b>984</b>	<b>141</b>	<b>9</b>	<b>1,134</b>	<b>-</b>	<b>319</b>	<b>25</b>	<b>3</b>	<b>347</b>
<b>Charitable Expenditure</b>	<b>39,582</b>	<b>7,739</b>	<b>7,255</b>	<b>479</b>	<b>55,055</b>	<b>60,766</b>	<b>5,711</b>	<b>6,082</b>	<b>614</b>	<b>73,173</b>

The value of Charitable Expenditure by Activity has been used as the basis for apportionment of the Support and Governance Costs shown above. The release of the PIP provision during 2020 and 2021 results from a reassessment of the assumptions at year end, following actual payment experience during the year.

## Notes to the Financial Statements cont.

### 3. Charitable Expenditure Cont.

<b>Reconciliation of Grants Payable:</b>	2021 £'000	2020 £'000
Commitment at 1 April	32,430	20,376
Commitments made in the year	42,932	71,261
Grants paid during the year	(46,951)	(59,207)
<b>Commitments at 31 March</b>	<b>28,411</b>	<b>32,430</b>
<b>Outstanding Grant Commitments at 31 March are payable as follows:</b>		
	2021 £'000	2020 £'000
Within 1 year (Note 11)	28,411	32,430
<b>Commitment at 31 March</b>	<b>28,411</b>	<b>32,430</b>

The treatment for grants made to War Pensioners has been changed to that of an Agency arrangement for 2020/21, and the prior year War Pensioners comparative has been amended to reflect this change. Please see Note 18 for further details. As such, administrative costs of awarding War Pensioner Grants are no longer itemised and have been absorbed within Grants to Individuals for 2020/21.



## 4. Analysis of Total Expenditure

	Cost of Raising Funds 2021 £'000	Direct Grants 2021 £'000	Direct Charitable Activity 2021 £'000	Allocated Support Costs 2021 £'000	Governance Costs 2021 £'000	Total Costs 2021 £'000
Cost of Raising Funds	624	-	-	-	15	639
Cost of Goods Sold And Other Costs	45	-	-	-	-	45
Investment Management Fees And Other Costs	6,218	-	-	-	-	6,218
<b>Cost of Raising Funds</b>	<b>6,887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>6,902</b>
Grant-Making	-	39,582	5,014	6,865	453	51,914
Build Awareness	-	-	1,138	163	11	1,312
Innovation	-	-	603	86	6	695
Motability Scheme	-	-	984	141	9	1,134
<b>Motability Funded Charitable Activities</b>	<b>-</b>	<b>39,582</b>	<b>7,739</b>	<b>7,255</b>	<b>479</b>	<b>55,055</b>
<b>Charitable Expenditure</b>	<b>-</b>	<b>39,582</b>	<b>7,739</b>	<b>7,255</b>	<b>479</b>	<b>55,055</b>
<b>Total Expenditure</b>	<b>6,887</b>	<b>39,582</b>	<b>7,739</b>	<b>7,255</b>	<b>494</b>	<b>61,957</b>

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

The amounts of Allocated Support Costs attributed to Direct Grants and Direct Charitable Activity are in proportion to the direct expenditure on those activities.

	Cost of Raising Funds 2020 £'000	Restated Direct Grants 2020 £'000	Restated Direct Charitable Activity 2020 £'000	Restated Allocated Support Costs 2020 £'000	Restated Governance Costs 2020 £'000	Restated Total Costs 2020 £'000
Cost of Raising Funds	94	-	-	-	9	103
Cost of Goods Sold And Other Costs	36	-	-	-	-	36
Investment Management Fees And Other Costs	1,265	-	-	-	-	1,265
<b>Cost of Raising Funds</b>	<b>1,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>1,404</b>
Grant-Making	-	60,766	3,932	5,941	600	71,239
Build Awareness	-	-	1,281	101	10	1,392
Innovation	-	-	179	15	1	195
Motability Scheme	-	-	319	25	3	347
<b>Motability Funded Charitable Activities</b>	<b>-</b>	<b>60,766</b>	<b>5,711</b>	<b>6,082</b>	<b>614</b>	<b>73,173</b>
<b>Charitable Expenditure</b>	<b>-</b>	<b>60,766</b>	<b>5,711</b>	<b>6,082</b>	<b>614</b>	<b>73,173</b>
<b>Total Expenditure</b>	<b>1,395</b>	<b>60,766</b>	<b>5,711</b>	<b>6,082</b>	<b>623</b>	<b>74,577</b>

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

The amounts of Allocated Support Costs attributed to Direct Grants and Direct Charitable Activity are in proportion to the direct expenditure on those activities.

## Notes to the Financial Statements cont.

### 4. Analysis of Total Expenditure Cont.

	Governance Costs 2021 £'000	Governance Costs 2020 £'000
External Audit Fees	146	134
Internal Audit Fees	91	15
Legal Fees	127	472
Members Expenses	1	2
Other Costs	129	-
<b>Governance Costs</b>	<b>494</b>	<b>623</b>

The External Audit Fees expenditure shown above includes fees of £122,000 payable to the Statutory Auditor which comprise £115,000 for the Statutory Audit of Motability Accounts and £7,000 for the Statutory Audit of Subsidiary Accounts respectively, plus £17,000 relating to 2019/20.

