

Our strategic framework

Our values help us deliver our strategy

Our values

Our values are central to delivering and meeting the needs and expectations of our customers. We embrace diversity, which enables us to have a wide variety of approaches and perspectives, enhancing performance and creating value for customers.

Turn to page 22 for more information on our values

Our strategy

In order to ensure that our activity delivers outstanding value to customers, we have defined four strategic 'pillars'. These set out a clear framework within which we align our business objectives, strategic initiatives, performance targets and business planning. Our people, positioning principles, culture and values form the bedrock to deliver these objectives.

Turn to pages 27-35 for more information on our strategy



People and culture

Our people are fundamental to our success and we are committed to recruiting and retaining an engaged and motivated workforce. We have created an excellent working environment, and promote a collaborative business culture aligned to our core values and principles. We seek to develop our people and to reward and recognise excellent performance.

Turn to pages 22-26 for more information on our people

Performance

We track performance through a range of contractual and internal Key Performance Indicators (KPIs). These KPIs are defined in the context of the four strategic 'pillars', thereby ensuring that activity across the business is aligned with these strategic objectives. Employee performance is measured with reference to the delivery of both individual and Company targets.

Turn to pages 27-35 for more information on our performance

Risk management

Through our comprehensive risk management processes we identify and assess the risks that we face. Having understood the nature of these risks, we ensure that we have the appropriate mitigants in place to reduce these exposures.

Turn to pages 49-55 for more information on risk

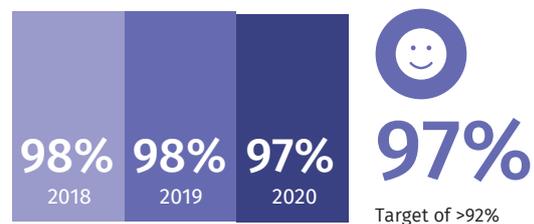
Building our customer and disability expertise

We aim to maintain consistently excellent levels of customer service throughout the leasing proposition, and demonstrate disability expertise in our approach to our customers and in our role as an employer.

Goals

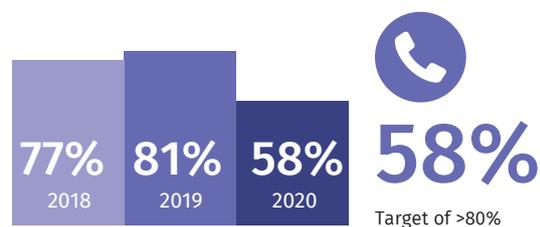
Understanding our customers is critical to our success. By listening and responding to their feedback, we are able to adapt our proposition and focus our resources on their needs. Our success is dependent on our ability to deliver a Scheme that meets our customers' requirements and provides excellent service. Development of our disability expertise is fundamental to our success in understanding our customers and the delivery of our customer service aspirations.

KPIs



Overall customer satisfaction

We deliver by listening to our customers and ensuring that we meet their requirements.



Calls answered within 20 seconds

During the lockdown months of June and July call volumes increased by up to 60%, excluding these two months the KPI delivered was 77%

The average customer wait time during June, our busiest month, was only 6 minutes



Roadside assistance average response time

Mobility is a priority to our customers. In the event of a breakdown our customers receive priority assistance, and with an average response time of 39.2 minutes during the year (compared with a KPI target of <42 minutes), customers are quickly attended to and are mobile again.

Objectives

Deliver best-practice customer service through our call centre

Ensure that the standard of services deployed through our key suppliers is commensurate with our internal targets

Build our adaptation and conversion expertise to ensure that customers have a seamless experience and that we are recognised for the excellence of our 'one-stop shop' service

Provide our customers with the information and tools they need to select a suitable car from the wide range available

Provide information to support decision-making to meet customers' mobility needs

Delivery

Continued investment in our front-line customer services team to address more complex customer needs that have arisen through our changing customer base and the challenges presented by the pandemic. An essential part of this is resolving queries in an efficient and effective manner; our first-call resolution rate means that most customers only have to speak to one adviser to resolve their query.

