

# Protecting our customers and people



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**A strong performance and support for customers during a uniquely difficult year.**

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**Rt. Hon. Sir Stephen O'Brien KBE**  
Chairman

## 94.4%

**National Institute of Customer Service rating – the highest in the financial services sector**

As with every business across the United Kingdom, 2020 has been a uniquely challenging year for Motability Operations Group plc. The national emergency caused by Covid-19, and the necessary range of social, health and economic restrictions and lockdown placed on our customers (many of whom are in the most vulnerable categories of risk from the virus) and their families, to stem transmission of this deadly pandemic, have created significant challenges. These challenges have also been felt by our business partners, stakeholders and, not least, our own people throughout Motability Operations, and the situation shows little sign of abating well into next year.

In this difficult UK-wide context, I am pleased to report that Motability Operations has more than risen to the test. I pay tribute to colleagues – many while working from home for extended periods – who have maintained the highest levels of customer service, under significant and unfamiliar constraints.

As we went into lockdown in spring 2020, we took decisive action to protect customers, automatically extending leases which were coming to their scheduled end thereby keeping customers mobile. All customers received an insurance refund of £50 and we accelerated payment of the £600 Good Condition Bonus to those customers in need who requested it.

After months of dealer closures and disruption, as the lockdown measures were eased the Scheme took a phased approach to reopening for applications. Handovers for customers who had ordered a vehicle before lockdown resumed immediately, quickly followed by new orders from existing customers.

We were able to resume new orders from the beginning of June and the Scheme was reopened to new customers in July. With restrictions in place across the UK, things are some way from getting back to normal, but I am pleased that customers can once again choose an affordable new car from a range of around 2,000 makes and models. Many dealers are able to continue processing applications safely while in line with local restrictions.

In spite of this unprecedented and unpredicted severe disruption, it is to the credit of all who work in Motability Operations that the Group has delivered another year of strong results, from maintaining top levels of customer satisfaction, to a solid financial outturn. Alongside that work, we have continued to respond in a positive and constructive way to the political scrutiny resulting from a joint enquiry by the Treasury and Work and Pensions Parliamentary Select Committees in 2018. And we have continued to engage with the National Audit Office (NAO) in its review of the Motability Scheme, with previous recommendations having been implemented.

Customer service remains key to our business. Despite the lockdown and continuing restrictions, satisfaction levels were 97% in the independent (CSI) survey of customers, carried out in April 2020. Similarly, the National Institute of Customer Service survey gave our services a satisfaction score of 94.4%, and we remained the highest performer with the highest rating in our sector (financial services).

Our financial strength this year has enabled us to spend substantial sums on direct support for customers. In addition to the lockdown support, we continued to invest directly in additional support for customers, including subsidies for adaptations and Wheelchair Accessible Vehicles, and providing mobility to assist customers who are temporarily in hospital.

## “I am pleased to say that Motability Operations has more than risen to the test. I pay tribute to colleagues who have maintained high levels of customer service, under severe constraints.”

Our services would not be possible without the commitment and support of key business partners, including Royal & SunAlliance Insurance (RSA), RAC and Kwik Fit, and the leading car manufacturers and dealers. This year has seen us working ever more closely with these partners to provide support for customers, especially through the challenges of Covid-19. More than 4,500 dealers provide front line services for customers, and despite the lockdown and restrictions, we have continued to provide high quality training for Motability specialists through switching to online platforms.

With the Government’s programme of welfare reform in its final stages, more than two thirds of our customers now qualify for the Motability Scheme through Personal Independence Payment (PIP). The different criteria through which PIP is assessed have led to a greater volume of customers with mental health or neurological issues. The impacts of the pandemic will also have added to the day-to-day pressures on many of our customers. With these factors in mind, targeted coaching and training, help Motability Operations’ teams provide the highest levels of support across all customer groups, with much of this support, of necessity, carried out through online channels this year.

The year’s unprecedented economic pressures made it harder to predict vehicle values. While the financial position of the company remains strong, we are fully cognisant of the range of variables which could affect future financial performance and subsequently impact the predictability and sustainability of proposition that our customers need.

Along with the continuing Covid-19 impact, these include uncertainties around the economic impact of Brexit; the continuing effect of wider environmental issues; the stresses relating to the used-car market and its expected volatility; and the further anticipated decline in demand for diesel vehicles. Given this backdrop, the size of the business’s capital reserves must be kept at a level sufficient to ensure our continued operation, and the scale of shock experienced through 2020 has underlined the critical importance of our prudent position in protecting customers.