No fees have been paid to the Statutory Auditor for Other Services during the year since appointment.

Internal Audit has been partially outsourced to an independent firm of Auditors.

The treatment for grants made to War Pensioners has been changed to that of an Agency arrangement for 2020/21, and the prior year War Pensioners comparative has been amended to reflect this change. Please see Note 18 for further details.

## 5. Analysis of Support and Governance Costs

	Cost of Raising Funds 2021 £'000	Strategic Pillars				Grand Total 2021 £'000
		Grant- Making 2021 £'000	Build Awareness 2021 £'000	Innovation 2021 £'000	Motability Scheme 2021 £'000	
Human Resources	-	562	13	7	12	594
Information Technology	-	952	23	12	20	1,007
Finance and Administration	-	1,368	32	17	28	1,445
Performance and Engagement	-	864	20	11	18	913
Facilities	-	1,004	25	12	20	1,061
VAT, Depreciation and Other	-	2,115	50	27	43	2,235
<b>Allocated Support Costs</b>	<b>-</b>	<b>6,865</b>	<b>163</b>	<b>86</b>	<b>141</b>	<b>7,255</b>
<b>Governance Costs</b>	<b>15</b>	<b>453</b>	<b>11</b>	<b>6</b>	<b>9</b>	<b>494</b>
<b>Total Support Costs</b>	<b>15</b>	<b>7,318</b>	<b>174</b>	<b>92</b>	<b>150</b>	<b>7,749</b>

Please refer to Note 4 where Support and Governance Costs are summarised.

The value of Charitable Expenditure by Activity has been used as the basis for apportionment of the Support and Governance Costs shown above.

	Cost of Raising Funds 2020 £'000	Strategic Pillars				Grand Total 2020 £'000
		Grant- Making 2020 £'000	Build Awareness 2020 £'000	Innovation 2020 £'000	Motability Scheme 2020 £'000	
Human Resources	-	736	13	2	3	754
Information Technology	-	1,004	17	2	4	1,027
Finance and Administration	-	1,198	20	3	5	1,226
Facilities	-	1,011	17	2	4	1,034
VAT, Depreciation and Other	-	1,994	34	5	8	2,041
<b>Allocated Support Costs</b>	<b>-</b>	<b>5,943</b>	<b>101</b>	<b>14</b>	<b>24</b>	<b>6,082</b>
<b>Governance Costs</b>	<b>9</b>	<b>600</b>	<b>10</b>	<b>1</b>	<b>3</b>	<b>623</b>
<b>Total Support Costs</b>	<b>9</b>	<b>6,543</b>	<b>111</b>	<b>15</b>	<b>27</b>	<b>6,705</b>

Please refer to Note 4 where Support and Governance Costs are summarised.

The value of Charitable Expenditure by Activity has been used as the basis for apportionment of the Support and Governance Costs shown above.

The treatment for grants made to War Pensioners has been changed to that of an Agency arrangement for 2020/21, and the prior year War Pensioners comparative has been amended to reflect this change. Please see Note 18 for further details.

# Notes to the Financial Statements cont.

## 6. Governors, Staff and Related Parties

### A. Numbers and costs

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

	2021 Number	2020 Number
Direct Charitable Activities	99	84
Support Staff	72	67
Governance	4	2
Motability Enterprises Ltd	1	1
<b>Total</b>	<b>176</b>	<b>154</b>
Staff costs were as follows:		
	2021 £'000	2020 £'000
Salaries	6,686	5,276
Benefits in kind	213	177
Staff restructure programme	-	38
Social Security costs	660	536
Pension costs: defined benefit	196	317
Pension costs: defined contribution	822	659
Other Staff Costs	299	534
<b>Total</b>	<b>8,876</b>	<b>7,537</b>
The number of employees whose emoluments, excluding pension contributions and employers NI, for the year fell within the following bands:		
	2021 Number	2020 Number
£60,000 to £69,999	3	4
£70,000 to £79,999	-	2
£80,000 to £89,999	4	3
£90,000 to £99,999	2	2
£100,000 to £109,999	1	1
£110,000 to £119,999	1	-
£130,000 to £139,999	-	-
£140,000 to £149,999	-	1
£150,000 to £159,999	1	-
£180,000 to £189,999	1	-
<b>Total</b>	<b>13</b>	<b>13</b>



## 6. Governors, Staff and Related Parties cont.

Key management personnel of the Group and Charity are defined as the Governors and the Executive Directors: The Chief Executive; Finance Director; Director of Charitable Operations; and Director for Performance and Engagement.

The total remuneration (including employers NIC, pension contributions and benefits in kind) of the key management personnel of the Charity for the year totalled £583,741 (2020: £558,432).

