Motability Scheme

A report by OXFORD ECONOMICS

The impact of the Motability Scheme

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Executive summary

The Motability Scheme enables disabled people who receive an eligible government mobility allowance to lease a car, Wheelchair Accessible Vehicle (WAV), powered wheelchair or scooter. It connects over 800,000 disabled customers to work, education, friends and family.

Motability Foundation sets the strategic policies and direction of the Motability Scheme, and oversees its performance. The day-to-day running of the Scheme is delivered by an independent commercial company, Motability Operations (MO), under an exclusive contract with Motability Foundation.

Supplying these customers with vehicles through the scheme requires MO to spend money with companies across the UK economy. This includes car manufacturers, retailers, and distributors, as well as businesses providing a range of services such as insurance, servicing and repairs, breakdown cover, and specialist vehicle adaptations. Through this activity, the Motability Scheme makes an important contribution to the UK economy.

The content of this report has been calculated using financial year 2023 data, as reported in Motability Operations' 2023 Annual Report and Accounts.

The Motability Scheme sustains a sizeable economic footprint in the UK

The Motability Scheme supported a £4.3 billion contribution to UK GDP in 2022/23.[1] This total accounted for 0.2% of all economic output in the country—or £1 in every £620 pounds of economic output in the UK.

The largest share of this, £2.5 billion or 59% of the total, was generated **directly** by MO and the firms engaged in the supply of vehicles to the Motability Scheme, like motor manufacturers, dealerships, and the companies providing vehicle-related services. To put this in context, the direct GDP generated by the Motability Scheme was 7% larger than the GDP created by the UK's iron and steel industry.

£4.3 billion

Total contribution to UK GDP in 2022/23, or **£1 in every £620** of UK GDP.

Beyond their direct contribution to the UK economy, we estimate these firms spent £1.3 billion with UK suppliers in 2022/23. This spending supported a further **indirect** contribution to UK GDP of £902 million along their UK supply chain. Wage-financed spending in the consumer economy attributable to MO supported an **induced** contribution to UK GDP of £840 million.

Of the £4.3 billion total contribution to GDP, we attribute 45% of the total (or £1.9 billion) to MO. The remaining 55% comprises the impact supported by its expenditure on vehicle-related services (24%), the dealership activity supported by its sales of vehicles (15%), and the activity it sustained at UK motor manufacturers (11%) and dealerships (6%) through its new vehicle purchases.

In total, the Motability Scheme supported 34,000 jobs across the UK in 2022/23. Of these, 10,500 jobs were supported directly at MO and the firms engaged in the supply of vehicles to the Motability Scheme, and the maintenance and insurance of its fleet.

34,000 jobs

Total employment supported across the UK in 2022/23.

This figure includes MO's own 1,762 employees plus those employed at its core suppliers, such as Kwikfit or the RAC to give two examples, whose jobs are supported by MO's expenditure on the fleet. A further 12,900 jobs were sustained along these firms' UK supply chains by their procurement spending (indirect impact), with the remaining 10,600 jobs supported by wage-induced spending in the consumer economy (induced impact).

The Motability Scheme also supported £773 million in tax revenues for the UK Exchequer 2022/23. This was equivalent to the average wages of around 24,200 nurses. The largest share of this total comprised taxes paid directly made by MO and the firms engaged in facilitating the Scheme, and their staff, at £324 million.

£773 million

Total tax contribution to the UK Exchequer in 2022/23. Equivalent to the average wages of **24,200 nurses**.

This economic activity is spread across the UK. The largest contribution to GDP was sustained in the South West of England, totalling £1.2 billion, the location of MO's Bristol head office. However, the most employment was supported in North East. The Motability Scheme also supported economic activity in each of the UK's 650 constituencies.

[1] 2022/23 refers to MO's Financial Year 2023, which runs from October 2022 to September 2023.

This activity was supported in constituencies experiencing socioeconomic challenges. Some 40% of the jobs supported in England were in the most deprived 30% of constituencies, according to the rankings of the UK Government's Index of Multiple Deprivation.

This report also measures how much of this economic footprint is sustained in Scotland. Of the UK total, we estimate £361 million of the total contribution to GDP was sustained in Scotland in 2022/23. This was equivalent to 0.2% of all economic output in the country—or £1 in every £540 pounds of economic output in Scotland. Nearly 3,000 jobs were supported across the Scottish economy by this economic activity, along with £61 million in Scottish tax revenues.

Access to a Motability Scheme vehicle provides customers with substantial social benefits

The impact of the scheme spans beyond its economic footprint. Access to its vehicles has a significant impact on customers' lives, through the enhanced wellbeing and confidence they experience from increased mobility, along with increased access to employment, education, and healthcare, and journey time savings.

A value can be placed on the uplift in wellbeing gained from customers having more opportunity and confidence to go out and enjoy their day-to-day activities. And the same can be done for the time savings they experience from having their vehicle, the impact on their wages from improved access to education and employment, and the cost savings to the NHS from their increased mobility.

We estimate the Motability Scheme had a social impact on customers' lives worth £11.2 billion in 2022/23. Most of this total (£9.9 billion) was derived from improved wellbeing for customers. This was experienced through the reduced isolation and increased autonomy, emotional wellbeing, and confidence their Motability Scheme vehicle provides.

£11.2 billion

The estimated value of social benefits supported by the Motability Scheme.

By region, the largest share of these benefits, some £1.6 billion, was derived in the North West—the region with the largest share of Motability Scheme users.

The impact of the Motability Scheme

The Motability Scheme support the UK's electric vehicle (EV) transition

Through the Motability Scheme, MO is not only helping to broaden the use of EVs on both a geographical basis and across the socioeconomic spectrum, but it is also meeting demand for EVs at the more affordable end of the price spectrum.

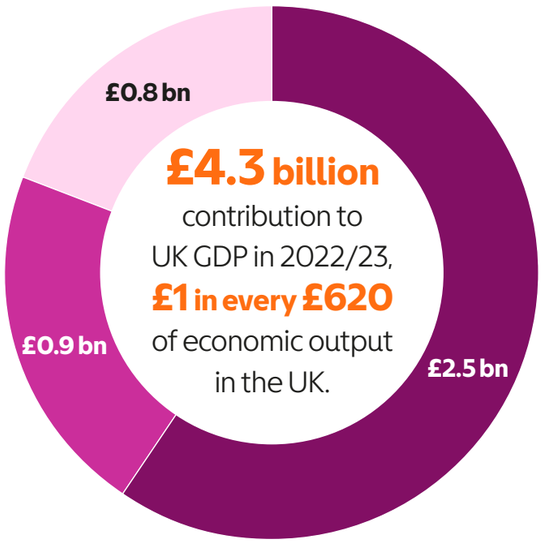
With its vehicle purchases, MO supports the roll out of EVs in the UK. MO is the largest single purchaser of EVs in the UK. And it buys EVs priced at the lower end of the price spectrum, with 89% of the EVs bought by MO in the cheapest 30% of EVs according to their retail price. This compares to an equivalent figure of 45% across the rest of the UK's EV fleet. Driving demand for cheaper EVs could stimulate the manufacturers' development of their offering at lower price points.

MO also supports the diversification of the UK's EV fleet. MO's provision of EVs was more diversely spread across the UK's nations and regions than the rest of the nation's current fleet. For instance, customers in Northern Ireland leased 6% of MO's EV purchases versus just 1% of the rest of the EVs bought in the UK, while customers in Wales leased 7% of MO's EV purchases compared with only 2% of the rest of the national fleet. The diversification was not just geographical, but across the socioeconomic spectrum. Our research also reveals the Motability Scheme has brought EVs to more deprived communities. For example, the most deprived 30% of local authorities (based on average earnings) received 47% of MO's EVs, compared with just 25% of the rest of the national total.

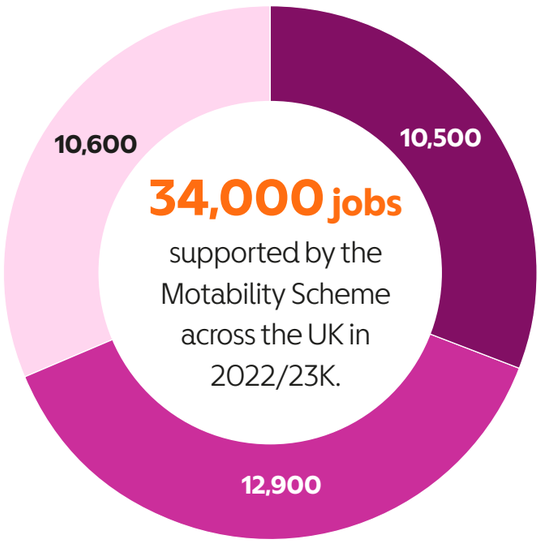
The economic impact of the Motability Scheme in the UK

The number of Motability Scheme customers has recently risen to **800,000** for the first time.

Direct operations Supply chain spending Wage-financed spending



£4.3 billion contribution to UK GDP in 2022/23, **£1 in every £620** of economic output in the UK.

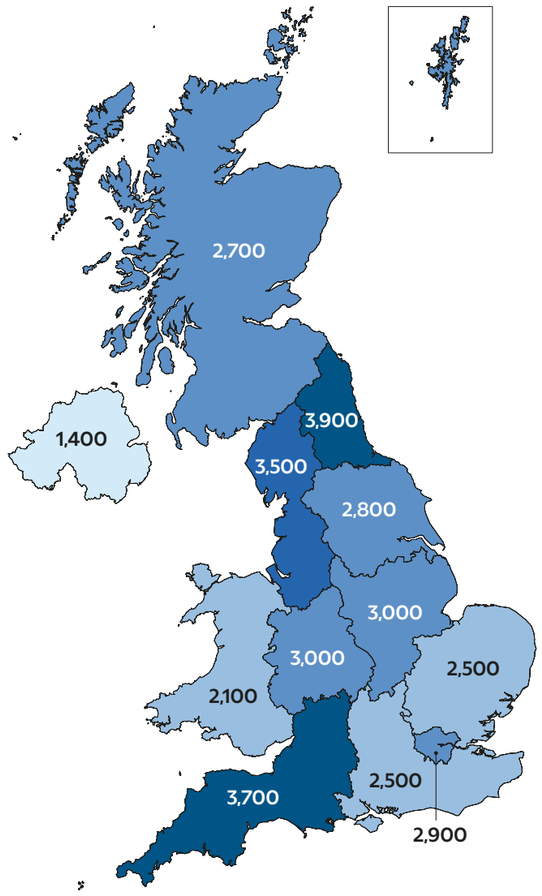


34,000 jobs supported by the Motability Scheme across the UK in 2022/23K.

£773 million in tax payments supported in 2022/23, equivalent to the average wages of around **24,200 nurses**.

Economic activity supported across the UK

The Motability Scheme supports economic activity across the length and breadth of the UK, across its nations and regions and in each of its 650 Parliamentary Constituencies.



Employment supported (jobs)

<2,000 2,000–2,500 2,600–3,000 3,100–3,500 >3,600

Substantial social benefits to customers

£11.2 billion estimated value of social benefits supported by the Motability Scheme in 2022/23, Including **£9.9 billion** value of improved wellbeing.

Supporting the UK's electric vehicle (EV) transition

Single largest purchaser of EVs in the UK.

MO purchases more affordable evs: **89%** of the EVs purchased were valued between **£25,000** and **£40,000**, in the cheapest **30%**, compared to national average of **45%**.

MO customers with EVs live in less wealthy areas: **47%** of the evs purchased were provided to customers in the most deprived local authorities by earnings, compared to national average of **25%**.

Motability Scheme

1 Introduction

1.1 The Motability Scheme

Marking the 45th anniversary of its launch in 2023, the Motability Scheme helps disabled people across the United Kingdom overcome barriers to leading fuller lives by offering more affordable and convenient ways to access cars and Wheelchair Accessible Vehicles (WAVs). Overseen by the Motability Foundation, and delivered by Motability Operations (MO), the Scheme allows people to exchange their government-funded mobility allowance for a vehicle lease. All the main considerations of running a car such as insurance, maintenance, and road tax are part of the all-inclusive package, ensuring customers do not face any large or unexpected costs from the use of their vehicles.

The Motability Scheme offers a wide range of vehicles and leases run from between three to five years. For those customers who have more specialised requirements, the scheme also offers larger WAVs, bespoke adaptations, or powered wheelchairs and scooters based on need. This means the scheme can provide vehicles suited to customers with a range of disabilities.

Having plateaued at around 650,000 for much of the previous decade, the number of scheme customers has recently risen to 800,000 for the first time. The vast scale of the Motability Scheme means it has a prominent and growing role in the UK car industry. As the largest single buyer of cars in the UK, MO purchased 264,700 new vehicles for a total value of more than £5 billion in 2022/23.

This report, commissioned by MO and the Motability Foundation, assesses the economic footprint of the Motability Scheme in 2022/23. It provides an update to the results of the previous Oxford Economics study, relating to the 2019/20 time period. In conducting our analysis, we have used sophisticated economic modelling to assess the economic impact of MO and the firms which are engaged to operate the Motability Scheme, including its procurement from UK suppliers and their payment of wages to UK workers.

Beyond its economic footprint, the scheme also provides important social benefits to customers, which this report measures. As the vehicles provided by the scheme reduce the isolation of their customers, and increase their ability to socialise, they experience an uplift in wellbeing which can be valued. As can the time savings on journeys, and greater access to employment, education, and healthcare that their scheme vehicle provides.

Finally, in this report we take stock of how MO's vehicle purchases are helping the electric vehicle (EV) transition. The UK is lagging behind its targets for EV transition as set out in the Government's zero emission vehicle (ZEV) mandate, but the purchases MO makes helps to diversify EV usage both on a geographical basis and across the socioeconomic spectrum.[2] By providing demand for EVs at the economy end of the price spectrum, MO is making an important signal to manufacturers to develop their offering at this price point.

[2] UK Government, Pathway for zero emission vehicle transition by 2035 becomes law, accessed November 2024

The impact of the Motability Scheme

1.2 Structure of this report

The remainder of this report is structured as follows:

- **Section 2** quantifies the scale of the economic footprint supported by the Motability Scheme across the UK;
- **Section 3** expands on how the Motability Scheme's economic footprint in the UK is split across the five different segments which support the Scheme and its operation;
- **Section 4** outlines the economic footprint of the Motability Scheme across the UK's Government Office Regions and Parliamentary Constituencies;
- **Section 5** measures the social impact of the Motability Scheme to its customers;
- Lastly, **Section 6** explores the Motability Scheme's role in supporting the EV transition in the UK.
- The **Appendix** provides a detailed description of the methodology.

How the Motability Scheme supports the UK economy and society

Measuring economic impact

Economic impact modelling is a standard tool used to quantify the economic contribution of an investment, a company, or a sector of the economy. Impact analysis traces the economic contribution of an investment or other spending through three separate channels:

- The **direct impact** measures the economic activity generated directly by Motability Operations (MO) and by the initial firms receiving operational expenditure undertaken to provide and maintain cars for Motability Scheme customers across the UK.
- The **indirect impact** encapsulates the activity sustained along the UK supply chain as a result of the procurement of goods and services by MO, car manufacturers, dealerships, and other firms involved in delivering the Scheme.
- The **induced impact** captures the impact of the spending of wages on consumer goods and services by those employed by these firms and in their UK supply chains.

For this analysis in particular, the direct impact is defined as the operations required to provide and maintain Motability Scheme vehicles. This comprises five segments:

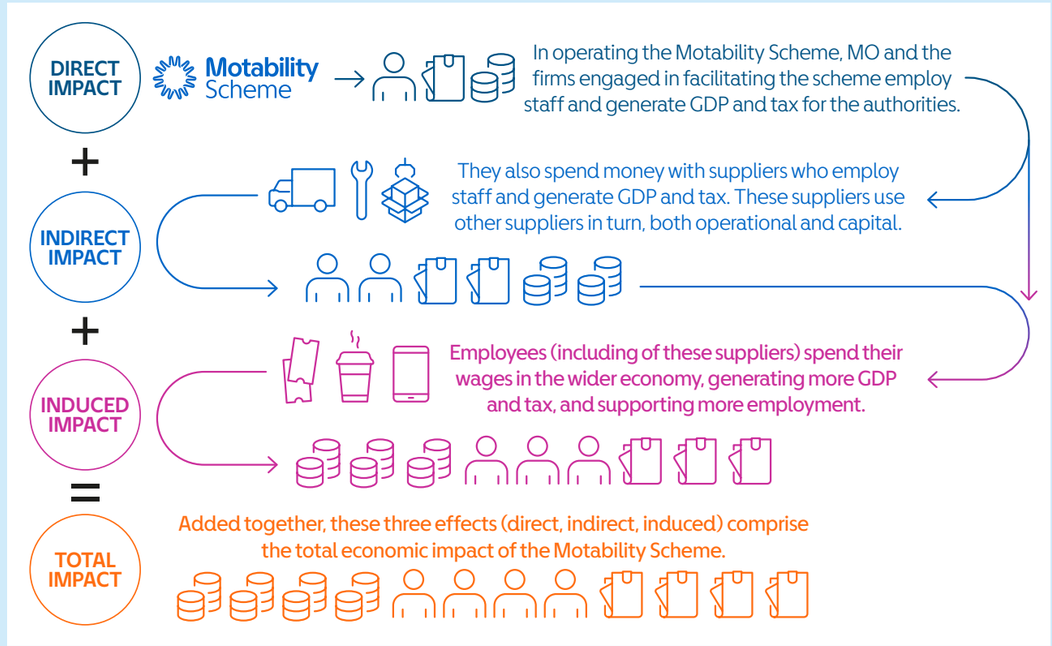
1. **Motability Operations**—the commercial entity which operates the Motability Scheme.
2. **UK motor manufacturing**—the domestically manufactured cars and engines purchased by MO for Scheme customers.
3. **Retailing and distribution of new cars**—the economic activity in the dealerships and distribution networks which new cars pass through on their way to the scheme's customers.
4. **Retailing and distribution of used cars**—the dealership activity generated by MO's disposal of vehicles at the end of their lease.
5. **Vehicle-related expenditure**—spending on insurance, breakdown cover, servicing, repairs, tyres, and adaptations for the scheme fleet.