Introduced speech analytics which will support and enhance our immediate understanding of customer needs and adapt to any changing requirements.

Expanded the digital offering to provide customers with access to information at any time of the day. This has been supported by extended hours of service, trialling of other channels of interaction e.g. Webchat, Twitter, WhatsApp chat. Our online channel has proven particularly popular with customers who are unable, or prefer not, to use the telephone.

Our Edinburgh office has become operational with access to more tools and additional resource to support customers

Continuous mobility programme aims to ensure our customers can continue with their day-to-day lives in the event their vehicles are off the road for a period of time

Worked closely with the converters of our most complex vehicle solutions, understanding and supporting the challenges faced during a difficult period for these often more bespoke organisations

Fully embedded a 'try before you buy' service for customers who require a WAV. This enables the customer to test a similar vehicle for an extended period of time, ensuring it is right for their needs and allowing them to make an informed decision on selecting a larger, more complex vehicle

Continued to support PIP stopped-allowance cases and provided an option for qualifying customers to retain their vehicle for 26 weeks, with extended support available if a customer appeal extends beyond this period.

Provide value and choice

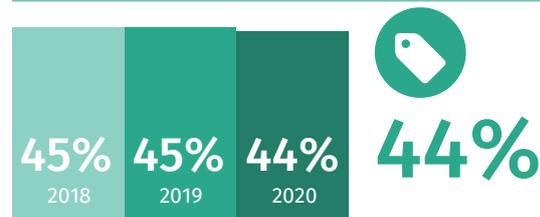
We provide a wide range of vehicles to our customers at competitive and affordable prices.

Goals

We believe that customers should be able to choose from a wide selection of vehicles. Within this offering we are committed to providing a range of affordable models which are suitable for our customers' needs.

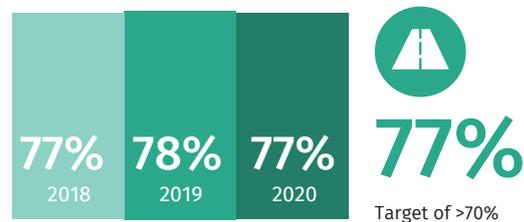
To this end we seek to leverage our purchasing power and ensure that we manage our cost base on commercial terms – the aim being to provide value without compromising choice or quality.

KPIs



Relative affordability – % cheaper than alternative

We benchmark ourselves using commercial contract hire quotations. These are usually unavailable to the general public and are likely to be less expensive than personal contract purchase quotations. Our economies of scale, operational efficiencies and a VAT concession (which is passed onto customers in lease pricing) deliver the majority of this differential.



% of vehicles sold online at the end of lease

Selling via our online sales channel, 'mfldirect', provides an effective, low-cost route to market which facilitates the management of our high volume of disposals, and also ensures a competitive sales environment through which we seek to maximise our net return. During the year to September 2020, 77% of vehicles were sold online.



Affordable vehicle choice at 'nil advance payment'

We aim to maintain the availability of at least 200 cars that are funded solely by the assignment of the customer's disability allowance. During the year to September 2020 we exceeded this target with at least 299 models at any one time.

Objectives

Provide stability in pricing and choice throughout the economic cycle

Maintain a range of at least 200 cars at 'nil advance payment'

Provide a wide selection of vehicle models and brands

Ensure that our residual value-setting and forecasting is the best in the industry

Retain our market leadership for vehicle remarketing

Delivery

Worked with car manufacturers to maintain choice and affordability for customers with more than 299 cars available at no more than the allowance. This was achieved despite significant challenges presented to manufacturers through both Covid and WLTP testing.

Provided a large selection of vehicles available at less than the customer's full allowance, with on average 161 cars available through the year.

Continued to develop our processes of residual value forecasting, to ensure customer pricing is based on a fair and reasonable assessment of future market values. An independent third-party end-to-end assessment of our residual value forecasting, stated "MO's forecasting approach uses sophisticated techniques, is robust, fit-for-purpose and aligns to forecasting best practice".