In 2020/21, no termination benefit was paid (2020: one)

### B. Governors' Emoluments

The number of Governors in 2021 was 11 (2020: 11). No Governor received any emoluments during the year (2020: nil). Three Governors (2020: seven) received reimbursement of expenses for travel costs amounting to £768 (2020: £2,480). In 2021, £965 (2020: £750) was spent on Computer Hardware equipment for Governors' use. No donations were received from Governors during the year (2020: nil).

### 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, in 2021 this was £10 million (2020: £10 million). The cost of the policy in 2021 was £0.03 million (2020: £0.03 million).

### D. Related Parties

Motability Endowment Trust (MET) was set up in 2019 to support the work of Motability. Motability is the sole corporate Trustee of MET. During

the period an administration charge of £0.51 million was paid by MET to Motability (2020: Nil).

Motability Tenth Anniversary Trust (MTAT) was set up in 1989 to support the work of Motability. The Governors did not regard the MTAT as a related party as defined by FRS 102.

MTAT was closed on 31 March 2020 and all of its net assets of £201.2 million were donated to MET at that time.

### E. Other Related Parties

Related parties include the Executive Team (key management personnel) as shown in Section A along with Governors of the Charity.

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 £38.4 million (2020: £38.7 million), in respect of grants awarded to customers, to fund Advance Payments and adaptations on vehicles provided under the lease schemes by Motability Operations to customers in receipt of grants.

As at 31 March 2021 Motability Operations was due £2.4 million (2020: £36.4 million) from Motability.

In addition, for 2021 £4.3 million (2020: £3.6 million) 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.

As at 31 March 2021 £0.8 million (2020: £0.4 million) was due to Motability from Motability Operations.

In 2019/20 a restricted expendable Endowment of £852 million was received from Motability Operations which was used in the creation of the MET. No such donation was received from Motability Operations in 2020/21.

Motability has a wholly owned trading subsidiary, Motability Enterprises Limited (MEL) – see Note 2 for details. In 2021 Motability invoiced MEL £0.08 million (2020: £0.08 million) in respect of administration charges. As at 31 March 2021 £0.3 million (2020: £0.3 million) was due from MEL to Motability as a qualifying distribution under Deed of Covenant. There was no amount due from Motability to MEL (2020: nil).

Cheryl Ward served as a Governor in 2019/20 and 2020/21. The amounts for grants awarded to Family Fund, of which Cheryl Ward is CEO, were £0.5 million in 2020 and £2.5 million in 2021. Cheryl Ward recused herself from decision making for these grants.

The Family Fund grants are given to support families with disabled children under the age of three with their transport needs. An administration charge of £0.09 million in 2020/21 (2020: £0.05 million) is deducted from the award amounts to support the administration costs of the programme within Family Fund.

Motability paid £0.7 million (2020: £0.8 million) to 'Motability Pension Scheme' in respect of the defined benefit scheme which was closed to future accrual from 30 April 2012. See Note 19.

## Notes to the Financial Statements cont.

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

	Leasehold Improvements £'000	Motor Vehicles £'000	Office Furniture £'000	Fixtures and Fittings £'000	Computer Hardware £'000	Computer Software £'000	Work in Progress £'000	Total £'000
<b>Cost</b>								
Balance at 1 April 2020	3,258	849	226	213	837	1,471	225	7,079
Additions	9	-	-	-	134	37	1,174	1,354
Transfers	546	-	8	-	-	96	(650)	-
Disposals	(1,591)	(145)	(133)	(53)	-	-	-	(1,922)
<b>At 31 March 2021</b>	<b>2,222</b>	<b>704</b>	<b>101</b>	<b>160</b>	<b>971</b>	<b>1,604</b>	<b>749</b>	<b>6,511</b>
<b>Depreciation</b>								
Balance at 1 April 2020	1,934	369	137	198	721	993	-	4,352
Charge for the year	388	145	22	9	95	160	-	819
Eliminated on disposal	(1,171)	(145)	(91)	(50)	-	-	-	(1,457)
<b>At 31 March 2021</b>	<b>1,151</b>	<b>369</b>	<b>68</b>	<b>157</b>	<b>816</b>	<b>1,153</b>	<b>-</b>	<b>3,714</b>
<b>Net Book Value</b> (net of the above)								
<b>At 31 March 2021</b>	<b>1,071</b>	<b>335</b>	<b>33</b>	<b>3</b>	<b>155</b>	<b>451</b>	<b>749</b>	<b>2,797</b>
<b>At 31 March 2020</b>	<b>1,325</b>	<b>480</b>	<b>89</b>	<b>15</b>	<b>116</b>	<b>478</b>	<b>225</b>	<b>2,728</b>
All assets are used for direct charitable purposes								

## 9. Debtors

	Group 2021 £'000	Restated Group 2020 £'000	Charity 2021 £'000	Restated Charity 2020 £'000
Trade and Other Debtors	197	97	155	44
Amounts owed by subsidiary - Motability Enterprises Ltd	-	-	261	334
Amounts owed by Motability Operations Ltd	854	371	854	371
Prepayments	605	717	602	714
Accrued Income	2,380	3,055	2,380	3,055
Prepayments and Accrued Income	2,985	3,772	2,982	3,769
<b>Debtors</b>	<b>4,036</b>	<b>4,240</b>	<b>4,252</b>	<b>4,518</b>

The treatment for grants made to War Pensioners has been changed to that of an Agency arrangement for 2020/21, and the prior year War Pensioners comparative has been amended to reflect this change. Please see Note 18 for further details. Investment income of £8,950,000 is made up of Accrued Investment Income of £2,380,244 and Investment Income Received of £6,569,756.