As parts 2) to 5) lie in Motability Operations' supply chain, care has been taken not to capture their footprint twice (i.e., this spending is not captured in the indirect impact).

In this assessment, the economic impact is measured across three indicators:

- **Gross value-added contribution to GDP** ("contribution to GDP") is the contribution that the Motability Scheme makes to UK GDP.
- **Employment** refers to the number of jobs that the Motability Scheme supports.
- **Taxes** includes the corporation tax, income tax, National Insurance Contributions, taxes on products, and taxes on production paid to the authorities.

Fig. 1: Illustrating the channels of economic impact



Measuring social impact

To measure the social impact of the Motability Scheme, we use survey evidence outlining the ways in which scheme customers felt their lives had been substantially improved through the access to their vehicle. We used 28 survey questions on scheme customers' outcomes covering employment, education, health, time savings, and wellbeing.

Secondly, we reviewed wider economic literature and available data to produce estimates of the monetary value of the benefits customers experience because of having their vehicle:

- **Wellbeing** increases are valued using the Greater Manchester Combined Authority's cost-benefit analysis tool, with values split across four functions of wellbeing: positive functioning (autonomy, control, aspirations); emotional wellbeing; reduced isolation; and increased confidence and self-esteem.
- **Time savings** are valued using the Department for Transport's transport analysis guidance (TAG).
- The value of increased access to **education** and **employment** through the wage premia gained uses a series of wage data from the Office for National Statistics (ONS).
- The value of increased access to **health** through cost savings uses evidence from the National Health Service (NHS).

These two pieces of information—the survey responses and the valuations—are then combined and scaled to the relevant number of scheme customers to reach the aggregate valuation. For improving employment and education outcomes, we focused on just those customers who were in employment and education, respectively. For the time savings, health, and wellbeing outcomes, we included all the scheme's customers in the calculations.

The results of this study are presented on a gross basis, meaning they do not consider what the resources currently used in supporting MO and the Motability Scheme's impact could otherwise be used for. Nor do they account for any displacement of activity from other leasing companies.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2 The economic footprint of the Motability Scheme in the UK

In this section, we outline the economic footprint of the Motability Scheme in the UK 2022/23. From the activities of Motability Operations (MO) itself, to the expenditure required to facilitate the Motability Scheme with motor manufacturers, dealerships, and maintenance and insurance companies across the country, the company sustains significant activity across the UK economy.

The total economic footprint of the Motability Scheme in the UK is measured for MO's financial year 2023. This runs from October 2022 to September 2023 and is hereafter referred to as 2022/23.

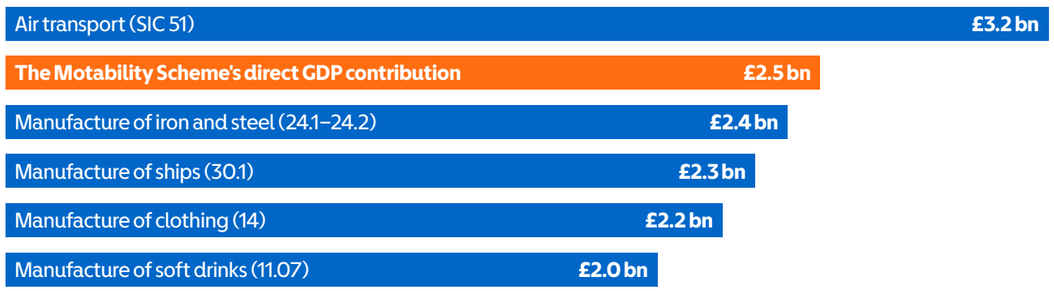
2.1 The direct economic footprint

The Motability Scheme directly contributed £2.5 billion to UK GDP in 2022/23. This includes the GDP generated by the direct operations of MO, and the firms engaged in facilitating the Motability Scheme—motor manufacturers, dealers, and those involved with maintenance and insurance of its fleet.[3] To put this figure in perspective, it was 7% larger than the GDP generated by the UK's iron and steel industry in the same period.[4]

The Motability Scheme directly employed 10,500 workers in 2022/23. This figure includes the 1,762 staff employed by MO in this period, along with those employed directly at the manufacturers, dealers, and companies involved with maintenance and insurance of its fleet whose jobs were attributable to the spending carried out by MO to operate the Motability Scheme.

Some £324 million in taxes were directly paid by MO and the firms engaged in the supply of and maintenance of vehicles to the scheme, and its staff. Nearly half of this direct tax contribution (some £143 million, or 44% of the total) was accounted for by MO's own corporation tax payment.

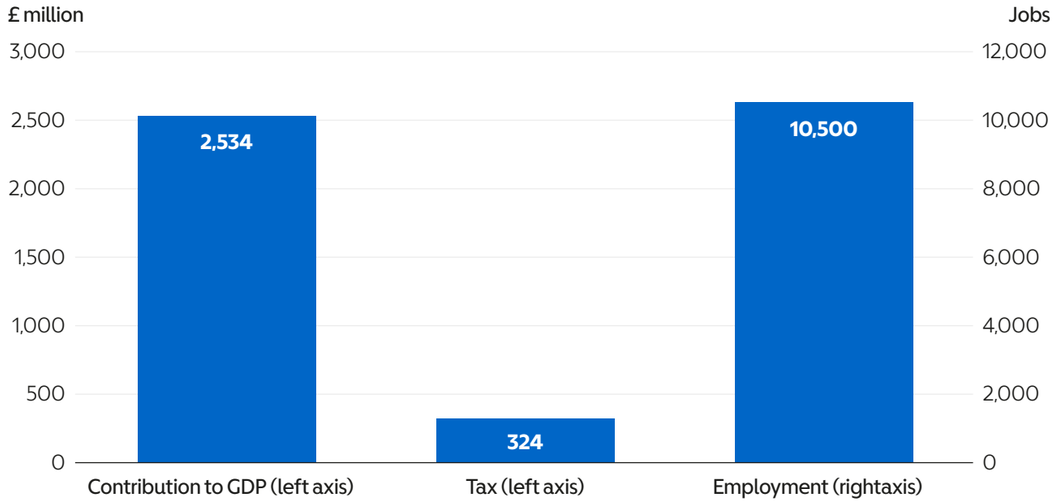
Fig. 2: Direct contribution to GDP compared with UK industries in 2022/23



Source: MO, ONS, Oxford Economics

[3] For MO, this figure is calculated as the sum of its gross operating profit (measured as its EBITDA) plus the compensation it paid to its employees, using the so-called income approach to national accounting. For the other firms, we use industry-specific gross output to GDP ratios to estimate the direct GDP generated from MO's expenditure with them.
[4] As defined by Standard Industrial Code 24.1 to 24.3. Data from ONS, low-level GDP aggregates, accessed November 2024. Comparisons are made to data for the period October 2022 to September 2023.

Fig. 3: Direct UK economic impact, 2022/23



Source: MO, Oxford Economics

2.2 The indirect economic footprint

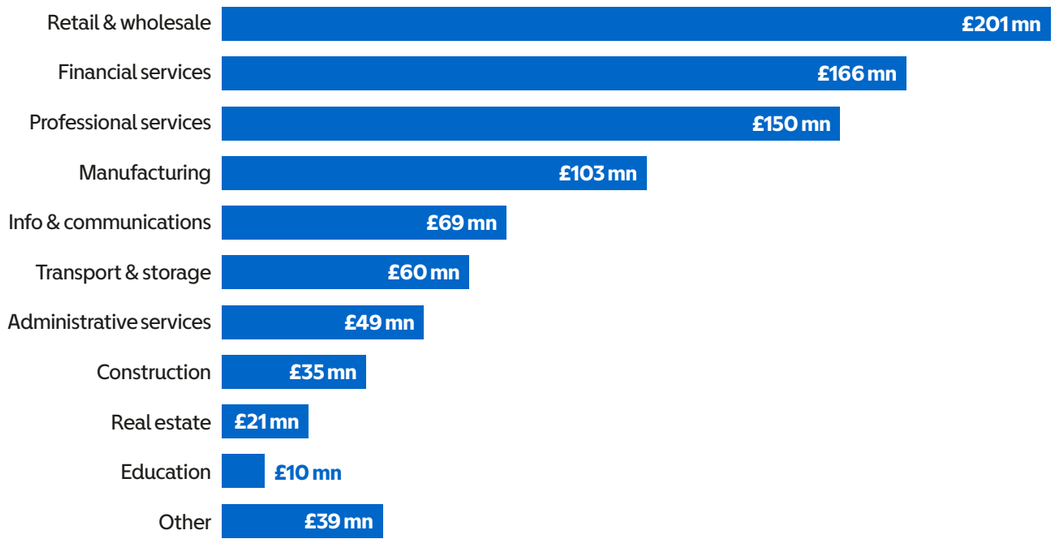
We also consider impacts as a result of supply chain spending resulting from the operation of the Motability Scheme—known as the indirect impacts. MO purchases inputs of goods and services from suppliers across the UK in the day-to-day running of its business. The firms engaged in delivering the Motability Scheme also purchase from suppliers nationwide. For instance, UK motor manufacturers buy components and materials, while dealerships rent facilities and take out advertisements, and companies providing maintenance and adaptations to the Motability Scheme fleet purchase parts. These purchases stimulate further economic activity.

In 2022/23, we estimate the Motability Scheme spent £1.1 billion on inputs from suppliers in the UK across a wide range of industries. The largest share of this total (£291 million, or 25%) was spent with businesses in the wholesale and retail trade sector, which includes the repair of vehicles. A further £199 million was spent on manufactured goods—including vehicle parts and components—and £192 million on the financial services sector (both roughly 17% of the total). The professional services sector, which includes legal services, accounting, and advertising, received a further £175 million of this spend, or 15%.

We estimate this spending with UK suppliers supported a £902 million indirect contribution to UK GDP in 2022/23. Following the pattern of procurement spending, the largest indirect contribution was supported in the retail and wholesale trade sector—which features prominently in most supply chains—at £201 million, or 22% of the total. A further £166 million (18%) and £150 million (17%) in indirect contributions to GDP were supported in the financial and professional services sector, respectively.

A £103 million contribution (11% of the indirect impact) was supported by supply chain activity in the manufacturing sector. The difference in this sector's share of the indirect impact relative to procurement (17%) reflects the higher share of imported goods used by UK manufactures, relative to services, plus the use of various services by manufacturers' suppliers in subsequent rounds of their supply chain.

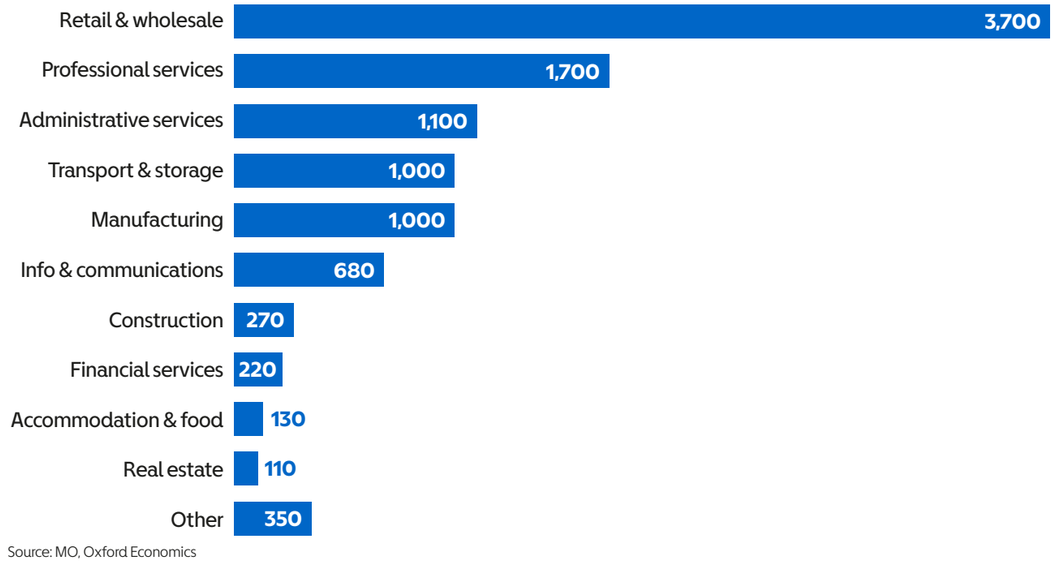
Fig. 4: Indirect contribution to UK GDP by sector, 2022/23



Source: MO, Oxford Economics

This economic activity was estimated to have sustained 12,900 jobs in the UK supply chain, along with £214 million in tax revenues. Considering the sectors in which these jobs were located, most were supported in the retail and wholesale sector, with 3,700 jobs or 36% of the indirect total. The higher share of this sector's indirect employment relative to its indirect GDP reflects the more labour-intensive nature of this sector, versus other services. Some 1,700 jobs (17%) were supported by supplier spending in the professional services sector and 1,100 jobs (11%) in the administrative services sector.

Fig. 5: Indirect employment supported in the UK by sector, 2022/23



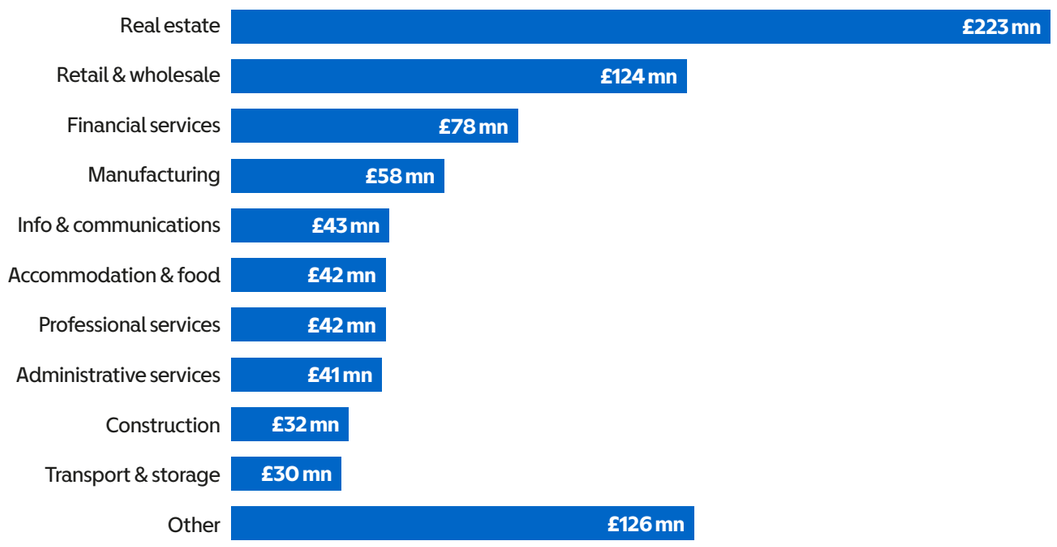
Source: MO, Oxford Economics

2.3 The induced economic footprint

MO and the firms engaged in facilitating the Motability Scheme, and the companies in their UK supply chain, pay their staff wages, enabling their workers to make purchases in the wider consumer economy. Employees make purchases at retail, leisure, and other outlets across the country, stimulating further economic activity. **We estimate that through this wage-induced spending, the Motability Scheme sustained a further £840 million contribution to GDP across the UK economy in 2022/23, as well as around 10,600 jobs and £235 million in tax revenues.**

By sector, the real estate sector stimulated the largest induced impact (£223 million, or 27% of the total), driven by spending on rent and housing by employees, an important component of consumer spending. This was followed by the retail and wholesale with sector, with £124 million (15%), and financial services, with £78 million (9%).

Fig. 6: Induced contribution to UK GDP by sector, 2022/23



Source: MO, Oxford Economics

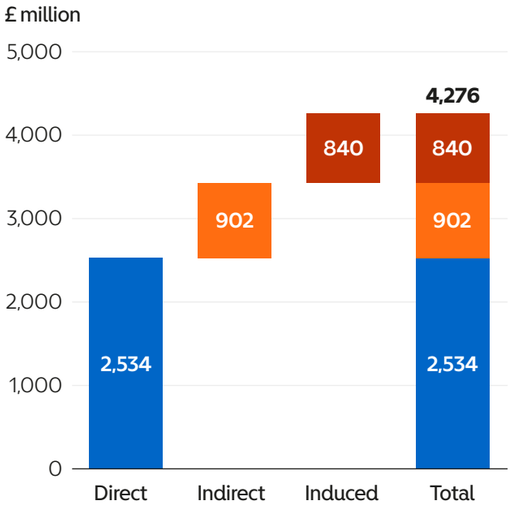
2.4 Total economic footprint

2.4.1 Total GDP footprint

In 2022/23, the Motability Scheme supported an estimated £4.3 billion total contribution to GDP across the UK economy. This was composed of £2.5 billion in the direct channel, £902 million in the indirect channel, and £840 million in the induced channel. This total accounted for 0.2% of all economic output in the country—or £1 in every £620 of economic output in the UK.[5]

Looking at the five segments which form the Motability Scheme and its operation, 45% of this total was supported by MO, with a £1.9 billion contribution to UK GDP in 2022/23. MO's vehicle-related spending sustained a further £1 billion (or 24% of the total). The sale of used vehicles and new vehicles sustained contributions of £624 million (15%) and £248 million (6%) to UK GDP, respectively, through the dealership activity they supported. MO's purchase of vehicles from UK motor manufacturers supported the remaining £486 million contribution (11%).