Further enhanced the customer WAV proposition with the roll out of familiarisation visits, and annual checks, to make sure customers are comfortable with their vehicle, and the technical aspects remain sound.

Continued activity on the long-term development of systems infrastructure for our online remarketing processes. The agile development will deliver a sustainable and secure platform for the future and provide opportunities to deliver enhancements to our existing remarketing capabilities.

Developed our second proprietary online auction channel allowing us to reach a broader range of customers and offer more choice in an increasingly competitive market.

Relaunched our dealer locator tool, optimising the application process for customers and ensuring they continue to receive a service specific to individual requirements.

Improve reach and awareness

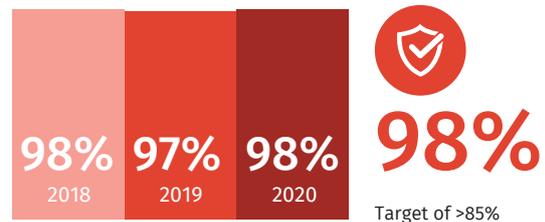
We seek to create improved awareness and understanding of the Scheme proposition within our potential market. In doing so, we attract new customers to the Scheme.

Goals

Through promoting greater understanding of the Scheme proposition, we seek to develop better-informed potential customers who are well-positioned to evaluate its benefits.

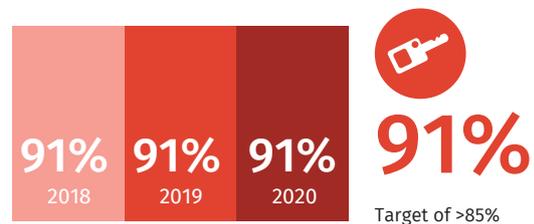
Fundamental to this are the loyalty and trust of our existing customers, with renewal rates being closely linked to our success in delivering sustained affordability and excellent customer service.

KPIs



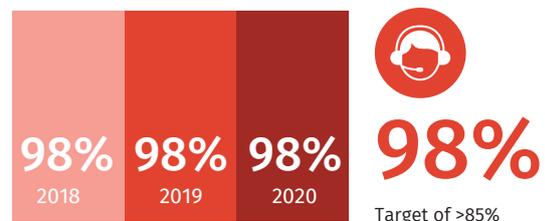
Trust in Motability

Since 2012 we have measured customers' trust in the Motability brand. Trust is considered to be key in enabling current and potential customers to make an informed and confident choice of a mobility solution that meets their disability needs and, in turn, strengthens customer advocacy of the Scheme.



Customer renewal rate at the end of lease

Whether customers decide to renew at the end of the lease is a key measure of our success in delivering affordability, choice and customer service. During the year to September 2020 this was maintained at over 91%, compared with a KPI target of 85%.



Customer advocacy

Existing customers are the Scheme's biggest advocates, with 98% saying that they would recommend the Scheme to others.

Objectives

Raise understanding of Scheme elements and confidence and trust in the Scheme

Maximise effectiveness of multimedia channels to increase understanding within the eligible customer base

Identify and, where appropriate, remove any barriers for potential customers

Continue to encourage Motability dealers to promote the Scheme in line with our brand

Delivery

Unable to physically host our 'One Big Day' events this year, and so instead we hosted an online event via the Scheme Facebook page with 48,240 participants.

Provided operational and disability confidence training for several thousand dealer Motability specialists, all through an online platform which was developed rapidly to replace our usual classroom environment. Our training courses are being adapted to further enhance our services and align them to a multi-channel approach.

Continued improvements to the Scheme website, offering users a simpler, cleaner journey in line with our updated branding and redesigning the way key information is ordered and displayed.

Developing an online 'self-service' portal, further broadening the opportunities for customers to contact us and to tailor their package to their own specific requirements.