# Notes to the Financial Statements cont.

## 10. Investments

At 31 March 2021, Group and Charity investments comprised:

	Total 2021 £'000	Total 2020 £'000
<b>Fixed Asset Investments</b>		
Listed Equity Securities	631,935	325,054
Listed Debt Securities	225,906	331,527
Money Market Instruments	414,999	545,732
Other Investments	95,133	38,096
<b>Fixed Asset Investments</b>	<b>1,367,973</b>	<b>1,240,409</b>
<b>Current Asset Investments</b>		
Short Term Deposit	160,003	-
<b>Current Asset Investments</b>	<b>160,003</b>	<b>-</b>
<b>Total Investments</b>	<b>1,527,976</b>	<b>1,240,409</b>

All bonds are managed as part of the Fixed Assets portfolio.

Within listed Debt Securities above, £72 million of bond securities have maturity dates beyond one year (2020: £182 million). As at 31 March 2021, there were uncalled capital commitments to private investment funds totalling £37.1 million.

	Total 2021 £'000
<b>Fair Value as at 1 April 2020</b>	<b>1,240,409</b>
Gross Sales	(612,853)
Gross Purchases	519,899
Net Sales / Purchases	(92,954)
Realised Gains / Losses	17,922
Unrealised Gains / Losses	123,970
Net Gains / Losses	141,892
Less: TER investment charges (cost of raising funds)	(2,373)
Increase in Fixed Asset Investment Portfolio Cash	80,999
<b>Fair Value as at 31 March 2021</b>	<b>1,367,973</b>
<i>Note: Net Gains / (Losses) on Investments (per SoFA which includes current assets)</i>	<i>142,172</i>

The investment portfolio held at 31 March 2021 is being held for the long term and contains a mix of investments including some cash balances and money market instruments. Total Expense Ratio (TER) investment charges have been deducted from unrealised gains / losses. These fees are not direct creditors of Motability and are reported for recognition purposes only.



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

	Group 2021 £'000	Restated Group 2020 £'000	Charity 2021 £'000	Restated Charity 2020 £'000
<b>Accruals for Grants Payable</b>				
Cars and Adaptations	6,726	3,018	6,726	3,018
Wheelchair Accessible Vehicles	8,591	12,852	8,591	12,852
Complex Driving Solutions	13,058	16,488	13,058	16,488
PIP - Additional Transitional Support	36	72	36	72
<b>Accruals for Grants Payable</b>	<b>28,411</b>	<b>32,430</b>	<b>28,411</b>	<b>32,430</b>
<b>Creditors</b>				
Trade Creditors	4,276	5,969	4,260	5,967
Accruals	1,368	977	1,336	966
Taxation and Social Security	203	155	203	155
<b>Creditors</b>	<b>5,847</b>	<b>7,101</b>	<b>5,799</b>	<b>7,088</b>
<b>Creditors Falling Due Within One Year</b>	<b>34,258</b>	<b>39,531</b>	<b>34,210</b>	<b>39,518</b>

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Amounts Owed to Motability Operations Limited	30,841	36,427	30,841	36,427
Amounts Owed to Third Party Suppliers	3,417	3,104	3,369	3,091
<b>Creditors Falling Due Within One Year</b>	<b>34,258</b>	<b>39,531</b>	<b>34,210</b>	<b>39,518</b>

The treatment for grants made to War Pensioners has been changed to that of an Agency arrangement for 2020/21, and the prior year War Pensioners comparative has been amended to reflect this change. Please see Note 18 for further details.

# Notes to the Financial Statements cont.

## 12. Provisions

<b>Group and Charity Dilapidation Provision</b>	2021 £'000	Restated 2020 £'000
Provision Brought Forward 1 April	560	560
Movement in Provision	-	-
<b>Dilapidation Provision Carried Forward 31 March</b>	<b>560</b>	<b>560</b>
<b>Group and Charity Provision for Uncashed Cheques</b>	2021 £'000	2020 £'000
Provision Brought Forward 1 April	66	66
Movement in Provision	41	-
<b>Provision for Uncashed Cheques Carried Forward 31 March</b>	<b>107</b>	<b>66</b>
<b>Group and Charity PIP Provision</b>	2021 £'000	2020 £'000
Provision Brought Forward 1 April	5,418	15,700
Provision Utilised in Year	(3,194)	(13,669)
Charge / (Credit) in Year	(157)	3,387
<b>PIP Provision Carried Forward 31 March</b>	<b>2,067</b>	<b>5,418</b>
<b>Provisions Carried Forward 31 March</b>	<b>2,734</b>	<b>6,044</b>

Please refer to Note 1 Accounting Policies – Section K Accounting for PIP Transitional Support Programme Grants for further information on the PIP Provision.