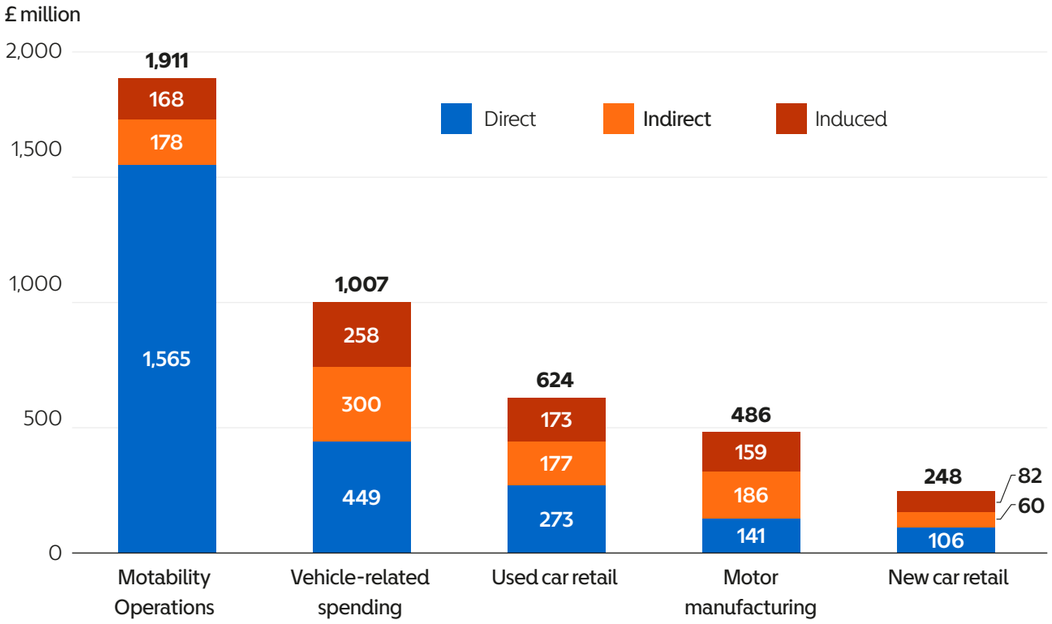
Fig. 7: Total contribution to UK GDP, 2022/23



Source: MO, Oxford Economics

Note: Totals may not sum due to rounding

Fig. 8: Total contribution to UK GDP by segment, 2022/23



Source: MO, Oxford Economics

Note: Totals may not sum due to rounding

[5] ONS, Gross Domestic Product (GDP), accessed November 2024. Comparisons are made to data for the period October 2022 to September 2023.

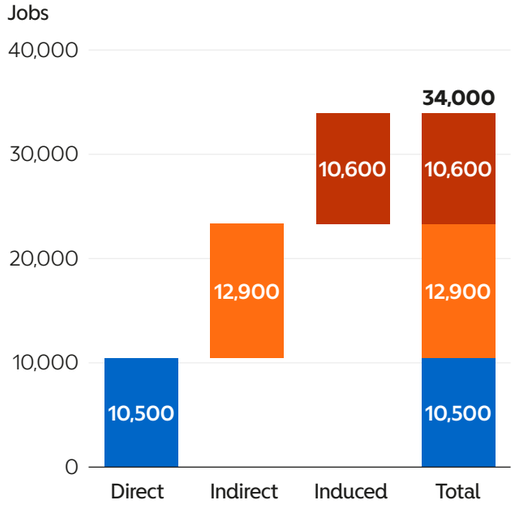
2.4.2 Total employment footprint

The Motability Scheme sustained around 34,000 jobs across the UK in 2022/23. Of these, MO and the firms engaged in facilitating the Motability Scheme directly employed an estimated 10,500 workers. A further 12,900 jobs were supported in the indirect channel, and 10,600 jobs sustained in the induced channel.

The distribution of the employment impact by segment differs from that of the GDP impact outlined in the previous section due to variations in GDP per worker across the different segments. For instance, MO itself supported a total of 6,800 jobs in 2022/23, which equates to 20% of the total employment impact—the third largest share. The difference relative to GDP, where MO accounts for 45% of the total, reflects its high GDP per worker.

MO's vehicle-related expenditure supported the largest impact on UK employment by segment, at 9,400 jobs (or 28% of the total). This reflects the relatively more labour-intensive nature of maintenance, servicing, and adaptation activities in particular. A further 7,600 jobs were sustained through the activity used of car dealers and distributors (22% of the total). The remaining jobs were supported by MO's purchases of new vehicles (6,200 jobs, 18%), and the activity supported at new car dealers and distributors (3,900 jobs, 11%).

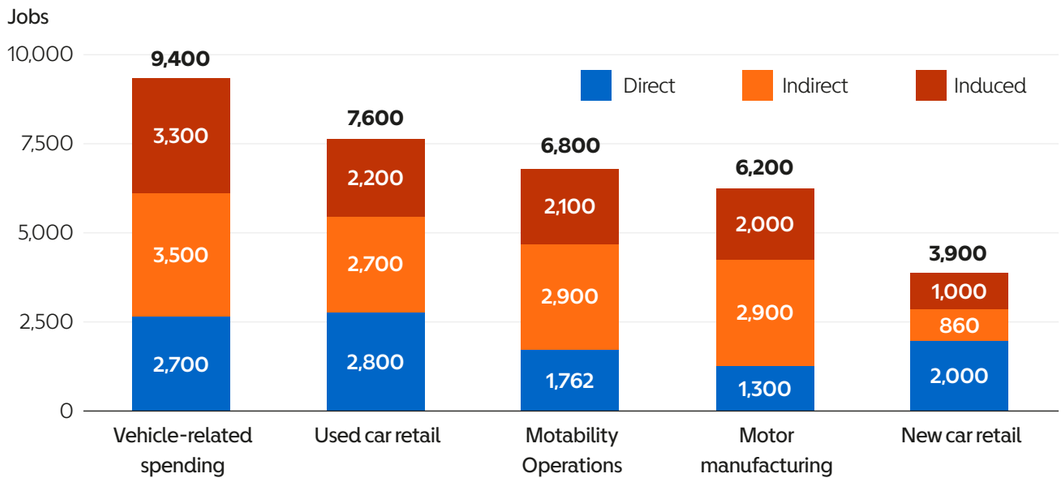
Fig. 9: Total employment supported in the UK, 2022/23



Source: MO, Oxford Economics

Note: Totals may not sum due to rounding

Fig. 10: Total employment supported in the UK by segment, 2022/23



Source: MO, Oxford Economics

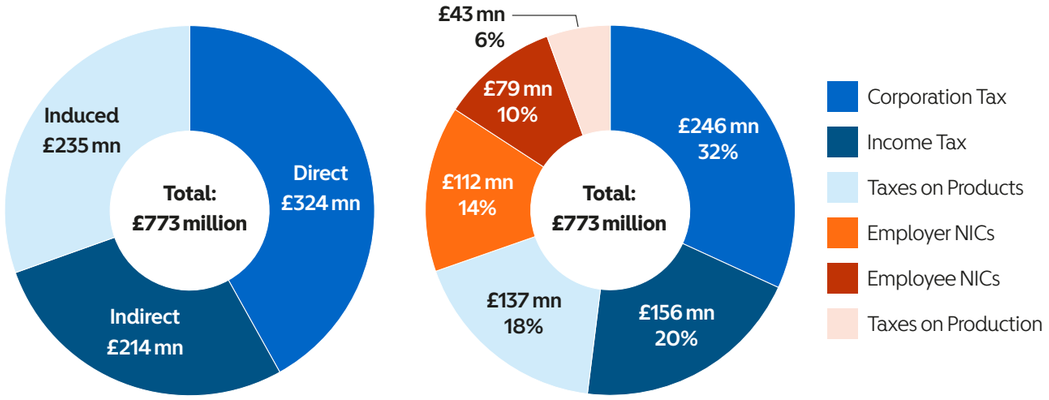
Note: Totals may not sum due to rounding

2.4.3 Total tax footprint

In 2022/23, we estimate the Motability Scheme supported a total tax contribution of £773 million to the UK Exchequer. This was equivalent to the average wages of around 24,200 nurses.[6]

The total tax contribution was spread widely in terms of the type of tax (Fig. 11). Across the key tax types, labour taxes comprised 45%—or £347 million—of this total, which included PAYE income tax and National Insurance Contributions (NICs). A further 32%—or £246 million—was accounted for by corporation tax payments.

Fig. 11: The tax contribution supported by the Motability Scheme in 2022/23



Source: MO, Oxford Economics

Note: Totals may not sum due to rounding

[6] ONS, Annual Survey of Hours and Earnings, accessed November 2024. Comparisons are made based on salaries for the calendar year 2023.

3 The economic footprint of each segment of the Scheme

This section outlines how the Motability Scheme's economic footprint in the UK is split across the five different segments which support the scheme and its operation. This includes:

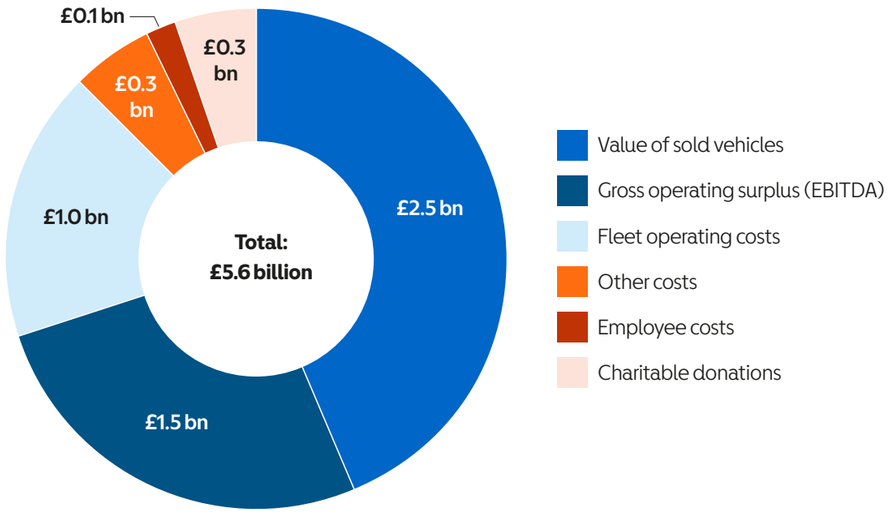
- Motability Operations;
- the UK motor manufacturers it purchases vehicles from;
- the new car dealerships its purchases pass through;
- the used car dealerships it sells vehicles to after their lease; and
- the vehicle-related expenditure required to facilitate the Motability Scheme with companies providing insurance, maintenance and repair, and adaptions.

3.1 Motability Operations

MO oversees the day-to-day running of the Motability Scheme, under the Scheme Agreement with the Motability Foundation. It is responsible for raising finance, purchasing vehicles, providing all-included motoring for its customers, and selling vehicles at the end of their lease.

In 2022/23, MO's total revenue amounted to £5.6 billion. Fig. 12 shows the different components of this figure in MO's financial accounts. Of the total, the £2.5 billion of the vehicles sold at the end of their lease comprised the largest share.[7] A further £1.0 billion covered fleet operating costs, including insurance, maintenance, and roadside assistance, while £270 million was spent on other costs, including communications, legal, and professional fees. MO additionally made £250 million in charitable donations. **The remaining £1.6 billion represented MO's direct contribution to GDP**—comprising £1.5 billion in gross operating surplus and £105 million in employee costs.

Fig. 12: The components of MO's revenue in 2022/23



Source: MO

Note: Totals may not sum due to rounding

[7] The net book value of disposed operating lease assets.

In 2022/23, MO directly employed 1,762 members of staff across the UK. Almost two-thirds of its staff (or 1,098 workers) were based at the company's offices in Bristol. Its next largest offices were in London and Edinburgh with 376 and 202 workers, respectively. Around 88% were employed on a full-time basis.

Nearly half of MO's workforce—841 staff in total—provided customer services to Motability Scheme customers. Another 391 of MO's workforce were deployed in technology-related functions (22%), while 197 staff worked in commercial operations (11%). The remaining staff worked across a breadth of functions including marketing, finance, and human resources.

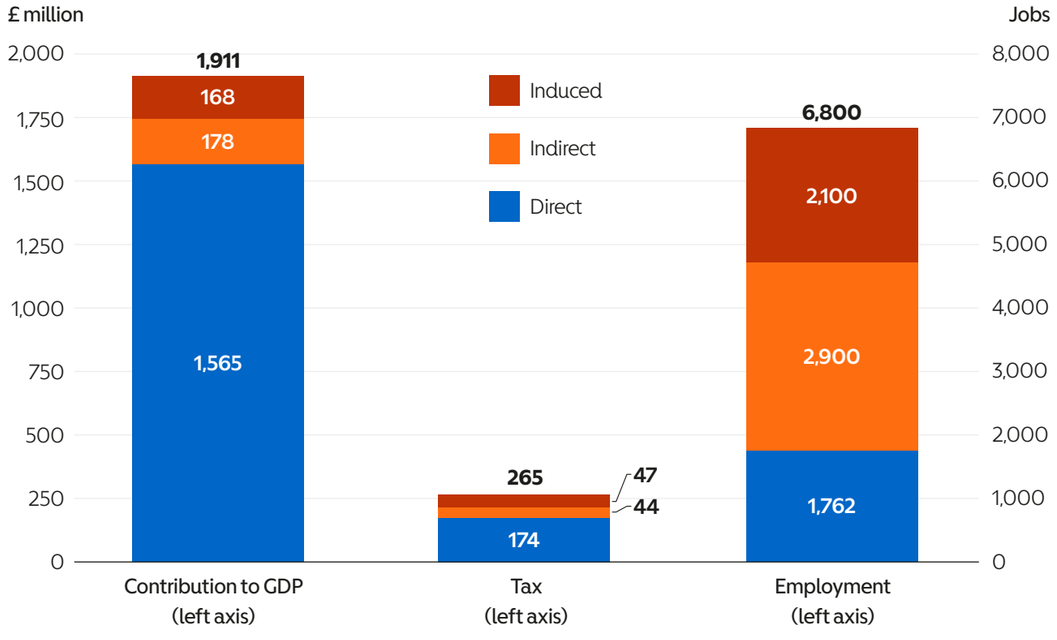
MO and its employees paid £174 million in UK taxes in 2022/23. Most of this total was the corporation tax MO paid (£143 million), along with an estimated £31 million paid in PAYE income tax and National Insurance Contributions.

But MO's economic footprint extends beyond its own direct impact. MO spent just over £200 million with suppliers on the inputs of goods and services required to run the business in 2022/23, beyond the expenditure required to operate the Motability Scheme. This spending is estimated to have supported a £178 million indirect contribution to UK GDP, along with 2,900 jobs and £44 million in tax revenues.

Furthermore, MO paid its staff £105 million in employee compensation in 2022/23. This supported further wage-financed spending in the consumer economy which can be attributed to MO. We estimate MO sustained a £168 million induced contribution to UK GDP, along with 2,100 jobs in the consumer economy. This activity was associated with further tax payments of £47 million.

Summing these three channels of impact, we estimate MO supported a near £2 billion contribution to UK GDP in 2022/23. Most of this total was generated directly at MO. Furthermore, MO stimulated a total of 6,800 jobs across the UK economy and £265 million in tax revenues for the UK Exchequer.

Fig. 13: The economic impact of MO, 2022/23



Source: MO, Oxford Economics

Note: Totals may not sum due to rounding

3.2 Impact on UK motor manufacturing industry

3.2.1 MO's spending on UK-manufactured vehicles

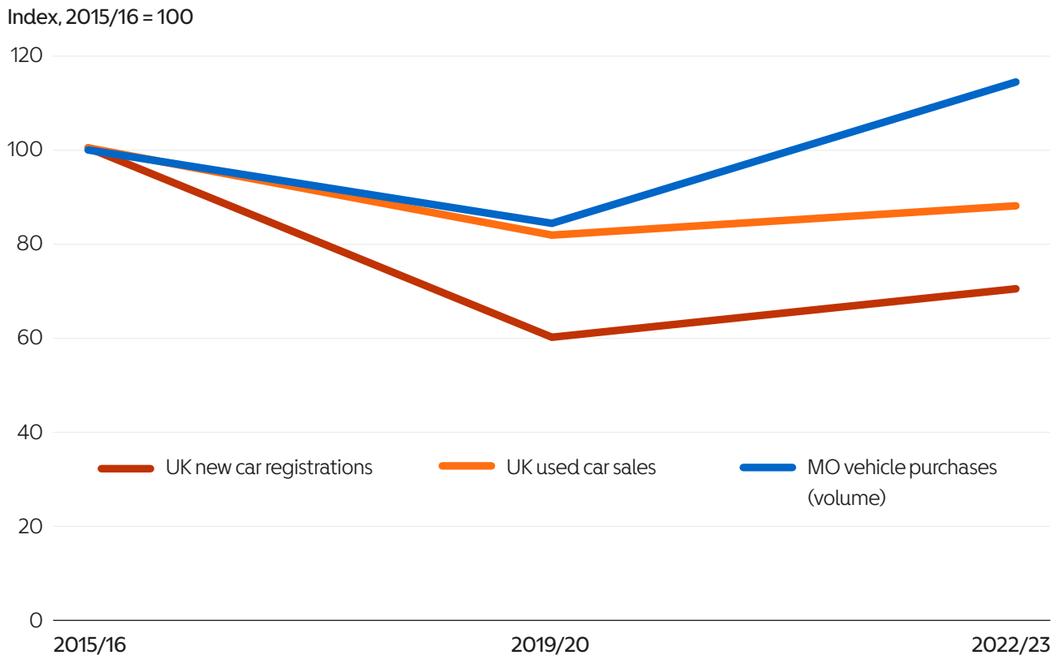
Through MO's purchase of cars and WAVs, the Motability Scheme supports activity in the UK motor manufacturing industry. MO purchased 264,700 new vehicles at a value of £5.1 billion in 2022/23. This total amounted to 13.9% of all new car registrations in the UK, highlighting the importance of MO's purchases at a national level.[8] This is up from 2015/16, when MO purchased 232,100 vehicles, or 8.6% of all new vehicle registrations. Fig. 14 highlights how growth in MO's vehicle purchases has outstripped the broader UK car market.

