



Treasury Committee and Work and Pensions Committee

House of Commons, Committee Office, London SW1A 0AA

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

21 January 2018

Mel Stride

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.

Tommy Wainwright

Nicky Morgan

Frank Fields

Rt Hon Nicky Morgan MP
Chair of the Treasury Committee

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