### 13. Creditors: Amounts Falling Due After One Year (Group and Charity)

	2020 £'000	2019 £'000
Amortised Rent-Free Period on Current Premises Lease	50	69
<b>Creditors Falling Due After One Year</b>	<b>50</b>	<b>69</b>

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

	Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Group 2021 £'000
Non-Current Assets	189,796	38,001	1,142,973	1,370,770
Current Assets	176,580	5,448	11,252	193,280
Current Liabilities	(33,804)	(47)	(407)	(34,258)
Creditors Over One Year	(50)	-	-	(50)
Provisions	(586)	(2,148)	-	(2,734)
<b>Net Assets Excluding Pension Liability</b>	<b>331,936</b>	<b>41,254</b>	<b>1,153,818</b>	<b>1,527,008</b>
Pension Liability	(2,632)	-	-	(2,632)
<b>Total Net Assets</b>	<b>329,304</b>	<b>41,254</b>	<b>1,153,818</b>	<b>1,524,376</b>

	Unrestricted Funds 2020 £'000	Restated Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Restated Group 2020 £'000
Non-Current Assets	349,692	42,070	851,375	1,243,137
Current Assets	74,745	4,767	160,112	239,624
Current Liabilities	(38,816)	(239)	(476)	(39,531)
Creditors Over One Year	(69)	-	-	(69)
Provisions	(560)	(5,484)	-	(6,044)
<b>Net Assets Excluding Pension Liability</b>	<b>384,992</b>	<b>41,114</b>	<b>1,011,011</b>	<b>1,437,117</b>
Pension Liability	-	-	-	-
<b>Total Net Assets</b>	<b>384,992</b>	<b>41,114</b>	<b>1,011,011</b>	<b>1,437,117</b>

The treatment for grants made to War Pensioners has been changed to that of an Agency arrangement for 2020/21, and the prior year War Pensioners comparative has been amended to reflect this change. Please see Note 18 for further details.

# Notes to the Financial Statements cont.

## 15. Restricted Funds

	Balance 31/03/2020 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	Other Realised Gain / Loss £'000	Transfers Between Funds £'000	Balance 31/03/2021 £'000
<b>Movement in Funds:</b>							
<b>Group</b>							
PIP Transitional Support Programme	41,058	226	(41)	11	-	-	41,254
Fundraising - Donations and Appeals	56	-	(41)	-	-	(15)	-
<b>Restricted Funds</b>	<b>41,114</b>	<b>226</b>	<b>(82)</b>	<b>11</b>	<b>-</b>	<b>(15)</b>	<b>41,254</b>

	Restated Balance 31/03/2019 £'000	Restated Income £'000	Restated Expenditure £'000	Restated Investment Gains and Losses £'000	Restated Other Realised Gain / Loss £'000	Restated Transfers Between Funds £'000	Restated Balance 31/03/2020 £'000
<b>Movement in Funds:</b>							
<b>Group</b>							
Complex Driving Solutions	(882)	(5,854)	(18,550)	-	-	25,286	-
PIP Transitional Support Programme	44,134	1,078	(3,874)	(562)	-	282	41,058
Fundraising - Donations and Appeals	40	2	-	-	-	14	56
Funding and Other Income in Relation to Administration Costs	12,531	35	(12,409)	-	(240)	83	-
<b>Balance Before Pension Scheme</b>							
<b>Surplus / (Liability)</b>	<b>55,823</b>	<b>(4,739)</b>	<b>(34,833)</b>	<b>(562)</b>	<b>(240)</b>	<b>25,665</b>	<b>41,114</b>
Defined Benefit Pension Scheme Surplus / (Liability)	(3,700)	-	-	-	3,700	-	-
<b>Restricted Funds</b>	<b>52,123</b>	<b>(4,739)</b>	<b>(34,833)</b>	<b>(562)</b>	<b>3,460</b>	<b>25,665</b>	<b>41,114</b>

The treatment for grants made to War Pensioners has been changed to that of an Agency arrangement for 2020/21, and the prior year War Pensioners comparative has been amended to reflect this change. Please see Note 18 for further details.



## 16. Unrestricted Funds

Movement in Funds:	Balance 31/03/2020 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	Other Realised Gain / Loss £'000	Transfers Between Funds £'000	Balance 31/03/2021 £'000
<b>Charity</b>							
General Fund	366,625	1,490	(44,665)	1,254	(3,147)	15	321,572
Designated Fund - Wheelchair Accessible Vehicles	18,352	248	(10,795)	(88)	-	-	7,717
<b>Charity Unrestricted Funds</b>	<b>384,977</b>	<b>1,738</b>	<b>(55,460)</b>	<b>1,166</b>	<b>(3,147)</b>	<b>15</b>	<b>329,289</b>
<b>Group</b>							
General Fund	366,640	1,642	(44,817)	1,254	(3,147)	15	321,587
Designated Fund - Wheelchair Accessible Vehicles	18,352	248	(10,795)	(88)	-	-	7,717
<b>Group Unrestricted Funds</b>	<b>384,992</b>	<b>1,890</b>	<b>(55,612)</b>	<b>1,166</b>	<b>(3,147)</b>	<b>15</b>	<b>329,304</b>