£601 million

Spent on UK manufactured cars by MO in 2022/23.

MO purchases cars from UK-based vehicle manufacturers. Of the 264,700 new vehicles purchased in 2022/23, 30,200 were either wholly or partly manufactured in the UK (engine, bodywork, or the complete vehicle). This production had a total value of just over £600 million, forming an important source of revenue for UK motor manufacturers. Most of this revenue was raised at Nissan's Sunderland plant (Fig. 15), with the wholly UK-manufactured Nissan Qashqai (56% of the £601 million spent on UK manufactured vehicles), Juke (26%), and electric Leaf (6%) featuring prominently in MO's purchases.[9] Other notable activity was sustained at MINI's Oxford site, Toyota's Burnaston site in Derbyshire (which also produces the Suzuki Swace), and the Ford and BMW engine manufacturing facilities in Dagenham and Hams Hall (near Birmingham), respectively.

Fig. 14: Motability Scheme vehicle purchases versus car registrations in the UK, selected years only

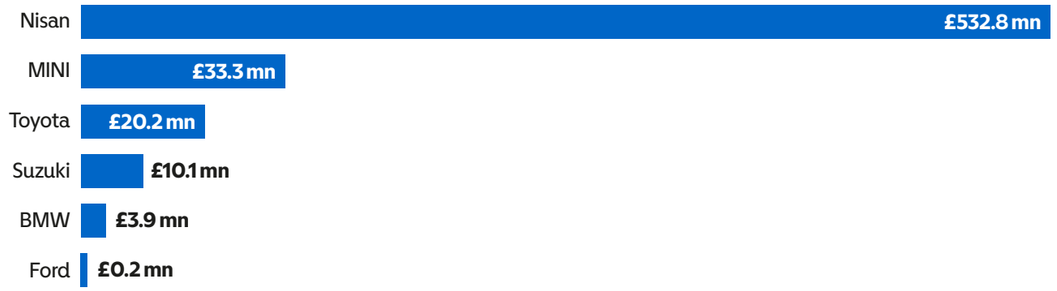


Source: MO, Oxford Economics

Note: Totals may not sum due to rounding

[8] Information on the manufacturing location of each vehicle is sourced from the Society of Motor Manufacturers and Traders (SMMT) and applied to data on MO's purchases.
[9] SMMT, Motor Industry Facts 2023, accessed October 2024.

Fig. 15: Value of MO's purchases from UK manufacturers



Source: MO, SMMT

3.2.2 Economic footprint of MO's spending on UK-manufactured vehicles

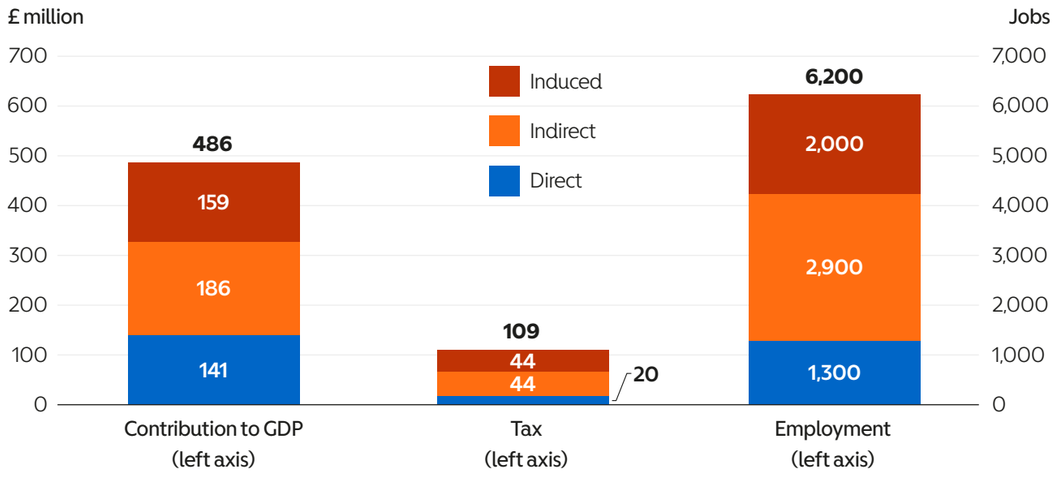
MO's spending on vehicles supported a £141 million contribution to UK GDP from domestic motor manufacturers themselves in 2022/23. This is considered the direct impact of MO's spending with motor manufacturers in the UK. We estimate 1,300 jobs were supported at the manufacturers, and £20 million in tax revenues generated.

To produce the vehicles purchased by MO, the domestic motor manufacturers purchase components, materials, and other inputs of goods and services from their UK suppliers. We estimate this expenditure supported a further £186 million indirect contribution to UK GDP, and this activity was associated with 2,900 jobs and £44 million in tax revenues.

Employees of the motor manufacturers and their suppliers were also paid wages attributable to MO's purchases. We estimate the spending of these wages stimulated a £159 million induced contribution to UK GDP, along with 2,000 further jobs and £44 million in tax revenues.

In total, we estimate MO's spending with UK motor manufacturers supported nearly £500 million of UK GDP in 2022/23. This economic activity sustained a total of 6,200 jobs, and £109 million in UK tax revenues.

Fig. 16: The economic impact of spend with UK motor manufacturers, 2022/23



Source: MO, Oxford Economics

Note: Totals may not sum due to rounding

3.3 Impact on retailing and distribution of new vehicles

3.3.1 Dealership activity from MO's purchases of new vehicles

Through the purchase of new vehicles, the Motability Scheme generates activity at dealerships across the UK. As outlined in section 3.2, MO's purchase of new vehicles accounted for 13.9% of the UK's national total. When new vehicles are purchased—both domestically made and imported—a margin is earned by domestic dealerships and their support network as the vehicles pass through.

MO purchased 264,700 new vehicles at a value of £5.1 billion in 2022/23. We estimate these purchases sustained dealership margins of £202 million across the country.[10]

3.3.2 Economic footprint of dealership activity from new vehicle purchases

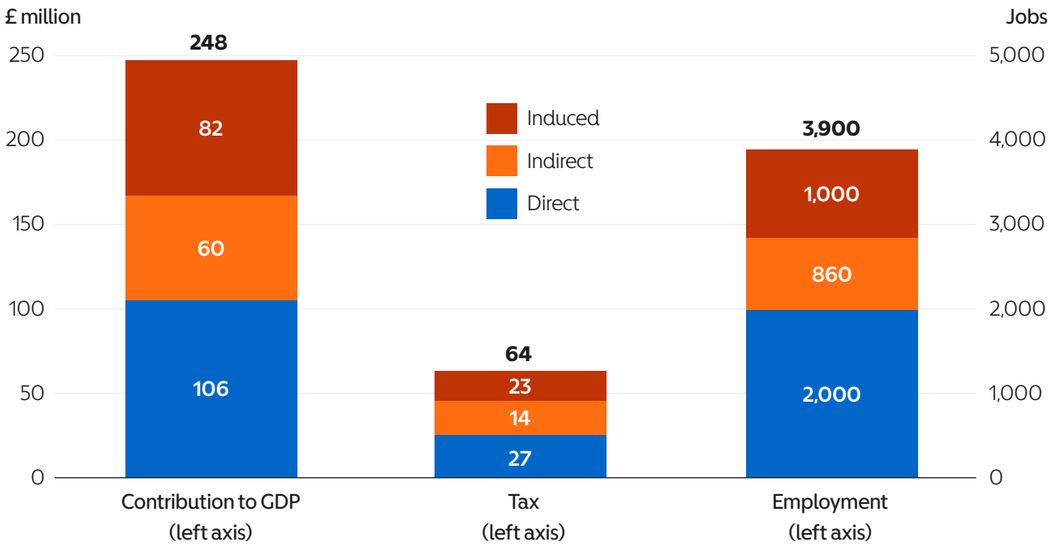
We estimate MO's new vehicle purchases generated a £106 million contribution to UK GDP directly at dealerships in 2022/23. They also supported the employment of 2,000 dealership staff across the country, and £27 million in tax revenues.

New vehicle dealerships' subsequent spending on inputs of goods and services, such as renting facilities or taking out advertisements, supported a further £60 million contribution to UK. This spending also supported the employment of an estimated 900 staff along the dealerships' UK supply chain, attributable to the margins they earned on MO's purchases, and £14 million in tax revenues.

The wage-induced consumer spending of those employed at the new vehicle dealerships and in their supply chains stimulated a further £82 million contribution to UK GDP. This activity was associated with a further 1,000 jobs and £23 million in tax revenues.

In total, we estimate the dealership activity resulting from MO's purchase of new vehicles supported a total contribution to UK GDP of nearly £250 million in 2022/23. This dealership activity was associated with a total of 3,900 jobs across the country and £64 million in UK tax revenues to the Exchequer.

Fig. 17: The economic impact of new vehicle purchases at dealerships, 2022/23



Source: MO, Oxford Economics

Note: Totals may not sum due to rounding

[10] This is based on a dealership margin of 4% of each new vehicle sold.

3.4 Impact on retailing and distribution of used vehicles

3.4.1 Dealership activity from MO's sale of vehicles

More economic activity at UK dealerships is supported as used vehicles are sold back into the market. Motability Scheme customers generally lease their vehicles for a period of three years, after which MO sells the vehicles to dealerships across the country. These dealerships then earn a margin when they sell the vehicle onwards, supporting even more economic activity.

In 2022/23, MO sold 187,800 used vehicles to dealerships, at a total value of £3.1 billion. As these vehicles were sold onwards, we estimate the dealerships made a margin of £452 million, based on figures provided by MO. Generally, dealerships will generate larger margins through selling used vehicles versus the margin raised by dealerships selling new vehicles, which is reflected in this figure.

3.4.2 Economic footprint of dealership activity from used vehicle sales

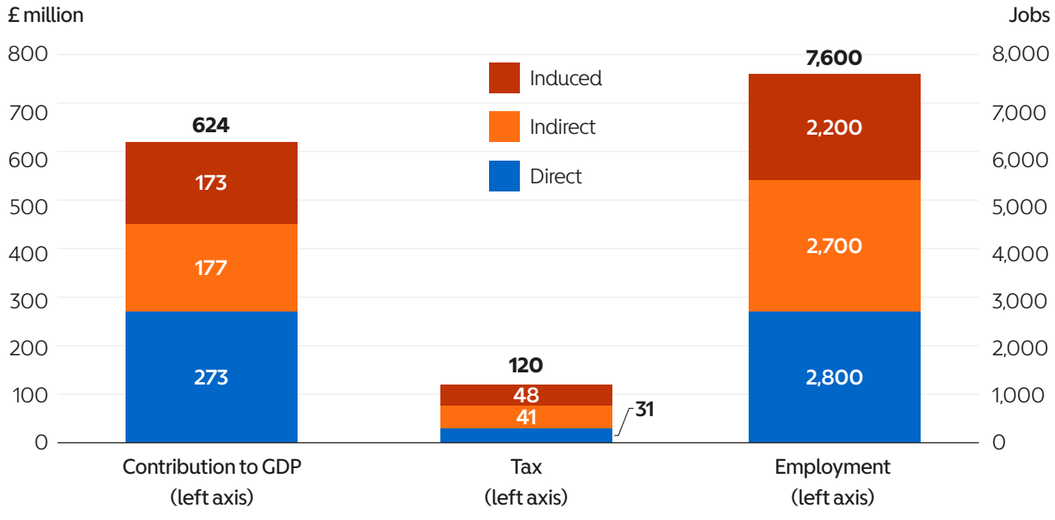
We estimate MO's sale of vehicles supported a £273 million direct contribution to UK GDP at the dealerships themselves in 2022/23. This economic activity supported an estimated 2,800 jobs at dealerships across the country, and £31 million in tax revenues—all additional to the dealership activity supported by their purchase of new vehicles.

The dealerships purchase the goods and services required to facilitate their sales of the second-hand cars. This includes parts, advertising, facility rental, and cleaning equipment, among other goods and services. This supplier spending supported a further £177 million contribution to GDP in 2022/23, along with 2,700 jobs and £41 million in tax revenues.

The spending of wages by the used car dealership workers and those employed in their supply chain stimulated a £173 million contribution to UK GDP. A further 2,200 jobs were supported across the consumer economy, along with a further £48 million in tax revenues.

In total we estimate the activity supported at dealerships through MO's vehicle sales supported a £624 million contribution to GDP in 2022/23. This activity sustained 7,600 jobs across the country, and £120 million in UK tax revenues. The scale of this activity was greater than the activity associated with new cars passing through dealerships, reflecting the higher margins generated.

Fig. 18: The economic impact of used vehicle sales at dealerships, 2022/23



Source: MO, Oxford Economics

Note: Totals may not sum due to rounding

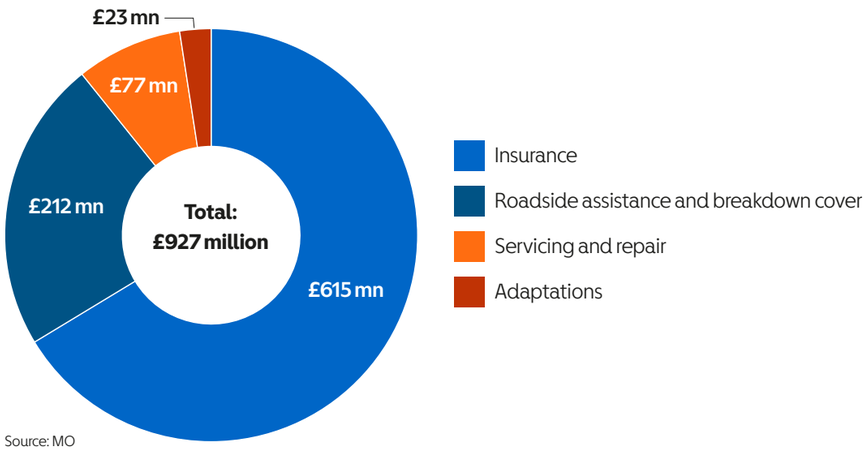
3.5 Impact of vehicle-related expenditure

3.5.1 MO's spending on vehicle-related services

The Motability Scheme provides its customers with all-included motoring by including vehicle-related expenditures in their leases. MO takes care of car adaptations, maintenance, servicing, repairs, breakdown cover, and insurance policies for customers with an all-included lease package, providing them with less of an administrative burden and removing the risk of any unexpected costs from the use of their vehicles.

MO spent a total of £927 million to provide all-included motoring to customers of the Motability Scheme in 2022/23. The largest share of this spend was on insurance, totalling £615 million, or two-thirds (66%) of the total. A further £212 million was spent on roadside assistance and breakdown cover—including replacement tyres and spend on hire cars (23%). With £77 million spent on servicing (8%), the remaining £23 million was spent on adaptations with UK suppliers (2%).

Fig. 19: Motability Scheme's vehicle-related expenditure



Source: MO

3.5.2 Economic footprint of MO's spending on vehicle-related services

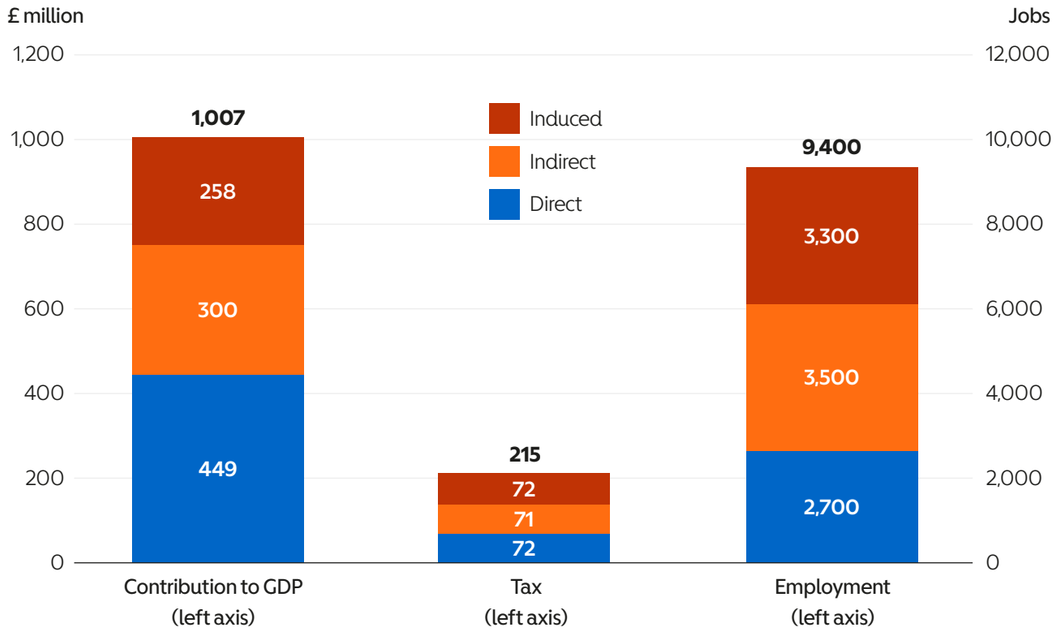
This expenditure supported a direct contribution to UK GDP of £449 million among the suppliers who facilitate Motability Scheme customers' all-included motoring in 2022/23. This activity was sustained directly by its initial suppliers across the country, including key partners like KwikFit, Europcar, and the RAC. At these suppliers, MO's spending on vehicle-related purchases sustained 2,700 direct jobs and £72 million in tax revenues.

These companies purchase their own inputs of goods and services to meet the demands of the Motability Scheme. For instance, maintenance and servicing businesses require parts and components, while the companies carrying out adaptations often require specialised equipment to fit the cars. This indirect activity along the UK supply chain supported a further £300 million contribution to UK GDP, along with nearly 3,500 jobs and £71 million in tax revenues.

