



## Chairman's statement

# Investing to meet the needs of the future

**After last year, a return to something closer to normality has been welcome. However, there is still a long way to go before we are back to 'business as usual'. This year continued to see the business face many challenges, including further lockdowns, and supply issues leading to an increase in our order book.**

Once again, Motability Operations has responded superbly to the situation, and I'd like to thank colleagues who work tirelessly, continuing to address the needs of customers. The hard work and dedication of our employees, many still working from home for extended periods, and the unflagging support of business partners, have brought us through this latest challenging year in excellent shape.

It's been a year of change too. On 1 January, we welcomed the Group's new CEO, Andrew Miller. Andrew is responsible for formulating strategy and driving performance across all aspects of the business. He was previously a partner at the private equity firm Terra Firma and before that held positions including Chief Executive at Guardian Media Group and Chief Financial Officer at Autotrader. His experience covers strategic, operational and finance roles at major international companies, including PepsiCo, Bass and Procter & Gamble. Andrew is also a Non-Executive Director at Channel 4.

Andrew has arrived in the business at one of the most challenging times in the history of the Scheme, with major disruptions ahead across our industry. Already, he has grasped this as an opportunity to shape exciting new strategic directions, and the Board and I are enjoying working with him immensely.

I'd also like to express the Board's appreciation to Matthew Hamilton-James, who stepped in as interim CEO in 2020. On behalf of the Group and all our stakeholders I pay tribute to Matthew's calm leadership and clear-sighted, wise stewardship during this most difficult time. Now restored to his position as Finance Director, we are fortunate to have his talent within the organisation.



**I'd like to take this opportunity to pay tribute to the commitment and resilience of employees across the business.**

## Chairman's statement continued

Our people underpin the success of this business, and we continue to work on programmes to seek, recruit, and retain top talent. We have created a new scholarship programme, providing financial help and valuable work experience for students from ethnic minority groups. We are working with early intervention mentoring charity, Urban Synergy, to launch it. Our scholarship programme for students with a disability has been in place for over 10 years and we are very pleased to be expanding the programme further.

I'd like to take this opportunity to pay tribute to the commitment and resilience of employees across the business. Notwithstanding the challenges of adapting to a hybrid working environment and unprecedented customer call volumes (linked to both the impact of the pandemic and delays in new vehicle deliveries), our people have continued to work relentlessly to support our customers through these challenging times.

With our people as the foundation, we are well-placed as we contemplate the changing landscape ahead of us. Over the next decade, the motoring world, the Scheme – and by extension the Company – will change radically. In his CEO's report, Andrew picks this up and outlines the challenge presented by the transition to electric vehicles, explaining how the Company is developing its innovation muscle to futureproof the service we provide to customers; in short how we ensure that we provide our customers with a worry-free "glide-path to green motoring".

Shorter-term disruptions are also affecting Scheme operations and delivering some extraordinary and unpredictable outcomes. No-one could have expected the current appreciation in used-car values. This has been driven by a combination of the well-publicised semi-conductor issues and the Covid-19 related delays which are limiting the supply of new cars. While this means Scheme customers are waiting longer for their new car to arrive, the value of our current vehicle fleet has increased significantly, generating a financial outcome of higher than anticipated capital headroom.

The strength of our financial position means we are able to invest strategically to help our customers. In his CEO review, Andrew outlines in detail the investments made to date and also future commitments including a £300m investment to support the transition to electric vehicles, over £100m in rebates to customers (reflecting lower costs related to reduced vehicle usage during the various phases of national and regional lockdowns), £180m to alleviate affordability pressures for both renewing and new-to-Scheme customers, and a donation of £170m to Motability, the Charity to further enhance the lives of people living with disabilities. Motability, the Charity, has a wider set of grant-making, research and innovation programmes aimed at reducing the disadvantage in access to transport experienced by disabled people. We are delighted to be able to continue to support its valuable and life-enhancing work.

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## Chairman's statement continued



Linked to this latter point, I am pleased to report that the working relationship with the Charity remains very strong. The Charity's oversight role remains invaluable in helping the Company deliver the Scheme to the highest possible standards for our customers. In particular, I would like to thank Motability's Chairman, Charles Manby MBE, for his wise insights over the course of the year and also in particular the collaborative way in which we have worked together to respond to the challenges presented by Covid-19.

Looking ahead, I am very confident about the business's ability to meet its operational and financial goals in 2022. Our core focus remains on ensuring our customers are well-served and supported, and we were delighted that despite the difficulties of the year, customer satisfaction remained at 9.8 out of 10.

At the same time, we are starting to develop our thinking and efforts on wider issues of environment, social and governance (ESG), exploring ways that even a large car fleet such as ours can play its part in reducing impacts on the environment, whilst recognising that, for many of our customers, access to a car is their only route to mobility. With further changes all

around us, we will also consider the options for eligible people who may be less suited to the Scheme in its current form.

Nonetheless, given the continuing range of variables which could affect our performance, it is important that we keep the business's capital reserves at a prudent level. These reserves will continue 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 around a third of our total funding requirement; they are not held as cash, but invested in the car fleet.

We are all focused on ensuring the Scheme sustains its high level of performance, while addressing the many challenges on the rapidly approaching horizon. We have to maintain our peerless levels of customer service, while continuing to attract new customers, and navigating the green transition. Under Andrew's inspiring leadership, I am confident we will deliver, to the benefit of all of our stakeholders.

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

# £170m

donated to Motability, the Charity