Movement in Funds:	Balance 31/03/19 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	Other Realised Gain / Loss £'000	Transfers Between Funds £'000	Balance 31/03/20 £'000
<b>Charity</b>							
General Fund	402,556	802	(14,317)	1,934	(216)	(24,134)	366,625
Designated Fund - Wheelchair Accessible Vehicles	42,501	1,687	(24,593)	(1,238)	-	(5)	18,352
Designated Fund - Discretionary Hardship Fund	1,178	353	(5)	-	-	(1,526)	-
<b>Charity Unrestricted Funds</b>	<b>446,235</b>	<b>2,842</b>	<b>(38,915)</b>	<b>696</b>	<b>(216)</b>	<b>(25,665)</b>	<b>384,977</b>
<b>Group</b>							
General Fund	402,571	937	(14,452)	1,934	(216)	(24,134)	366,640
Designated Fund - Wheelchair Accessible Vehicles	42,501	1,687	(24,593)	(1,238)	-	(5)	18,352
Designated Fund - Discretionary Hardship Fund	1,178	353	(5)	-	-	(1,526)	-
<b>Group Unrestricted Funds</b>	<b>446,250</b>	<b>2,977</b>	<b>(39,050)</b>	<b>696</b>	<b>(216)</b>	<b>(25,665)</b>	<b>384,992</b>

The Discretionary Hardship Fund had previously been designated to support customers with financial hardship. However, the Charity has expanded its grant programmes to encompass the purpose of this fund and therefore the designation is no longer required. Accordingly, the remaining fund balance has been transferred over to General Funds.

# Notes to the Financial Statements cont.

## 17. Motability Foundation Endowment Fund

Movement in Fund:	Balance 31/03/2020 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	Other Realised Gain / Loss £'000	Transfers Between Funds £'000	Balance 31/03/2021 £'000
<b>Charity</b>							
Motability Endowment Trust - Capital Fund	1,011,011	-	(6,263)	140,995	-	(1,676)	1,144,067
Motability Endowment Trust - Undistributed Income Fund	-	8,075	-	-	-	1,676	9,751
<b>Restricted Endowment Funds</b>	<b>1,011,011</b>	<b>8,075</b>	<b>(6,263)</b>	<b>140,995</b>	<b>-</b>	<b>-</b>	<b>1,153,818</b>
<b>Group</b>							
Motability Endowment Trust - Capital Fund	1,011,011	-	(6,263)	140,995	-	(1,676)	1,144,067
Motability Endowment Trust - Undistributed Income Fund	-	8,075	-	-	-	1,676	9,751
<b>Restricted Endowment Funds</b>	<b>1,011,011</b>	<b>8,075</b>	<b>(6,263)</b>	<b>140,995</b>	<b>-</b>	<b>-</b>	<b>1,153,818</b>

The transfer between funds figure of £1,676,000 relates to the transfer of investment income earned during the 2019/20 financial year.

Movement in Fund:	Balance 31/03/19 £'000	Income £'000	Expenditure £'000	Investment Gains and Losses £'000	Other Realised Gain / Loss £'000	Transfers Between Funds £'000	Balance 31/03/20 £'000
<b>Charity</b>							
Motability Endowment Trust - Capital Fund	-	1,056,043	(694)	(44,338)	-	-	1,011,011
<b>Restricted Endowment Funds</b>	<b>-</b>	<b>1,056,043</b>	<b>(694)</b>	<b>(44,338)</b>	<b>-</b>	<b>-</b>	<b>1,011,011</b>
<b>Group</b>							
Motability Endowment Trust - Capital Fund	-	1,056,043	(694)	(44,338)	-	-	1,011,011
<b>Restricted Endowment Funds</b>	<b>-</b>	<b>1,056,043</b>	<b>(694)</b>	<b>(44,338)</b>	<b>-</b>	<b>-</b>	<b>1,011,011</b>

Restricted Endowment Funds comprises the Motability Endowment Trust ("The Foundation") only.

## 18. Funds Held as Agent

<b>Movement in Funds:</b>	Balance 31/03/2020 £'000	Income £'000	Expenditure £'000	Balance 31/03/2021 £'000
<b>Charity</b>				
Funds Held as Agent on behalf of Veterans UK	41	(193)	194	42
<b>Funds Held as Agent</b>	<b>41</b>	<b>(193)</b>	<b>194</b>	<b>42</b>
<b>Group</b>				
Funds Held as Agent on behalf of Veterans UK	41	(193)	194	42
<b>Funds Held as Agent</b>	<b>41</b>	<b>(193)</b>	<b>194</b>	<b>42</b>

Motability administers the funds of Veterans UK to issue grants for automatic gearboxes and car adaptations to War Pensioners who are in receipt of the War Pensioners Mobility Supplement (WPMS). Motability adheres to an agency agreement and distributes the funds it holds to specified third parties in line with the instructions given by Veterans UK. Therefore, the treatment for grants made to War Pensioners has been changed to that of an Agency arrangement for 2020/21. As agents, the Trustees of Motability have no discretion about the use of the funds received.