The spending of wages paid to these companies' and their suppliers' staff sustained a further £258 million contribution to UK GDP. We estimate this wage-induced spending supported 3,300 additional jobs across the consumer economy, and £72 million in tax revenues.

MO's expenditure on providing all-included motoring to its customers supported a total contribution to GDP of more than £1 billion in 2022/23. This spending supported 9,400 jobs in total, along with a £215 million contribution to UK tax revenues.

Fig. 20: The economic impact of MO's vehicle-related expenditure in 2022/23



Source: MO, Oxford Economics

Note: Totals may not sum due to rounding

4 The Motability Scheme across the UK

In this section, we explore the importance of the Motability Scheme to communities across the UK. We first outline their economic footprint in the UK's 12 Government Office Regions—comprising England's nine regions plus the three devolved nations—before highlighting how this footprint is spread across the UK's 650 parliamentary constituencies.

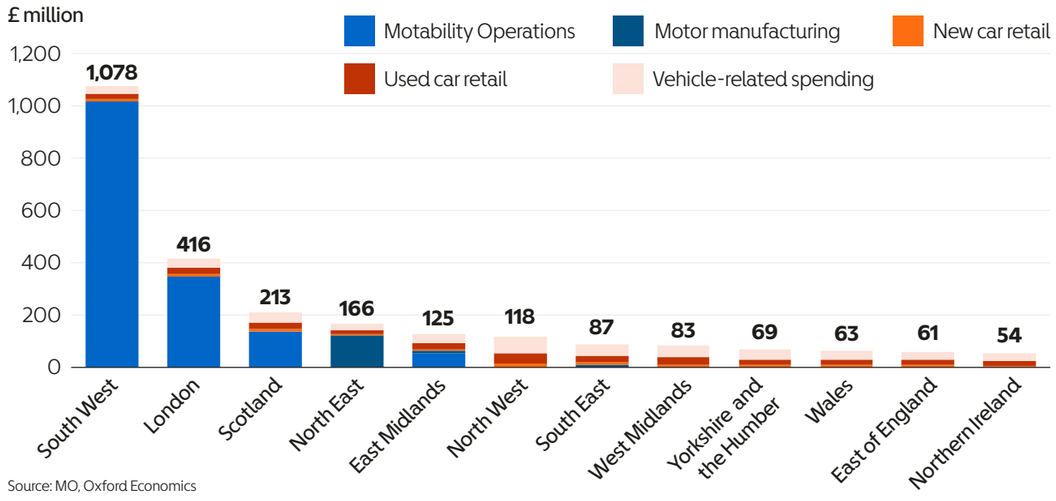
4.1 Direct operations

The operation of the Motability Scheme starts with MO itself, from its offices in Bristol, London, Edinburgh, and Coalville in the East Midlands. This was reflected in the regional distribution of the Motability Scheme's direct contribution to GDP in 2022/23—concentrated in the South West of England (£1.1 billion), London (£416 million), and Scotland (£213 million).[11]

However, the subsequent direct activity of the firms facilitating the Motability Scheme was more geographically disperse. The motor manufacturing supported by MO's purchase of Motability Scheme vehicles was concentrated in the North East. This region is home to several of the UK-based car manufacturers—such as Nissan—producing vehicles purchased by the Motability Scheme. The remaining segments of the Motability Scheme—comprising dealership activity, plus the vehicle-related expenditure from the running the Motability Scheme—were distributed across the country according to the distribution of the Motability Scheme fleet.

In terms of the employment footprint, most direct jobs were in the South West (1,600), owing to MO's Bristol head office where over two-thirds (or 1,098) of its staff were located. However, as MO only accounted for 17% of the direct employment footprint (compared with 75% of the direct GDP footprint), therefore the employment footprint is more spread across the UK relative to the GDP footprint. The employment footprint within the North East was primarily driven by the employment supported within motor manufacturing. The footprint in the North West reflects the relative concentration of the Motability Scheme fleet there—one in every seven Motability Scheme vehicles were located in this region, the most of any region.

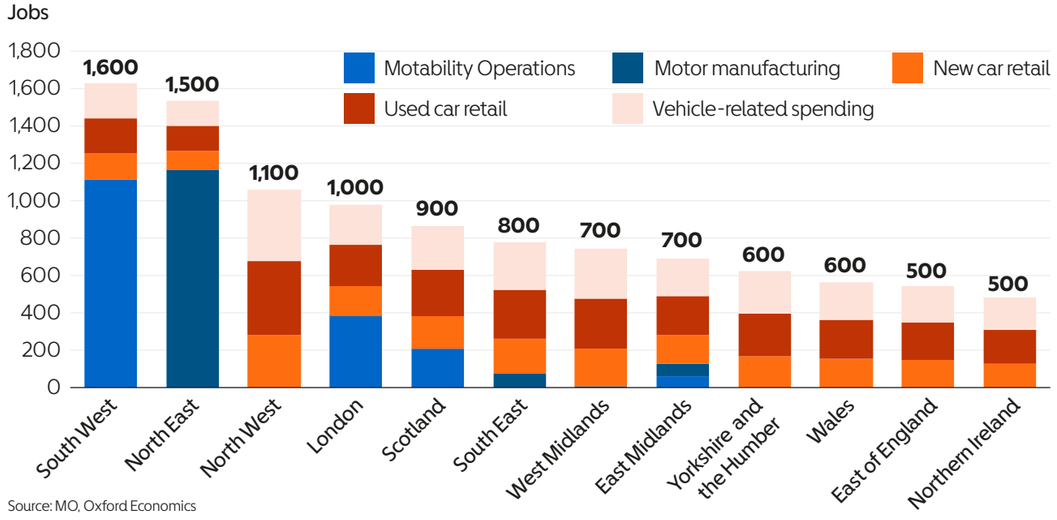
Fig. 21: Regional direct contribution to GDP, 2022/23



Source: MO, Oxford Economics

[11] Since MO itself accounted for the majority (75%) of the direct contribution to GDP, it was the main driver of the regional distribution of direct GDP.

Fig. 22: Regional direct employment, 2022/23

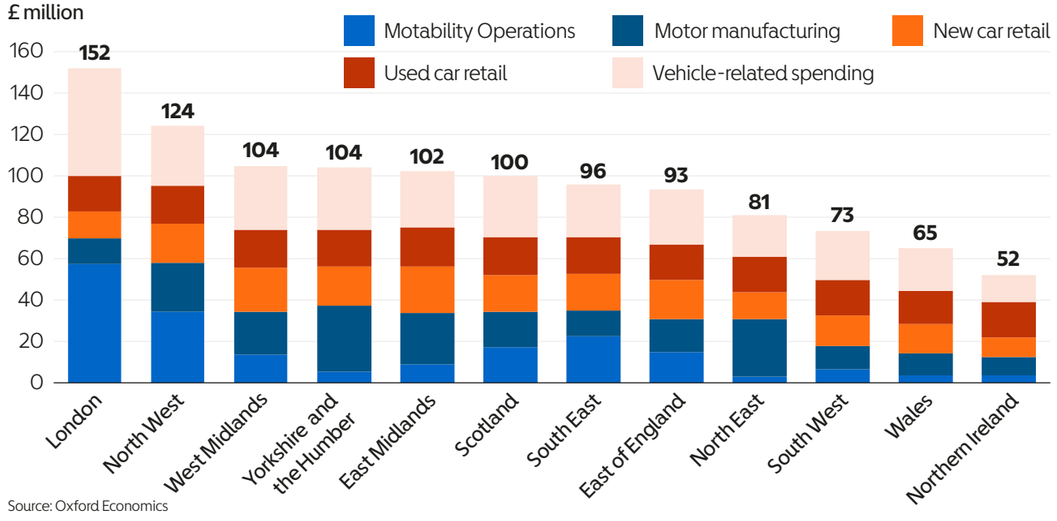


Source: MO, Oxford Economics

4.2 Procurement spending

As a result of the nationwide reach of the Motability Scheme, purchases are made from suppliers across the UK. MO's own procurement was concentrated in London (30% of the total), primarily reflecting spending with financial and professional service firms, and the North West (18%). The location of the motor manufacturers supported by MO's vehicle purchases means the largest share of that segment's procurement was in the North East (13%), as well as neighbouring regions including Yorkshire and the Humber. The remaining procurement, from dealerships (for new and used car sales) and companies receiving vehicle-related expenditure, was spread throughout the country, reflecting the wide distribution of the Motability Scheme fleet.

Fig. 23: Regional procurement spending, 2022/23



Source: Oxford Economics

4.3 Economic footprint across the UK

Through the direct operations, procurement spending, and wage consumption effects, the Motability Scheme's economic footprint is realised in each of the 12 nations and regions of the UK.

The South West was the largest beneficiary in terms of the contribution to GDP supported by the Motability Scheme, with a £1.2 billion contribution in 2022/23. This primarily reflects the economic activity of MO's head office in Bristol.[12] The next highest contributions to GDP were sustained in London (£643 million) and Scotland (£346 million)—also locations of MO offices.

However, the North East is the largest beneficiary in employment terms, owing largely to the motor manufacturing activity supported there, which is more labour-intensive than the operations of MO itself. The second most jobs were supported in the South West (3,700), which includes the 1,098 MO staff based at its Bristol office.

Fig. 24: Total regional contribution to GDP, 2022/23

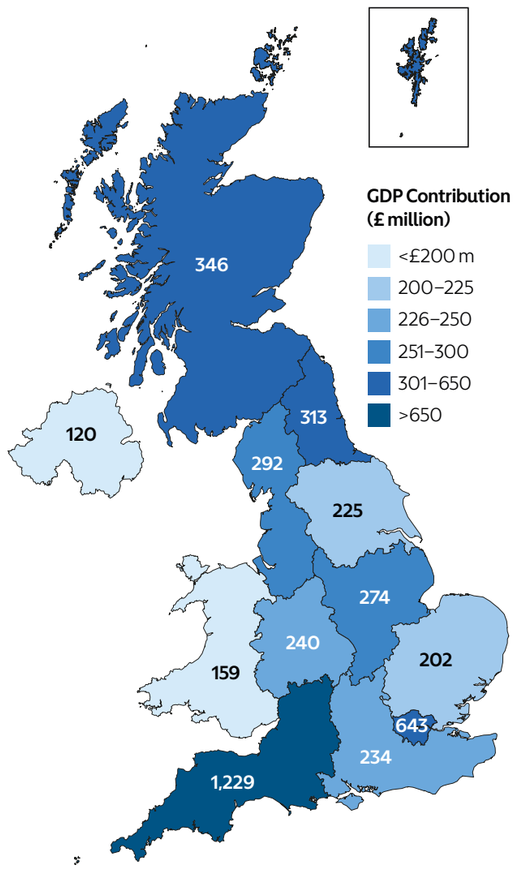
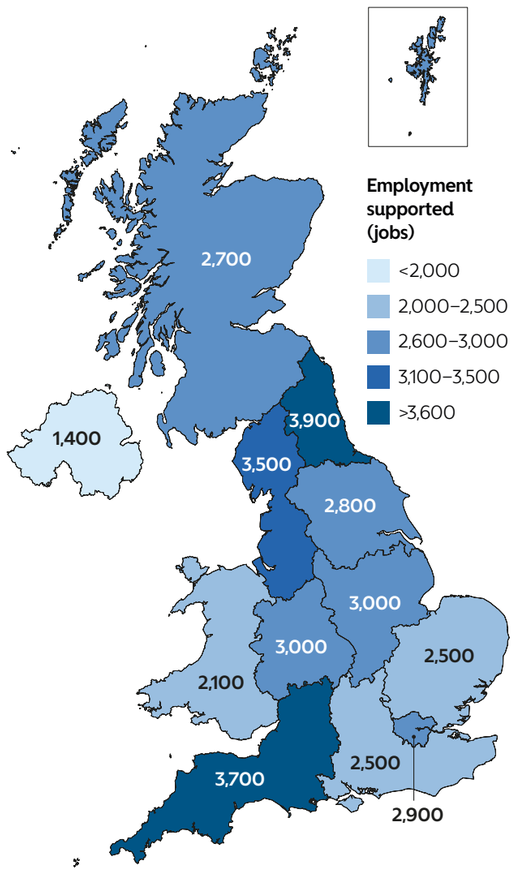


Fig. 25: Total regional employment supported, 2022/23

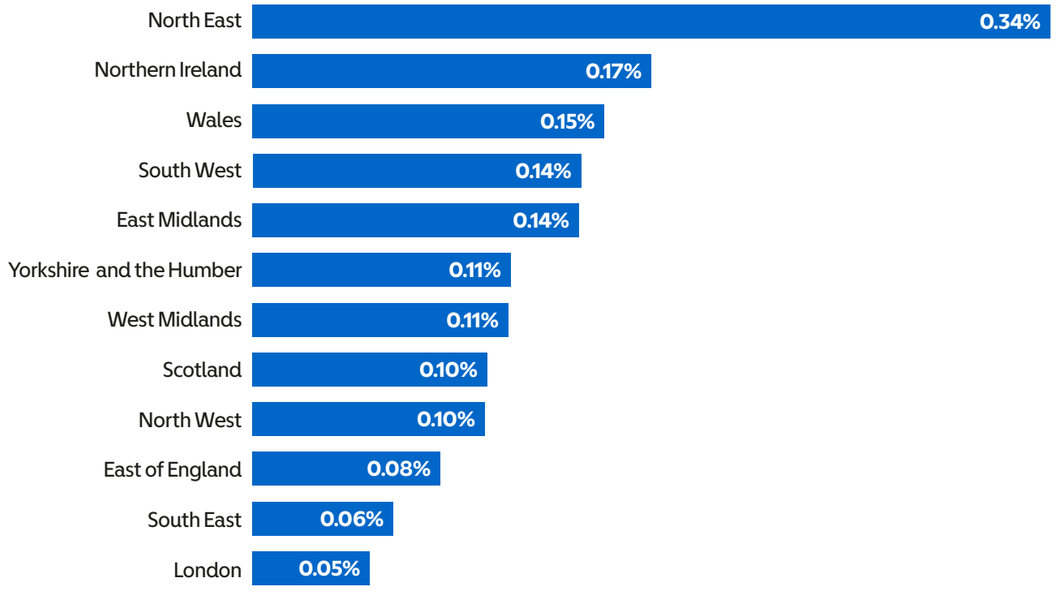


[12] MO's direct contribution to GDP is distributed across its offices based on the distribution of staff (for the gross operating surplus) and the distribution of their compensation, as the two components of their direct GDP.

The employment supported by the Motability Scheme is therefore relatively evenly distributed across the country. Fig. 26 shows the total employment supported by the Motability scheme as a share of the region's total employment. This figure is highest in North East, Northern Ireland, and Wales (the regions where the employment supported is most over-indexed), while the equivalent figure is lowest in the South East and London.

This is in keeping with the Government's recent plans to "spur regional growth across the country" by supporting activity and investment in all corners of the UK, and its Industrial Strategy, which aims to tackle the "lagging on the performance of city regions outside London and the South East".[13]

Fig. 26: Share of jobs supported by the Motability Scheme in region's total employment, 2022/23

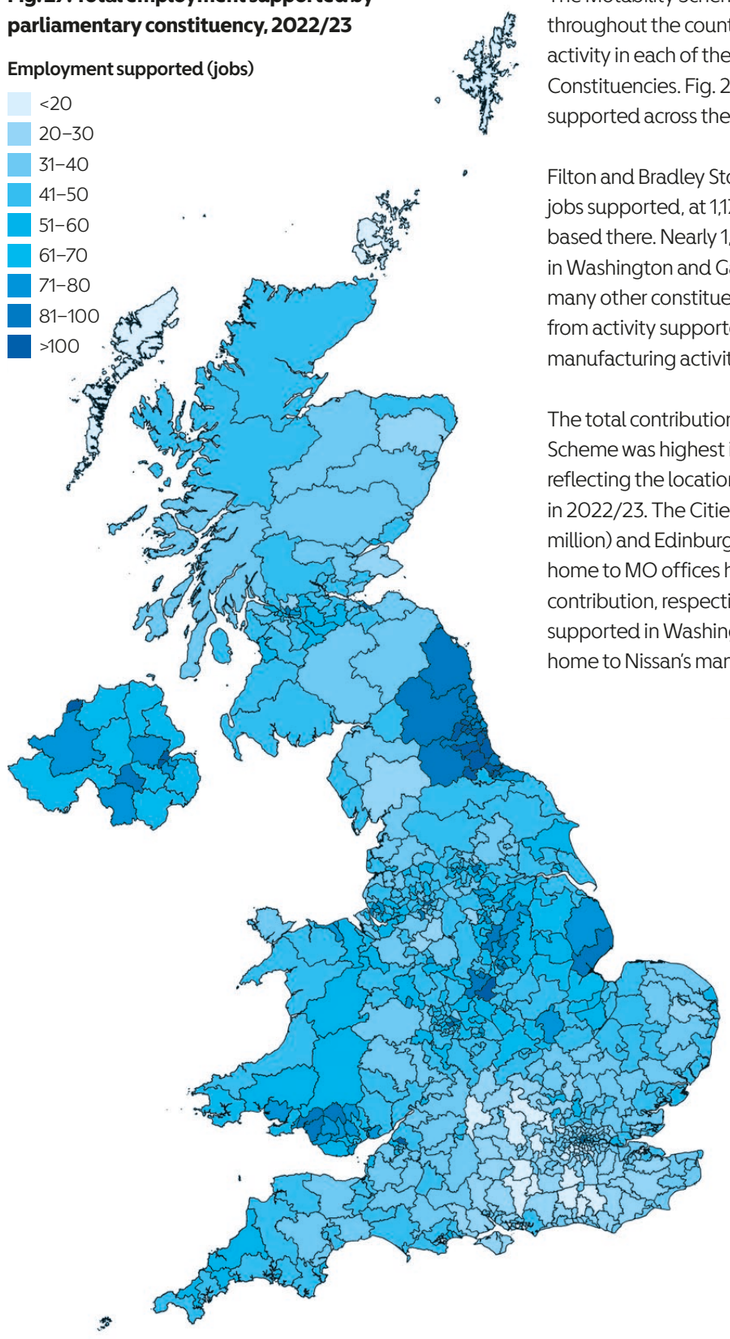


Source: Oxford Economics, ONS

[13] UK Government, "Chancellor unveils plan to turbocharge investment across the UK", "Invest 2035: the UK's modern industrial strategy", accessed January 2025.