Continued to work with Family Fund, the UK's largest charity providing grants for low-income families raising disabled or seriously ill children and young people, to deliver a pilot scheme providing vehicles to families with children under the age of three who are seriously ill or disabled but do not yet qualify for a government mobility allowance. This programme was endorsed by the DWP with funding to date provided by Motability (the Charity), and during the year 70 families were supported by the provision of an appropriate vehicle.

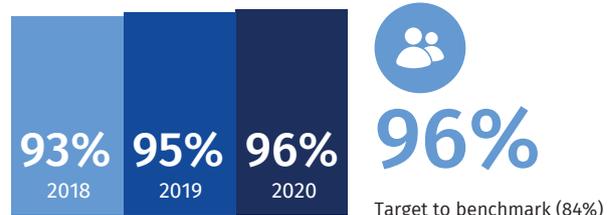
Ensure long-term sustainability

We ensure that our business model, finances, people, reputation and infrastructure are geared to support the long-term sustainability of the Scheme.

Goals

Long-term sustainability is fundamental to the delivery of the other three strategic pillars. From a financial perspective we seek to ensure that we maintain a robust balance sheet and reserves base capable of absorbing market volatility, and that we secure longevity of funding on competitive terms capable of supporting our range of fleet expectations. This, in turn, allows stability of pricing through the economic cycle. We endeavour to operate efficiently and responsibly to support our customers and stakeholders. We regard the enhancement of our reputation and the continuation of the support we enjoy across our stakeholder groups as pivotal to our sustained success.

KPIs



Employee engagement

We participate in an independent annual review of business culture, where we have significantly outperformed the 'High-Performing Organisations' benchmark. Employee engagement is 11pts higher than the benchmark.



Credit rating

Our credit ratings underpin our ability to fund the Scheme in a sustainable and cost-effective manner. Our ratings are A / A1 with stable outlooks (from Standard & Poor's and Moody's respectively).



Debt maturity profile

The Group aims to retain a well-laddered debt maturity profile in order to effectively manage refinancing risk. The average debt maturity remains appropriate at close to 8 years.

Objectives

Maintain a prudent reserves policy that provides financial strength adequate for us to withstand the impact of potential shock events

Create opportunities to access wider sources of competitive funding. We aim to maintain our credit rating, enabling us to secure the most appropriate funding at competitive rates

Ensure that our premises and information technology infrastructure are robust and future-proof

Attract and retain quality people

Continue to nurture effective partnerships with key stakeholders

Maintain a forward-looking environmental policy, providing a choice of environmentally friendly vehicles on the Scheme, balancing customer needs with fuel economy and emissions

Delivery

Delivered a robust financial result, reflecting an excellent first half of the year, driven largely by the buoyant used car market prior to the national lockdown beginning at the end of March.

Financial results during the first six months of the year were buoyed by a recovery in used-car values in the final quarter of 2019, linked to a reduction in market supply levels. The used car market remained resilient until the significant impact of Covid-19 in late March meaning that our financial results at that stage were ahead of both planned and priced expectations.

An external review from Oliver Wyman, to examine our capital modelling methodology and our applied risk appetite and confidence levels, and to benchmark our capital reserve levels against near-comparable companies. Significantly, confirmed the appropriateness of Motability Operations' economic capital approach and supports the Group's application of a 99.99% confidence level.

Continued development aligned to our strategic IT roadmap that will secure systems sustainability (replacing aged legacy systems) with linked benefits flowing across business operations.

Our annual independent employee culture survey recorded an engagement score of 96%, significantly ahead of the benchmark of other high-performing organisations.

Given the high-performance levels expected of individuals who work to deliver the Scheme we have invested resources to ensure we maintain and develop an appropriate environment that supports their needs and that recognises and embraces the benefits of a diverse workforce.

Maintained a proactive engagement programme with key stakeholders, operating in a transparent and straightforward manner.

Ensured a good range of lower-emission, higher-MPG vehicle choices are available across vehicle categories and feature green choices in our promotional mailings.