The prior year comparative has been amended to reflect this change.

## Notes to the Financial Statements cont.

### 19. Pension Arrangements

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

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

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

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

The last actuarial valuation was prepared using the "Attained Age" method, as at 31 March 2019.

This valuation used the following assumptions:

	%
Investment return in deferment	3.65
Investment return in payment (Non-pensioners / Pensioners)	2.15 / 1.75
Salary increases	Nil
Pension increases pre-retirement – Deferred Pensioners	3.05
Pension increases pre-retirement – Employed Deferred Pensioners – Post-1997 Service	3.65
	2.40

At 31 March 2019 the market value of the scheme's asset was £21.8 million, the present value of liabilities was £23 million, resulting in an actuarial deficit of £1.2 million, equivalent to a funding level of 95%. The employer, having considered the various options for the recovery plan, agreed to pay £0.7 million on 31 March 2020 and £0.6 million on 31 March 2021, as well as scheme costs of £0.08 million p.a., 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 2021. Investments have been valued for this purpose at fair value.

The pension cost to the Charity under FRS 102 was £0.2 million (2020: £0.32 million).

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

	2021 %	2020 %	2019 %
Rate of increase in salaries	N/A	N/A	N/A
Rate of increase in pensions in payment	2.60	1.95	2.20
Discount Rate	1.85	2.30	2.40
Price inflation	3.15	2.95	3.20



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

	2021 %	2021 £'000	2020 %	2020 £'000	2019 %	2019 £'000
Equities	1.85	11,188	2.30	9,271	2.40	10,129
Bonds / Gilts	1.85	9,163	2.30	9,721	2.40	7,383
Cash	1.85	3,073	2.30	2,680	2.40	2,562
Property and Other	1.85	1,243	2.30	1,605	2.40	1,588
Total fair value of assets		24,667		23,277		21,662
Present value of scheme liabilities		(27,299)		(23,243)		(25,362)
<b>Net pension (liability) / asset</b>		<b>(2,632)</b>		<b>34</b>		<b>(3,700)</b>
Adjustment to restrict recognition of surplus		-		(34)		-
<b>Revised total, excluding contingent asset *</b>		<b>(2,632)</b>		<b>-</b>		<b>(3,700)</b>

\*A pension fund surplus is the product of a valuation that will be volatile over time. As a result, a pension fund surplus is a contingent asset and the revised position of the pension fund in a year of surplus is breakeven.

The rates used for the expected return on scheme assets are based on the requirements of SORP 2019 (FRS 102) as these determine the predicted return in the year to 31 March 2021. The contribution rate for 2021 was nil of pensionable earnings (2020: nil) due to the scheme being closed to future accrual with effect from 30 April 2012.

	2021 %	2020 %
Equities	45.36	39.83
Bonds / Gilts	37.15	41.76
Cash	12.46	11.51
Property and Other	5.03	6.90

The liabilities were valued using the following mortality assumptions:

- Basetable: S3PA
- Future mortality improvements: CMI\_2019, 1.25% long-term rate
- Age rating: None

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

	2021	2020
<b>Retiring Now</b>		
Males	22.00	21.80
Females	24.30	24.10
<b>Retiring in 20 Years</b>		
Males	23.30	23.20
Females	25.70	25.50

## Notes to the Financial Statements cont.

**19.2** The movement in the scheme's deficit over the year to 31 March 2021 is summarised as follows:

	2021 £'000	2020 £'000
<b>The Pension Deficit as at 31 March comprises:</b>		
Pension deficit at 1 April	-	(3,700)
(Loss) / gain in the year - Actuarial	(3,181)	3,278
Gain / (loss) in the year - Other	34	(34)
Deficit recovery plan payment	631	693
Contribution to scheme administration costs	80	80
<b>Subtotal</b>	<b>(2,436)</b>	<b>317</b>
<b>Analysis of Amounts (charged) to the SoFA for the year:</b>		
Other finance cost	(3)	(93)
Current service cost	(191)	(224)
Past service cost	(2)	-
<b>Subtotal</b>	<b>(196)</b>	<b>(317)</b>
<b>Pension (deficit) at 31 March</b>	<b>(2,632)</b>	<b>-</b>

**19.3** Analysis of the amount that has been charged / (credited) to the SoFA under FRS 102:

	2021 £'000	2020 £'000
Current service cost	191	224
<b>Total</b>	<b>191</b>	<b>224</b>

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

	2021 £'000	2020 £'000
Expected return on pension scheme assets	528	513
Interest on pension scheme liabilities	(531)	(606)
<b>Total</b>	<b>(3)</b>	<b>(93)</b>