4.3.1 Economic footprint across the UK's Parliamentary Constituencies

Fig. 27: Total employment supported by parliamentary constituency, 2022/23

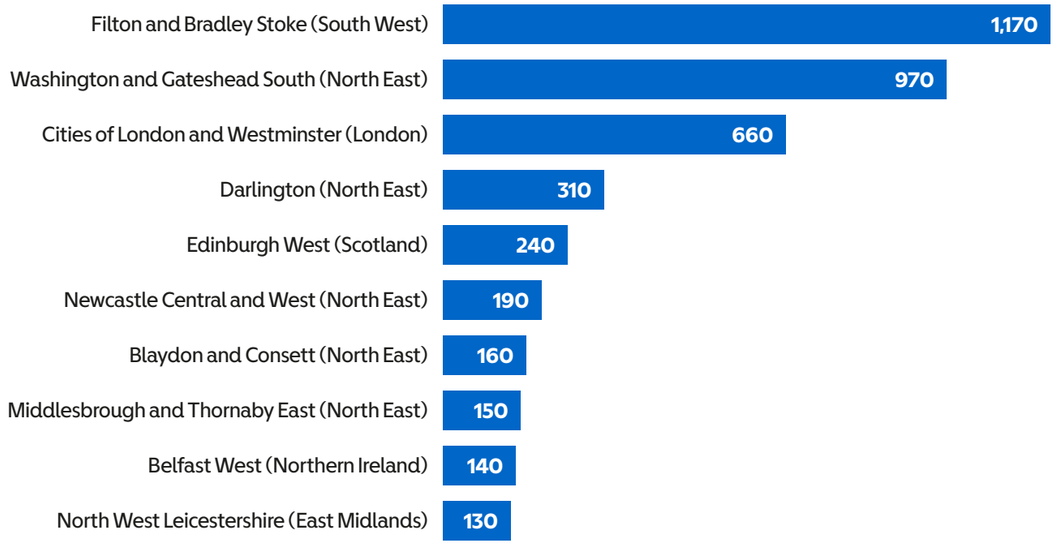


The Motability Scheme operates in local communities throughout the country. In fact, it supports economic activity in each of the UK's 650 Parliamentary Constituencies. Fig. 27 outlines the distribution of jobs supported across the UK.

Filton and Bradley Stoke also had the highest number of jobs supported, at 1,170, which includes MO's workforce based there. Nearly 1,000 further jobs were supported in Washington and Gateshead South, with these and many other constituencies in the North East benefitting from activity supported predominantly through motor manufacturing activities in the region.

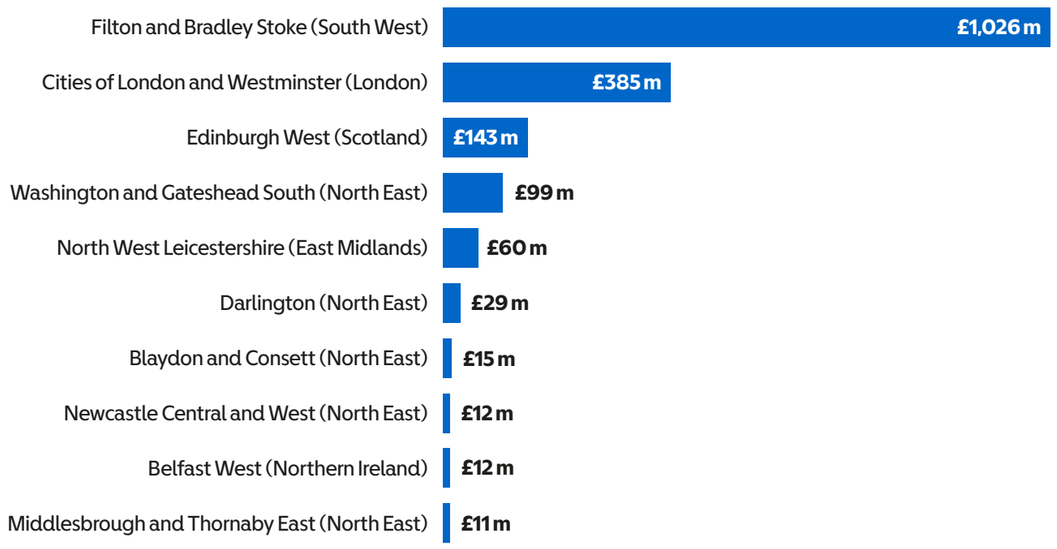
The total contribution to GDP supported by the Motability Scheme was highest in Filton and Bradley Stoke, again reflecting the location of MO's staff, totalling £1.0 billion in 2022/23. The Cities of London and Westminster (£385 million) and Edinburgh West (£143 million), both also home to MO offices had the second and third highest contribution, respectively. Some £99 million in GDP was supported in Washington and Gateshead South, which is home to Nissan's manufacturing plant.

Fig. 28: Total employment supported, top 10 constituencies, 2022/23



Source: Oxford Economics

Fig. 29: Total contribution to GDP, top 10 constituencies, 2022/23

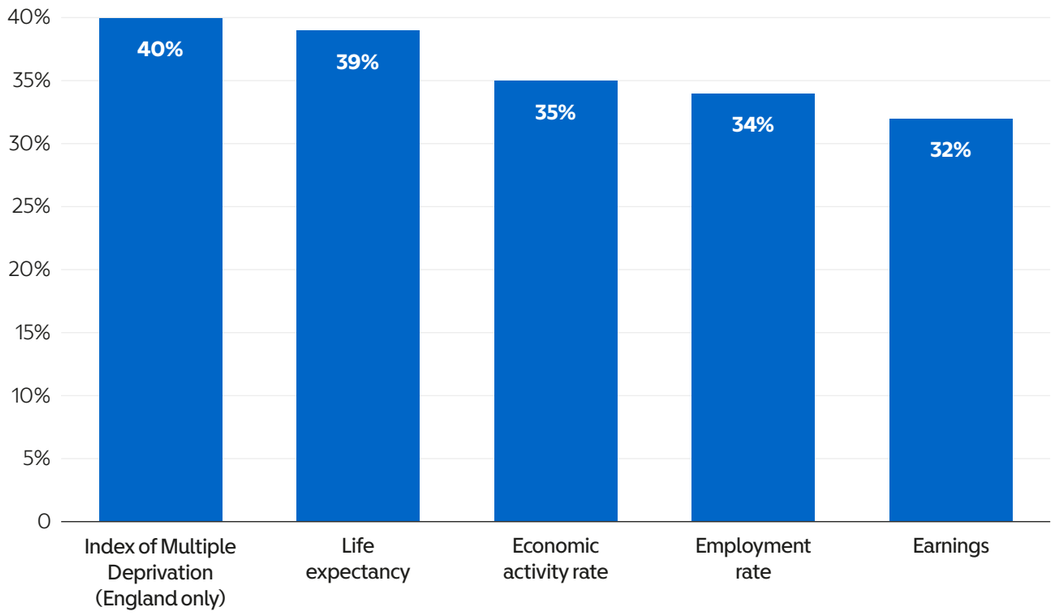


Source: Oxford Economics

4.3.2 Economic footprint in areas experiencing socioeconomic challenges

The activity supported by the Motability Scheme was over-indexed in constituencies with socioeconomic challenges. Beyond just the broad distribution of the activity supported, the Motability Scheme make an important contribution to constituencies with worse economic and social outcomes, where this activity can make a greater difference. Fig. 30 highlights the share of the jobs supported by the Motability Scheme which are located in constituencies ranking in the bottom three deciles (or lowest 30%) for a series of socioeconomic metrics. For instance, some 40% of the jobs supported in England were in the 30% of constituencies with the lowest rankings on the Index of Multiple Deprivation.

Fig. 30: Share of employment supported in constituencies in the lowest three deciles (30%) of socioeconomic metrics, 2022/23



Source: Oxford Economics

In focus: the economic footprint of the Motability Scheme in Scotland

In this section, we focus on the economic footprint of the Motability Scheme in Scotland. Our analysis makes use of the distribution of MO's vehicle fleet—of which 8.9% were in Scotland—along with information on MO's Scotland-based employees to estimate its economic footprint in the country.

Total economic footprint in Scotland

The Motability Scheme made a direct contribution to Scottish GDP of £213 million in 2022/23. This is the sum of the GDP directly generated by MO and the firms engaged in facilitating the Motability Scheme in Scotland. To put this figure in perspective, it was around 64% of the GDP generated by Scotland's fishing sector.[14] MO and the firms engaged with delivering the Motability Scheme directly employed 860 workers in Scotland and paid £27 million in tax revenues.

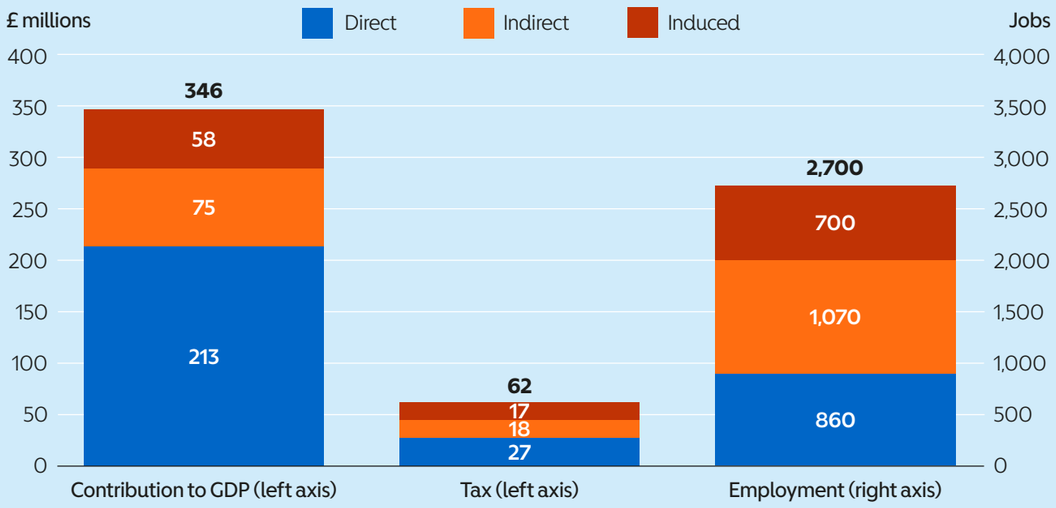
These firms' spending with suppliers supported an indirect contribution to Scottish GDP of £75 million, sustaining a further 1,070 jobs across Scotland and £18 million in tax revenues.

Wage-financed spending in the consumer economy supported an induced contribution to Scottish GDP of £58 million. This activity was associated with an additional 700 jobs and £17 million in tax revenues.

The Motability Scheme supported a £346 million contribution to Scottish GDP in 2022/23, summed across the three channels of impact. This total accounted for 0.2% of all economic output in the country—or one in every £570 pounds of economic output in the Scotland.[15]

The Motability Scheme also supported a total of 2,700 jobs across the Scottish economy, along with £62 million in Scottish tax revenues—equivalent to the average wages of around 1,830 nurses.

Fig. 31: The total economic impact of the Motability Scheme in Scotland in 2022/23



Source: Oxford Economics

Totals may not sum due to rounding

[14] Scottish Government, Scotland's Marine Economic Statistics, accessed November 2024. Comparisons are made to the year 2022.
[15] Scottish Government, GDP Quarterly National Accounts, accessed November 2024. Comparisons are made to data for the period October 2022 to September 2023.

The economic footprint of each segment of the Schemet in Scotland

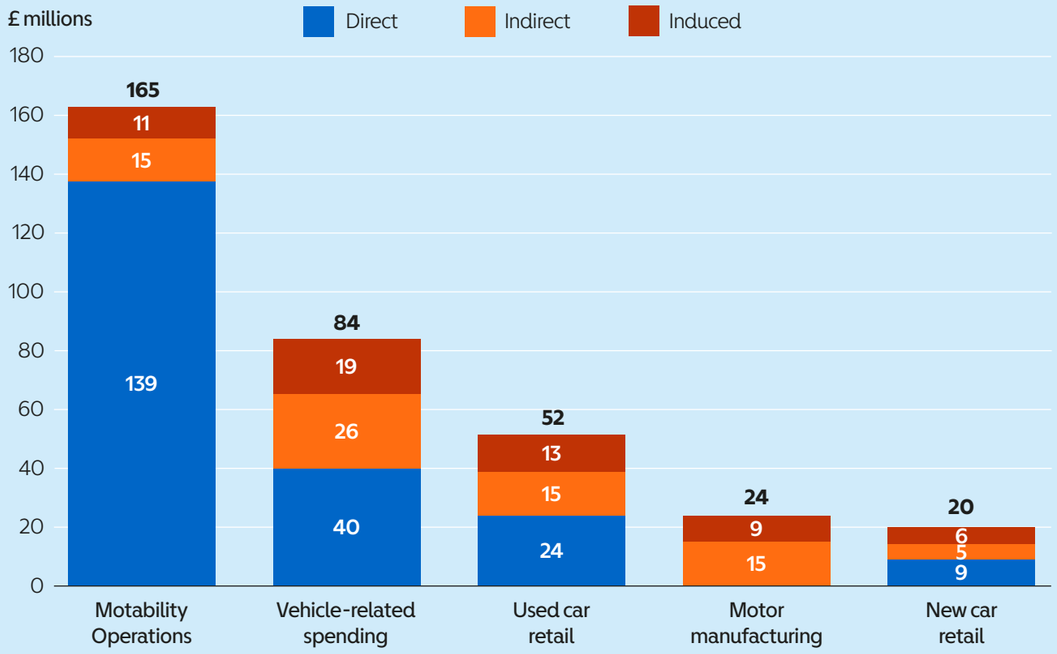
GDP footprint

In line with the UK figures, the largest share of the Motability Scheme's contribution to Scottish GDP was supported by MO itself, with £165 million (or 48% of the total). This includes the £139 million directly generated by MO in the country.

MO's vehicle-related expenditure supported an £84 million contribution to Scottish GDP (24% of the total), while a further £52 million contribution (15% of the total) was sustained by the activity at user car dealerships. Both figures are calculated based on the 8.9% of the MO fleet which were based in Scotland.

There were no motor manufacturers in Scotland which benefitted directly from MO's purchases. However, through spillovers from manufacturing activity in England, UK motor manufacturers still supported a £24 million contribution to Scottish GDP (7% of the total) through supply chain activity and wage-induced consumption. The remaining £20 million (6% of the total) was sustained through activity at new car dealers and distributors.

Fig. 32: The total contribution to Scottish GDP of the Motability Scheme in 2022/23



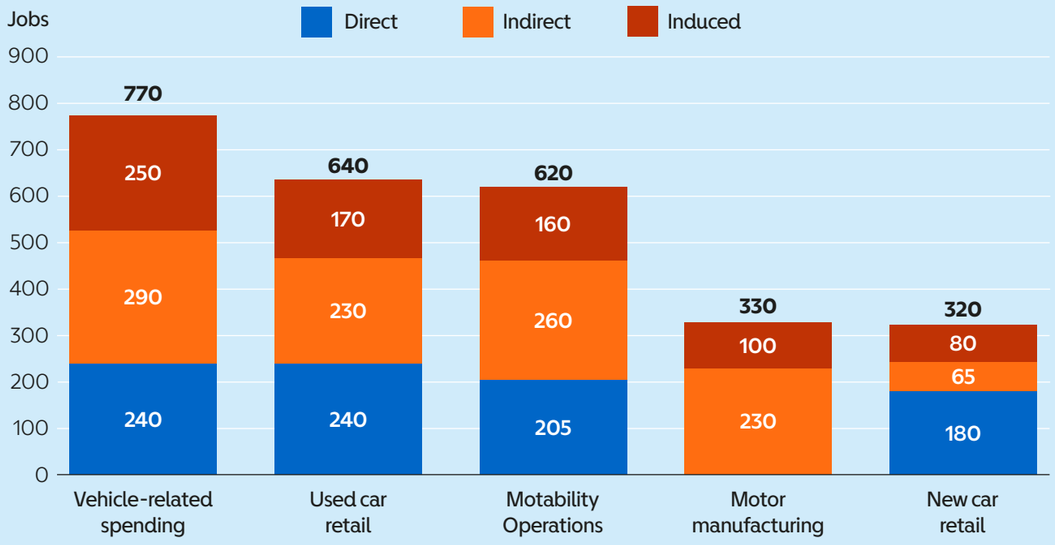
Source: Oxford Economics

Employment footprint

Consistent with the UK-wide picture, the most jobs were supported in Scotland by MO's vehicle-related spending, which includes key suppliers like Kwikfit, Europcar, and the RAC. This expenditure supported 770 jobs, or 29% of the total.

Activity at used car dealerships supported a total of 640 jobs (24%), while MO sustained 620 jobs across the country (23%), including its own 205 Scottish-based employees. A further 330 jobs and 320 jobs (12% each) were supported by the UK motor manufacturing and new car dealers and distributors, respectively.

Fig. 33: The total Scottish employment supported by the Motability Scheme in 2022/23



Source: Oxford Economics

Tax footprint

Of the £61.9 million in taxes supported by the Motability Scheme in Scotland, the largest share was supported by MO, totalling £22.3 million, or 36% of the total.[16] This includes an estimated £15.2 million of taxes paid by MO and its staff attributed to Scotland.