Risk therefore continues to be a key focus. A consultative assessment of risks is undertaken to balance mitigating steps with the interests of the stability of the Scheme. Customers are often uniquely reliant on the Scheme, so we plan rigorously to ensure they are best protected in the face of the inevitable risks and changes of context in which we operate. Motability Operations has recognised the potential for some of its capital to be used in embracing the needs of the wider group of people living with a disability through charitable support. This forms part of our ongoing discussions with Motability (the Charity), in their oversight role. However, the primary purpose of these reserves is to provide a “shock absorber” against a substantial fall in used-car values, or other risks which could threaten the sustainability of the Scheme. These capital reserves are used actively in meeting over a third of our total funding requirement; they are not held as cash, but invested in the car fleet.

While we can feel fulfilled by the transformative impact of what our business achieves, we also recognise the expectation by our stakeholders that we could increase our transparency. To this end, we already have enhanced remuneration reporting beyond our legal and regulatory obligations, and continue to provide clearer and more detailed accounts, as well as engaging more directly with key stakeholders through roadshows, briefings, and on-line. Our activities are delivered through a business model which works successfully to provide worry-free, affordable and sustainable leasing services for our customers. Now that I have had more than a full year as Chairman, I can testify to the notable universal culture throughout Motability Operations. I see how all our people at every level are passionate about successful delivery of these objectives, and this has been exhibited to an outstanding level this year.

Irrespective of our high customer satisfaction ratings, I am struck how all our staff, from every part of the organisation, are always striving to do better for customers, looking for opportunities to enhance services, and creating better value – even when working on their own from home over recent months.

Despite the huge impact of Covid-19, we have also made significant progress on strategic projects through this year, and in particular, have accelerated our digital roadmap. This is designed to transform online services to customers, and harness digital tools to increase flexibility and contact channels. This year has seen the first online accounts for customers, as well as the relaunch of our dealer locator tool, and we look ahead to an ambitious programme of further development through 2021.

Although the refurbishment programme experienced some disruption, we were able to open our offices, and welcome new colleagues in Edinburgh this year. Our Edinburgh office provides extended operational capability for customer services as well as the capacity to support some of the customer base growth we expect in the coming years.

Our culture is the bedrock for performance, and we regularly benchmark our employee engagement against UK and global High Performing Organisations. This year we were pleased to see every division out-performing high performing businesses across every category, with improvements in many areas. We are committed to becoming a fully inclusive organisation and during the year, built on a range of initiatives including engagement with our diversity groups, and developed new approaches to working practices, some accelerated by the need to move our operation out of the offices during lockdown.

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While we pay equally for equal roles, in the year 2019/20 we reported a mean gender pay gap of 25.6% (2019: 29.6%). Although this represents a welcome decrease on the previous year, this area continues to be a focus for the Board, management team and throughout Motability Operations. We are starting to see positive results from the various initiatives, but recognise that it will take time and continued commitment to narrow our pay gap significantly.

The working relationship with Motability, the Charity, continues to be extremely strong. Everyone at Motability Operations will join me in paying the strongest of tributes to Lord Sterling, who retired as Chairman of the Charity in June after more than 40 years' service. As co-founder, with the late Lord Goodman, Lord Sterling has shaped and directed Motability and the Scheme since its inception. His legacy lives on, under his successor, Charles Manby MBE, to whom everyone at Motability Operations extends the warmest of welcomes. The Charity's oversight role remains an invaluable element in helping the Company deliver the Scheme to the highest possible standards for our customers and their families.

This year also saw Mike Betts stand down from the Board on completing his time as our CEO after 18 years' service with Motability Operations. I am grateful that Mike agreed to provide continued support, on a consultancy basis, to co-ordinate our Covid-19 response and I speak for everyone at Motability Operations, past and present, and for all our customers and stakeholders when I thank Mike and pay full respect for his inspiring commitment and passion for our business, his skill in guiding the business through so many changes in its progress to the success it is today, and above all his outstanding leadership, under which Motability Operations' customers and the Company have thrived. We all look forward to welcoming our new CEO, Andrew Miller, who is able to join us from January.

In other Board changes, David Smith has retired as Non-Executive Director, and we thank David for his authoritative contribution over the years, while welcoming Chris Davies and Simon Amess to the Board.

In the meantime, the business continues to operate successfully in the very capable hands of interim CEO, Matthew Hamilton-James. I would like to thank Matthew for stepping up so expertly and successfully at such a challenging time for the business, and also to Gareth Everson who stepped up as Interim Finance Director.



My thanks also go to the Executive Team and everyone at Motability Operations who have all worked tirelessly through these difficult months to deliver such positive outcomes. This is also a moment to thank all the members of the Board of Directors who have maintained their strong commitment to our governance and transparent accountability in ensuring the continuing strong direction of the Company and its performance through these challenging times.

Contemplating the year ahead, while the big picture will remain challenging, I have complete confidence in the desire, drive and ingenuity of colleagues as they face the future with fresh thinking and new approaches. As always, our goal is to preserve worry-free affordability, stability and predictability for those who rely on our services – all Motability Operations' people deserve praise and respect for an outstanding performance collectively and individually.

A handwritten signature in black ink that reads "Stephen O'Brien".

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Chairman