### 19.5 Analysis of the amount that has been recognised in the SoFA

	2021 £'000	2020 £'000	2019 £'000
Actual return less expected return on pension scheme assets	840	990	(405)
Experience gains / (losses) arising on the scheme liabilities	99	1,997	14
Changes in the assumptions underlying the present value of the scheme liabilities	(4,120)	291	(1,271)
<b>Total</b>	<b>(3,181)</b>	<b>3,278</b>	<b>(1,662)</b>
Adjustment to restrict recognition of surplus	34	(34)	-
<b>Revised recognised (loss) / gain for the year</b>	<b>(3,147)</b>	<b>3,244</b>	<b>(1,662)</b>

### 19.6 Reconciliation of present value defined benefit obligation

	2021 £'000	2020 £'000
<b>Opening Balance at 1 April</b>	<b>23,243</b>	<b>25,362</b>
Current service cost	191	224
Past service cost	2	-
Curtailment	-	-
Settlements	-	-
Interest cost	531	606
Employee contribution	-	-
Actuarial (gain) / loss	4,021	(2,288)
Administration expenses	(191)	(224)
Changes to exchange rates	-	-
Benefits paid	(498)	(437)
<b>Closing Balance at 31 March</b>	<b>27,299</b>	<b>23,243</b>

## Notes to the Financial Statements cont.

### 19.7 Reconciliation of fair value plan assets

	2021 £'000	2020 £'000
<b>Opening Balance at 1 April</b>	<b>23,277</b>	<b>21,662</b>
Expected return on assets	528	513
Actuarial gain / (loss)	840	990
Changes to exchange rates	-	-
Employer contribution	711	773
Employee contribution	-	-
Settlements	-	-
Administration Expenses	(191)	(224)
Benefits paid	(498)	(437)
<b>Closing Balance at 31 March</b>	<b>24,667</b>	<b>23,277</b>

### 19.8 Reconciliation of change in funded status

	2021 £'000	2020 £'000
<b>Opening Balance 1 April</b>	<b>34</b>	<b>(3,700)</b>
Pension Expense	(196)	(317)
Employer contribution	711	773
Changes to Exchange Rates	-	-
Actuarial gain / (loss)	(3,181)	3,278
<b>Closing Balance at 31 March</b>	<b>(2,632)</b>	<b>34</b>

### 19.9 History of experienced gains and losses

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
<b>Difference between actual and expected return on assets</b>					
Amount	840	990	(405)	409	1,604
<b>% of scheme assets</b>	<b>3.4%</b>	<b>4.2%</b>	<b>(1.9%)</b>	<b>1.9%</b>	<b>8.2%</b>
<b>Experience of gains and (losses) arising on liabilities</b>					
Amount	99	1,997	(14)	(57)	1,893
<b>% of scheme assets</b>	<b>0.4%</b>	<b>8.6%</b>	<b>0.1%</b>	<b>(0.3%)</b>	<b>9.7%</b>

## 20. Commitments

### Operating Leases

Amounts payable in total under operating leases with expiry dates:

	Premises 2021 £'000	Premises 2020 £'000	Other 2021 £'000	Other 2020 £'000
Within One Year	646	430	18	18
Between One and Five Years	646	1,076	18	35
Over Five Years	-	-	-	-
<b>Total</b>	<b>1,292</b>	<b>1,506</b>	<b>36</b>	<b>53</b>

### Operating Lease Expenditure

	2021 £'000	2020 £'000
Premises	518	382
Plant, Machinery and Vehicles	25	18
<b>Total</b>	<b>543</b>	<b>400</b>

### Capital Commitments

As at 31 March 2021 Motability has outstanding capital commitments of £0.3 million in respect of its Head Office facilities and £0.4 million in respect of Computer Software.

As at 31 March 2021, there were uncalled capital commitments to private investment funds totalling £37.1 million.

### Future Grant Allocations

An initial 2019/20 award of £5 million was allocated to Family Fund to support the mobility of families with children under three years old (Family Fund). During 2020/21, £2.5 million was granted from this allocation (cumulative total being £3 million (2019/20: £0.5 million)).

An initial 2019/20 award of £5.4 million was made to Designability for the Wizzybugs initiative, of which £0.95 million was paid in 2020/21 (2019/20 £0.3 million). The remainder of the award is payable over the four years to 2024/25 subject to satisfactory performance review.

## 21. 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.





## Professional Advisors

### Bankers

#### **Barclays Bank PLC**

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#### **NatWest Bank PLC**

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### Solicitors

#### **Farrer & Co**

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London WC2A 3LH

#### **Memery Crystal Limited**

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### External Auditors

#### **BDO London**

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(appointed 10 December 2020)

### Internal Auditors

#### **Grant Thornton UK LLP**

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London EC24 1AG

### Investment Advisors

#### **Lane Clark and Peacock LLP**

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### Fund Managers

#### **Barclays Private Bank**

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#### **Marylebone Partners LLP**

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#### **Stanhope Capital LLP**

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#### **Veritas Investment Management LLP**

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'I am so grateful to Motability for  
the grant and to the Motability Scheme  
for the vehicle'

**Samantha**

Motability, the Charity, Warwick House, Harlow, Essex, CM19 5PX

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