MO's vehicle-related expenditure and used car dealers contributed a further £17.6 million (30%) and £9.6 million (16%) in tax revenues, respectively. MO's purchases of new vehicles stimulated the remaining tax revenues, as they allowed UK car manufacturers and new car dealers to support a further £6.3 million and £6.1 million in tax revenues, respectively (10% each).

[16] This figure represents the total UK taxes supported by activity in Scotland. The majority of this total comprises labour taxes, which are administered and collected by His Majesty's Revenue and Customs (HMRC) based on rates set by the Scottish government, and corporation taxes, which are also collected by HMRC. Some elements of taxes on products and taxes on production, such as Land and Buildings Transaction Tax and Non-Domestic Rates, are collected locally.

5 The social impact of the Motability Scheme

The previous sections have outlined the significant economic activity sustained by the Motability Scheme. But by increasing access to transport, the vehicles delivered through the scheme provides users with a variety of social benefits, which can improve their everyday life. For example, the customers can save time on their journeys, may start working or choose to work longer hours, more easily access health appointments, and increase and maintain their social life, independence, and wellbeing.

In this section, we begin by exploring the survey evidence to understand the various ways in which the customers felt their lives have improved from being on the Motability Scheme. Following this, we present evidence from the economic literature of the monetary value these various benefits confer to users. Combining the survey evidence with the data from the wider economic literature allows us to estimate the total monetary value of the social benefits of the Scheme.

5.1 Survey evidence

To understand the impact the Motability Scheme had on the customers' lives, Critical undertook a survey of Motability Scheme customers. The survey contained 68 questions, with 50 questions related to outcomes for respondents. A total of 982 responses were received.

Of these 50 outcome questions, we used 28 to inform our analysis of the benefits per category (employment, education, health, time savings, and wellbeing).

Specifically, one question each was used to analyse the employment, education, health, and time savings benefits, and the remaining 24 questions were used for the wellbeing category which is broken down into a further four sub-categories:

- Positive functioning (autonomy, control, aspirations).
- Emotional wellbeing.
- Reduced isolation.
- Increased confidence and self-esteem.

In response to questions, respondents were able to answer: *not applicable, no difference at all, limited difference, some difference, moderate difference, significant difference*, and *life-changing difference*. In our analysis, we assume that the scheme had a major impact on the respondent's livelihood if they answered either *significant difference* or *life-changing difference* to the relevant question. In the following section, these are referred to as "substantial" differences. The percentages below are expressed as a proportion of the total of respondents for the relevant questions, excluding responses if not applicable. Some surveys were answered on behalf of Motability Scheme customers by appointees or carers.

5.1.1 Survey results

Employment

The Scheme may provide customers with improved access to employment opportunities. To explore the employment impact, Scheme customers were surveyed on the statement *"more employment opportunities have opened up to me"*.

The responses show one –in five (21.2%) respondents experienced a substantial impact on their access to employment opportunities, with over half of these (10.9%) stating it was life changing. On average, respondents were able to work an average 14 additional hours per week due to the scheme.

Education

Likewise, access to their vehicle can provide customers with more ability to enrol in education and attend training. To investigate the educational impact, scheme customers were surveyed on the statement *"more educational opportunities have opened up to me"*.

The survey results show that more than one –in four (26.8%) respondents reported a substantial difference to their educational opportunities. This outcome is important as individuals with high qualification levels typically have better quality and higher-paid jobs in high-income countries like the UK.[17] The skills or human capital attained from such levels of qualification are also important for overall economic development as they can be passed down to future generations.

Health

Having a Motability Scheme vehicle also generates benefits for society though health cost savings. Access to a vehicle makes it easier for the scheme's customers to attend health appointments on their own and could mean that they are less likely to miss their appointment. To measure this impact, scheme customers were surveyed on the statement *"I can go to health appointments or access health services"*.

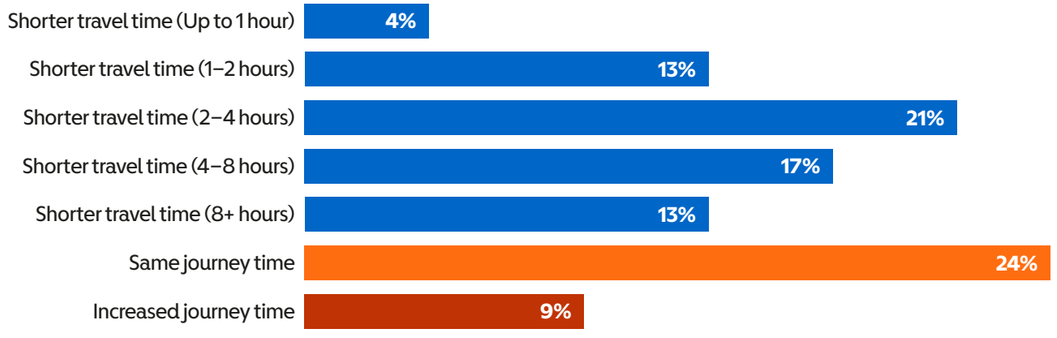
Some 86.9% of respondents reported a substantial improvement in their access to healthcare. While this will reduce the cost of missed appointments to health services, it can also improve the health of the scheme recipients. Whilst not quantified as part of this study, being healthier could also allow customers to be able to consider working opportunities in the future, having a long-term positive impact on their lives.

Time savings

Access to a Motability Scheme vehicle can generate additional benefits to Scheme customers through the time they save on journeys. To ascertain this impact, those surveyed were asked *"on average how many hours a week more/less do you spend making equivalent journeys"*.

Two-thirds of respondents (66.9%) reported that journeys they used to make before getting a vehicle through the Scheme now take less time (Fig. 34). This compares to 24% who reported journeys take the same amount of time, and 9% who said the journeys take more time. On average, customers report saving two hours and 17 minutes per week—allowing them to devote more time to other more enjoyable or fulfilling activities such as leisure and work.

Fig. 34: Scheme customers' reported difference in journey times after receiving their vehicle (% of respondents)



Source: Critical, Oxford Economics

[17] ILO (2020), '*Education pays off, but you have to be patient*'

Wellbeing

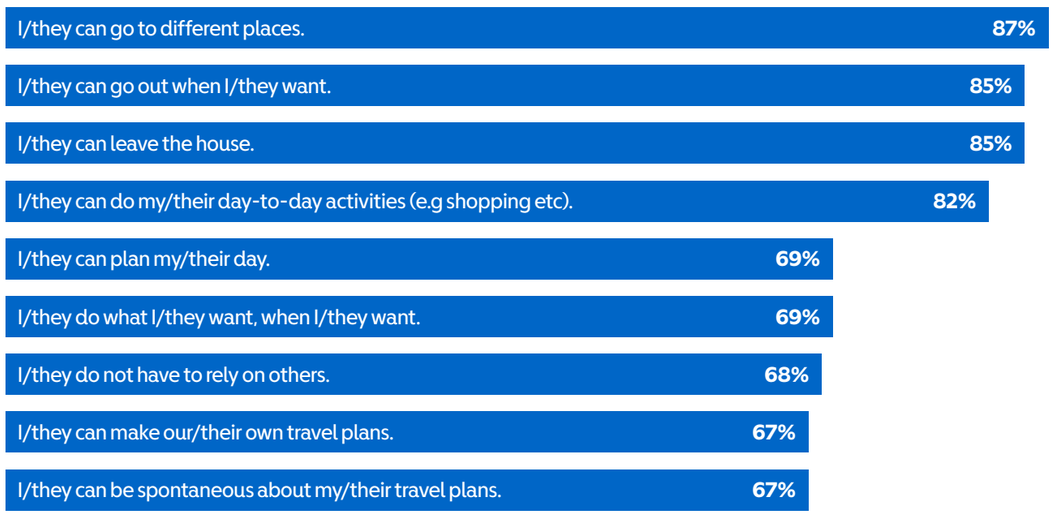
Positive functioning

Access to a Motability Scheme vehicle provides customers with greater positive functioning, which covers **autonomy** (the ability to leave the house and travel), **control** (being able to plan their day), and **aspirations** (do what they want). Respondents were asked nine questions about their ability to plan, move, and travel with autonomy as shown in Fig. 35.

Notably, more than 80% of respondents felt their vehicle made a substantial difference to their ability to go to different places, go out when they want, and carry out their day-to-day activities. The support to the customers' positive functioning is important, as being able to go out when they want can improve the customers' overall wellbeing and life satisfaction.

Across these, an average of 75.4% of respondents reported that the scheme had a substantial impact.

Fig. 35: Proportion of customers reporting substantial difference in positive functioning (% of respondents)



Source: Critical, Oxford Economics

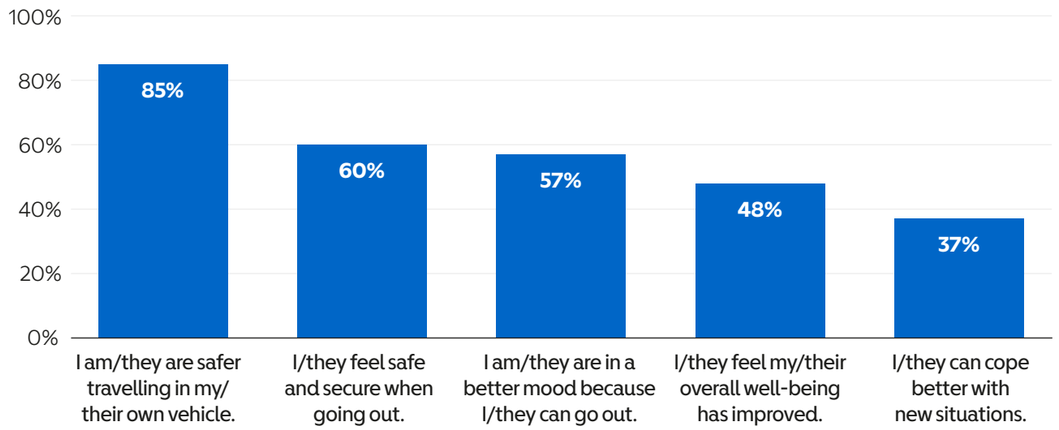
Emotional wellbeing

Emotional wellbeing looks at the mood and safety of the scheme customers. They were surveyed on five statements pertaining to emotional wellbeing, outlined in Fig. 36.

Notably, some 85.0% of respondents reported a substantial difference to them feeling safer when travelling in their own vehicle.

On average, 57.5% of respondents indicated that the scheme had a substantial positive difference on their emotional wellbeing.

Fig. 36: Proportion of customers reporting substantial difference in emotional wellbeing



Source: Critical, Oxford Economics

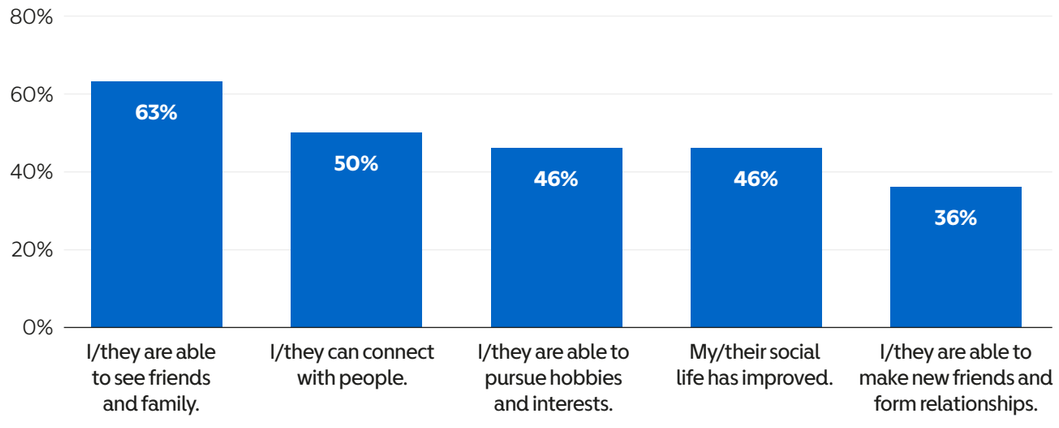
Reduced isolation

The reduced isolation category evaluates Scheme customers' ability to socialise. Five statements on the benefits being able to travel for freely and independently has on reducing isolation were put to those surveyed (Fig. 37)

On average, 45.8% of respondents reported a significant difference in terms of reduced isolation from having their scheme vehicle. The highest individual impact was in response to the statement, "*I am able to see friends and family*", with 63% of respondents reporting a substantial difference. The result that nearly two-thirds of respondents see more of their friends and family is crucial, as social inclusion is a fundamental driver of a person's mental health.

Moreover, by reducing feelings of isolation and supporting the mental health of just under half of respondents, this could also allow such customers to be open to pursuing new opportunities. In turn this could support a higher quality of life.

Fig. 37: Proportion of customers reporting substantial difference in reduced isolation



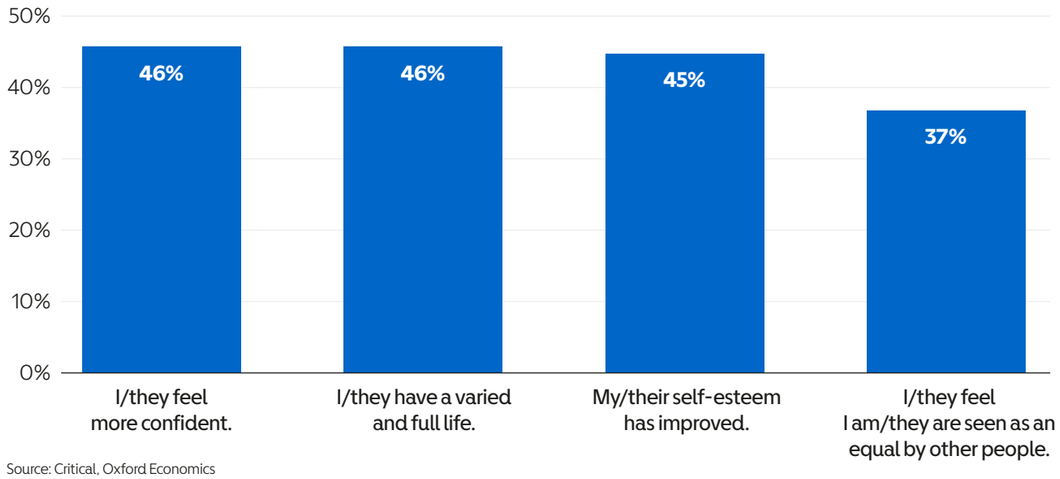
Source: Critical, Oxford Economics

Increased confidence and self-esteem

Access to their vehicle makes scheme customers feel better in themselves. Four statements were included in the survey pertaining to how their scheme vehicle increased their confidence and self-esteem (Fig. 38).

Across these statements, an average of 43.4% reported a substantial difference in their confidence. The support that the scheme provides to its customers' confidence and self-esteem is vital, as it potentially encourages customers to have the confidence to pursue new hobbies, which could improve their quality of life.

Fig. 38: Proportion of customers reporting substantial difference in increased confidence



Source: Critical, Oxford Economics

5.2 Value of benefits

In this section, we outline the monetary values of the employment, education, health, time savings, and wellbeing benefits. The methodological appendix to this report provides more detail on how these values are calculated.

The survey responses, of which around 9,500 were received, were scaled to the number of Motability Scheme customers who could achieve each outcome. For improving employment and education outcomes, we focused on just those customers who were in employment (112,000) and education (104,000) in 2022/23, respectively. For the time savings, health, and wellbeing outcomes, we included all the scheme's 2022/23 customers in the calculations (710,450). We then apply the monetary valuations of the economic benefits, measured using existing evidence and data from across the UK.

5.2.1 Employment

Being able to drive independently should make it easier for scheme customers to travel for employment opportunities. This may enable them to move into employment or increase their hours if already in work, in turn boosting their income.

For this study, we assume a disabled worker would earn an average wage when entering work. We estimate this figure based on the disability pay gap and the occupational distribution and working patterns (part/full-time) of disabled workers.

We therefore estimate that the average annual salary for customers entering work was on average £23,065 in 2022/23. We then scale this figure based on the survey responses and the relevant number of scheme customers—the 112,000 who were in employment—

and apply the 21.2% of respondents who reported experiencing a substantial impact on their access to employment opportunities. Multiplying these two figures together results in an estimated 23,700 additional — disabled workers taking employment opportunities as a result of their Motability Scheme vehicle and earning the aforementioned average wage. **Accordingly, we estimate increased access to employment was worth £546 million in additional wages for Motability Scheme customers in 2022/23.**

5.2.2 Education

Likewise, learning to drive should make it easier for a scheme customer to undertake education, potentially gaining a qualification. Educational qualifications are associated with higher earnings; hence, we estimate the boost to an annual salary that a beneficiary gains from increased education by data on earnings by qualification level. We are thus able to calculate the "wage premia" (adjusted for the disability pay gap) associated with having a given qualification over the average median qualification level.[18]

We estimate that the average customer earned on average £3,250 more due to education qualifications in 2022/23. Applying the survey responses to the 104,000 of the scheme's customers who were in government apprenticeships or training, **we estimate increased access to educational opportunities was worth £91 million in additional wages in 2022/23.**

5.2.3 Health

Being able to drive independently will also mean that customers have a greater degree of flexibility and mobility, in theory making it easier to access health appointments. This means that they will be less reliant on publicly funded transport assistance and have a reduced likelihood of missing a health appointment—both of which save costs for the health services.

Evidence suggests these costs savings are worth around £253 per year—across the use of use non-emergency patient transport services (£208) and missed appointments (£46)—for each scheme customer. After applying the survey responses, **we estimate the cost savings to the health service supported by the Motability Scheme were £157 million in 2022/23.**

5.2.4 Time savings

Not only can customers access more with their vehicle, but their journey times are also reduced on average. The time savings arising from the Scheme can also be converted into monetary terms using a methodology developed by the Department of Transport to value time savings.[19]

Evidence suggests these time savings were worth around £755 per annum for each customer.[20] **Aggregating up across all Motability Scheme customers suggests that the total value associated with time savings was worth £536 million in 2022/23.**

5.2.5 Wellbeing

Finally, the scheme could improve the general wellbeing of customers. This happens for a variety of reasons—being able to socialise more easily, having a greater degree of independence, or being able to do a greater variety of activities. It possible to place a value on these wellbeing benefits.

