Rt Hon. Mel Stride MP, Financial Secretary to the Treasury  
1 Horse Guards Road  
Westminster  
SW1A 2HQ  

21 January 2018  

Dear Mel,

The Treasury Committee and the Work and Pensions Committee are conducting a joint inquiry into the financial arrangements of the Motability Scheme, governed by Motability, a charity, and administered by Motability Operations, a private company. In response to a request from the joint Committees, and the then Secretary of State for Work and Pensions, the Rt Hon Esther McVey, the National Audit Office (NAO) carried out an investigation and published a report on the Scheme.

The NAO concluded that the tax exemptions provided to the Motability Scheme in the form of VAT zero rating for the hire and sale of the Scheme vehicles, and exempting the Scheme vehicles from Insurance Premium Tax amounted to £888 million in indirect support to Motability Operations in 2017, support that no other private company is able to access.

Could you confirm these figures provided by the NAO and, given the Treasury’s large amount of indirect support provided to the Motability Scheme, can you set out when the Treasury last reviewed these tax exemptions and its policies and support for the Motability Scheme and Motability Operations the company?

We will be placing this letter, and your response in the public domain.

Rt Hon Nicky Morgan MP  
Chair of the Treasury Committee  

Rt Hon Frank Fields MP  
Chair of the Work and Pensions Committee