Evidence from the Greater Manchester Combined Authority (GMCA) suggests the effects of reduced isolation are valued at £11,720, while increased self confidence and self-esteem, positive functioning, and emotional wellbeing are all valued at £4,820.[21] Applying these valuations to the survey responses, **we estimate the Motability Scheme provides wellbeing benefits to its customers, worth £9.9 billion in 2022/23.**

Of these wellbeing benefits, the largest was through reduced isolation because of access to a Motability Scheme vehicle, valued at £3.8 billion. This was followed by positive functioning at £2.6 billion, and emotional wellbeing at £2.0 billion. Finally, the wellbeing benefits of increased confidence and self-esteem were value at £1.5 billion.

[18] For this analysis, we use an A-Level equivalent qualification. We calculate the additional income generated through gaining an educational qualification. One could also argue that gaining an educational qualification may allow an individual to enter the labour market from being previously unemployed. We have not calculated this effect in this section.
[19] Department for Transport, 'TAG data book', accessed November 2024.
[20] Specifically, to be conservative we use trip purpose as "Other non-work" and use market prices.
[21] Greater Manchester Combined Authority (GMCA), Greater Manchester Cost Benefit Analysis Tool, accessed November 2024. Estimates are based on valuations from the GMCA's initial Cost Benefit Analysis tool (2011), with original valuations (£8,500 for reduced isolation and £3,500 for increased self confidence and self-esteem, positive functioning, and emotional wellbeing) adjusted to 2022/23 prices using GDP deflators. The GMCA's 2022 update to the tool didn't updated these wellbeing estimates.

Wellbeing of recipients' family members

Our analysis measures the wellbeing impact through scheme customers. Indeed, survey evidence shows a demonstrable effect of accessing a vehicle through the Motability Scheme on recipients' sense of wellbeing.

However, these wellbeing effects are likely not limited just to the individual. Family members may benefit directly from access to a vehicle, as, for example, they are more easily able to spend leisure time with the scheme customer. They may also benefit indirectly from better relationships with a Scheme customer who now has greater self-esteem and confidence, and who is more active outside of the home.

Indeed, academic research suggests that when someone's spouse becomes happier, they become happier as well as a result.[22]

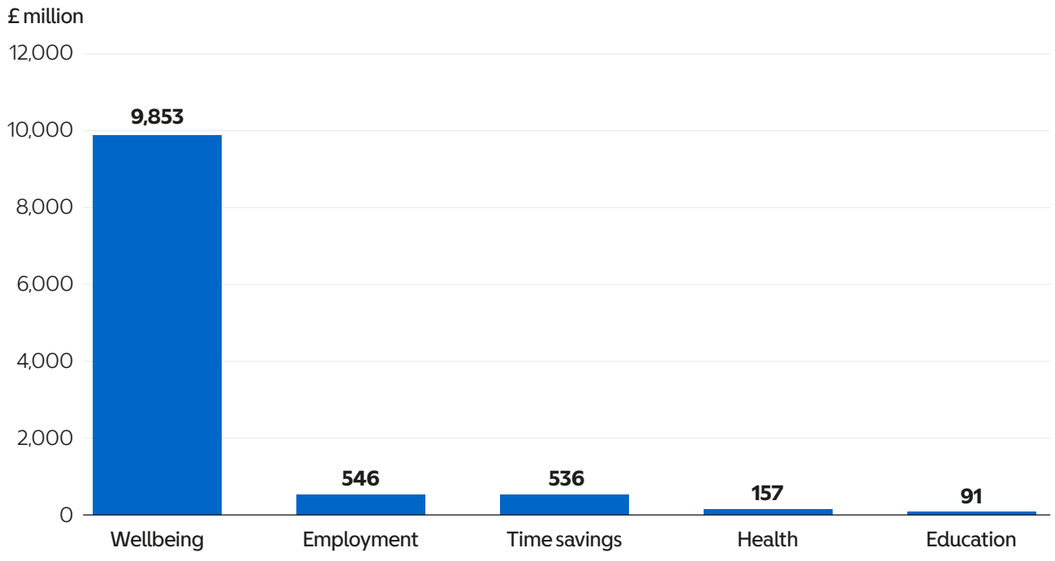
Applying this finding to the wellbeing benefits estimated in section 5.2.5 above suggests up to £186 million of further wellbeing benefits—not included in the wellbeing total—just to the spouses of scheme customers. Children are not able to be included in this way, and as such, this value may understate the true impact of the scheme on recipients' families.[23]

5.2.6 Total valuation of the benefits

We estimate the benefits customers received from having a Motability Scheme vehicle were worth £11.2 billion in total to the UK in 2022/23. This is the sum of the effects outlined in section 5.2 above.

The largest share of this total stemmed from the wellbeing benefits of customers having access to their vehicle, valued at £9.9 billion, or 88% of the total.

Fig. 39: Estimated monetary value of the scheme's benefits to customers, 2022/23



Source: Oxford Economics

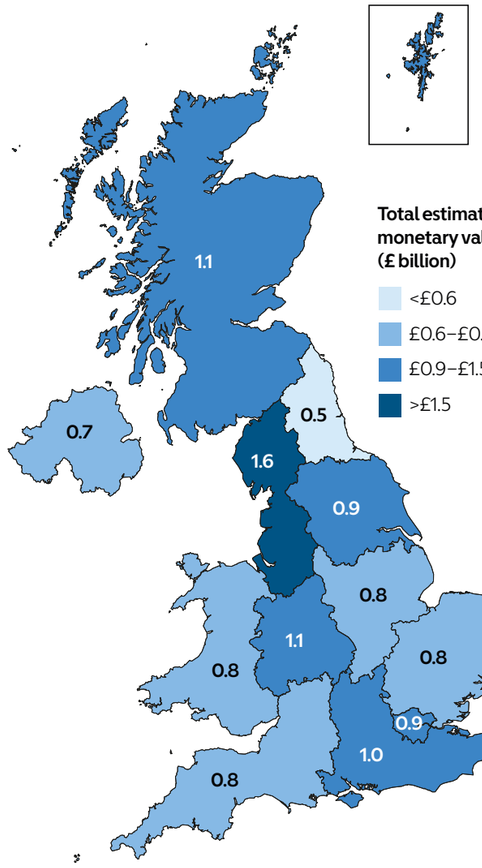
[22] This estimate is derived by applying to the wellbeing benefits estimated in section 5.2.5 (£9.9 billion) a spillover coefficient of wellbeing benefits to the recipients' family members which is realised as a result of the increase in the recipients' wellbeing from Nattavudh Powdthavee, I can't smile without you: Spousal correlation in life satisfaction, Journal of Economic Psychology (2009).

[23] Current methods of wellbeing valuation are not appropriate for use in monetising changes in children's wellbeing.

5.3 The value of benefits across the UK

The social benefits of access to a Motability Scheme vehicle are felt across the length and breadth of the UK owing to the wide distribution of the fleet. Splitting out these benefits according to the distribution of Motability Scheme users, we see the highest value of benefits were derived in the North West in 2022/23, where access to a Motability Scheme vehicle was worth a collective £1.6 billion in benefits to users. This was followed by Scotland and the West Midlands (£1.1 billion each), and the South East (£1.0 billion).

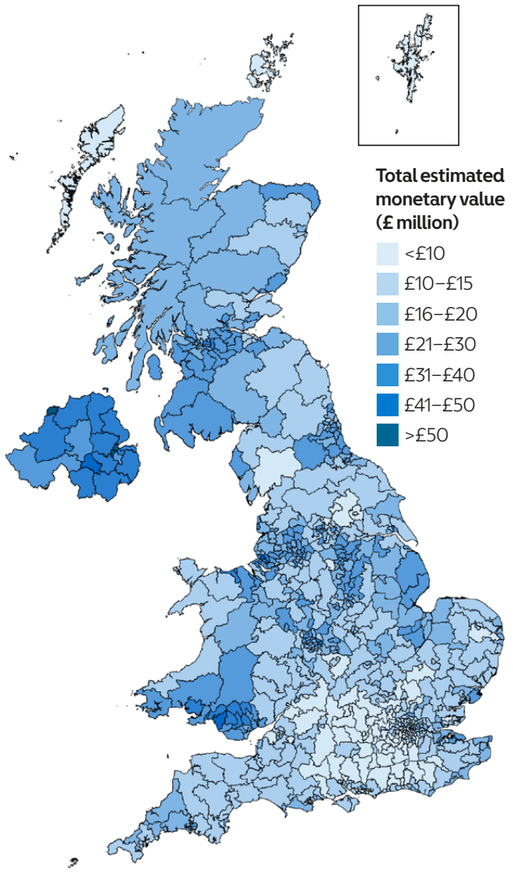
Fig. 40: Estimated monetary value of the Scheme's benefits to customers by region, 2022/23



5.3.1 The value of benefits to local communities

At the local level, users in each of the UK's 650 constituencies benefitted from access to their Motability Scheme vehicle. The highest value of benefits were estimated to be in Belfast West (£82 million). This was followed by three other Northern Irish constituencies: Belfast North (£57 million), Foyle (£56 million), and Upper Bann (£49 million). The North West constituency of Liverpool Walton rounded off the five highest constituencies, with £41 million in benefits to customers. This reflects the constituencies with the highest share of Motability Scheme users.

Fig. 41: Estimated monetary value of the scheme's benefits to customers by constituency, 2022/23



6 The Motability Scheme supporting the EV transition

In this report, we have highlighted the increasing importance of MO's vehicle purchases to the UK car market. In this section we investigate the role MO plays in the electric vehicle (EV) transition in the UK, through its purchase of more than 18,300 EVs for the Motability Scheme in 2023/24.

Transport contributed the largest amount of greenhouse gas (GHG) emissions in 2021, at 26% of the UK's total.[24] In 2024, the zero-emission vehicle mandate was passed into law, forming the then-government's pathway to have 80% of new cars sold in Great Britain electric/zero emission vehicles by 2030, before increasing to 100% by 2035.[25] As of the first half of 2024, this figure stands at only 17.8%—clearly well behind the target.

EVs in the UK are typically purchased by males who live in affluent areas and have higher incomes. In a survey conducted by the ONS, 4% of men surveyed owned an EV compared with just 2% of women.[26] EVs in the UK are mainly located in England (90%) and are concentrated in the South East, with 23% of newly registered EVs in Q1 2024. This partly reflects the current price of EVs being significantly higher than other fuelled cars, but also that there are not currently many second-hand EVs on the market. Moreover, EVs are particularly popular choices for salary sacrifice schemes.[27] Data from the British Vehicle Rental and Leasing Association (BVRLA) show 87% of cars funded by salary sacrifice were EVs (versus an average level of 26% for all UK vehicle purchases)—further highlighting how these vehicles are more popular amongst those in higher-paid employment.

In a survey conducted by the ONS, 72% of respondents cited cost as a key reason they would not make the transition to an EV for their next car purchase.[28] A further 52% of respondents perceived owning an EV as a hassle as they do not have the charging infrastructure in their house or in their local area, while 18% expressed doubts over reliability as EVs tend to have a lower range than diesel or petrol cars.

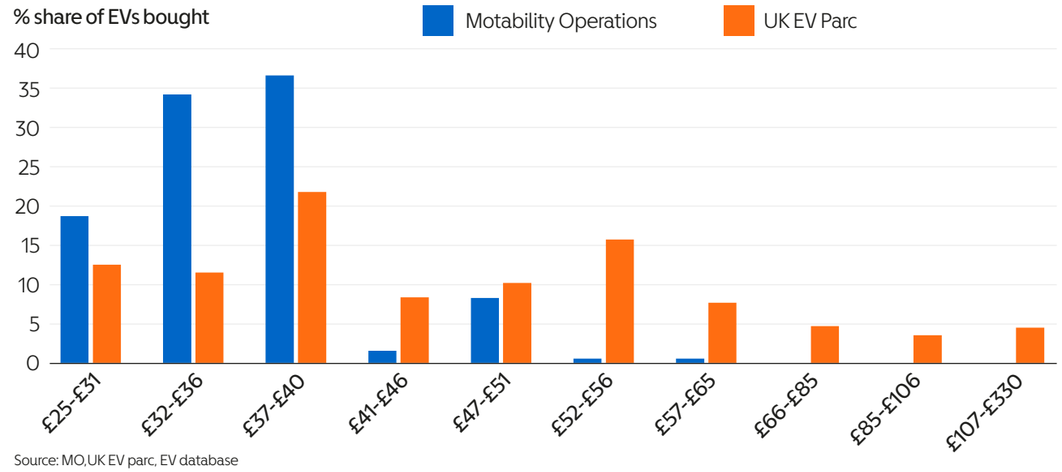
6.1 MO purchases EVs at a different point in the quality spectrum

The EV models purchased by MO were at the lower end of the price range compared with the rest of the UK's EV fleet—known as its EV parc—in 2023/24.[29] Fig. 42 shows the percentage share of EV models purchased by MO compared with the rest of the EV parc when the vehicles are ranked by their retail price.[30] Some 89% of the EV models MO purchased were concentrated in the bottom three deciles of price (or 30%) when ranked by price. This was almost double the percentage (at 45%) of EVs bought by the rest of UK customers. At the other end of the price spectrum, MO bought no models that were priced in the top three deciles (or 30%), whereas the rest of the UK bought 13%. Moreover, the company did not purchase any model with a retail price above £57,395.

Another way of viewing this is to look at the median average retail price of the models bought by MO compared with the rest of the EV parc. The median price of the models MO purchased was £34,995, which was 20% lower than the median price bought by other customers at £43,450.

[24] UK Government, Transport and environment statistics: 2023, accessed November 2024.
[25] UK Government, Pathway for zero emission vehicle transition by 2035 becomes law, accessed November 2024.
[26] ONS, Opinions and lifestyle survey: electric vehicles, accessed November 2024.
[27] BVRLA, 'Leasing Outlook', accessed December 2024.
[28] ONS, Opinions and lifestyle survey: electric vehicles, accessed November 2024.
[29] This section uses data from MO for their financial year 2024, which ran from October 2023 to September 2024. This analysis therefore covers a later year than the economic and social impact sections of this report.
[30] EV database, Prices of electric vehicles, accessed November 2024. A decile is each of ten equal groups into which a population can be divided according to the distribution of values of a particular variable.

Fig. 42: Percentage share of EVs purchased in each price decile (£000s) in 2023/24

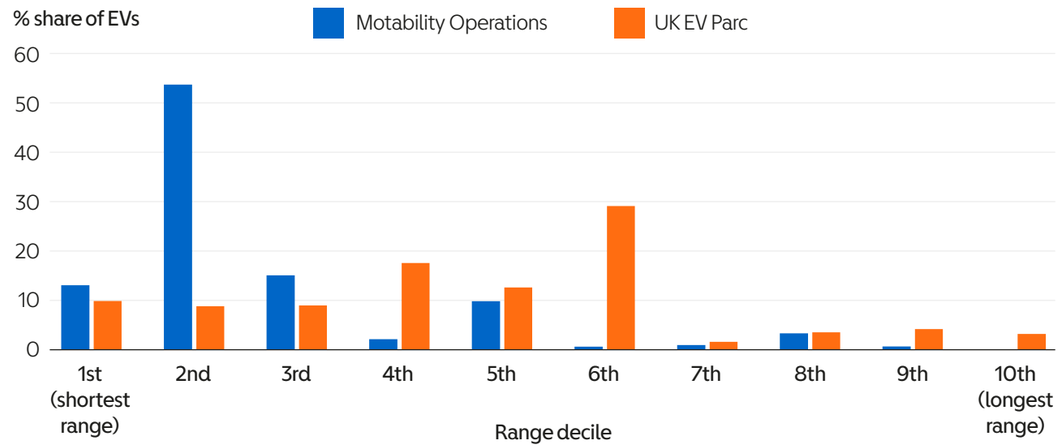


Source: MO,UK EV parc, EV database

We have also investigated how MO's purchases of EVs compared with the rest of the EV parc when organised by range. The range of an EV reflects the distance the car can travel from a full a battery until it must be recharged again. Fig. 43 shows the distribution of EVs bought by MO and the rest of the UK EV parc, representing the general population and car leasing companies. Some 83% of MO's EV purchases fell into the bottom 30% based on the range the vehicle can travel on one charge, compared with 28% of the rest of the EVs bought.[31]

According to both the price of the models bought and their range, MO has been providing demand for EVs at the more affordable end of the quality spectrum. This could encourage manufacturers to develop their offering at this price point, which is important as the average annual wage in the UK was £37,430 and for the average disabled worker was estimated to be around £23,740, well below the median purchase price of an EV bought in the UK.[32] Affordability is therefore still a large issue, as confirmed by the ONS survey which ranked it as the most important limiting factor in switching to an EV for respondents.[33]

Fig. 43: Percentage share of EVs purchased by range in 2023/24



Source: MO, UK EV Parc, EV database

[31] Whilst MO tends to purchase EVs that have a lower range, they also offer the implementation of an at home charging system where one can charge their EV at home.
[32] The average annual wage across the UK is sourced from ONS, Annual survey of hours and earnings (ASHE) , accessed November 2024. The average wage for disabled workers is estimated based on the disability pay gap, plus the types of occupation and working patterns (part/full-time) disabled workers typically do—following the method outlined in Section 5.
[33] ONS, Opinions and lifestyle survey: electric vehicles, accessed November 2024.

6.2 MO's purchases diversify EV usage

Survey evidence and DVLA data suggest the EV parc is in the more affluent areas of the UK, and regionally concentrated in the South of England. Here we investigate how MO's provision has been diversifying the areas with EVs.

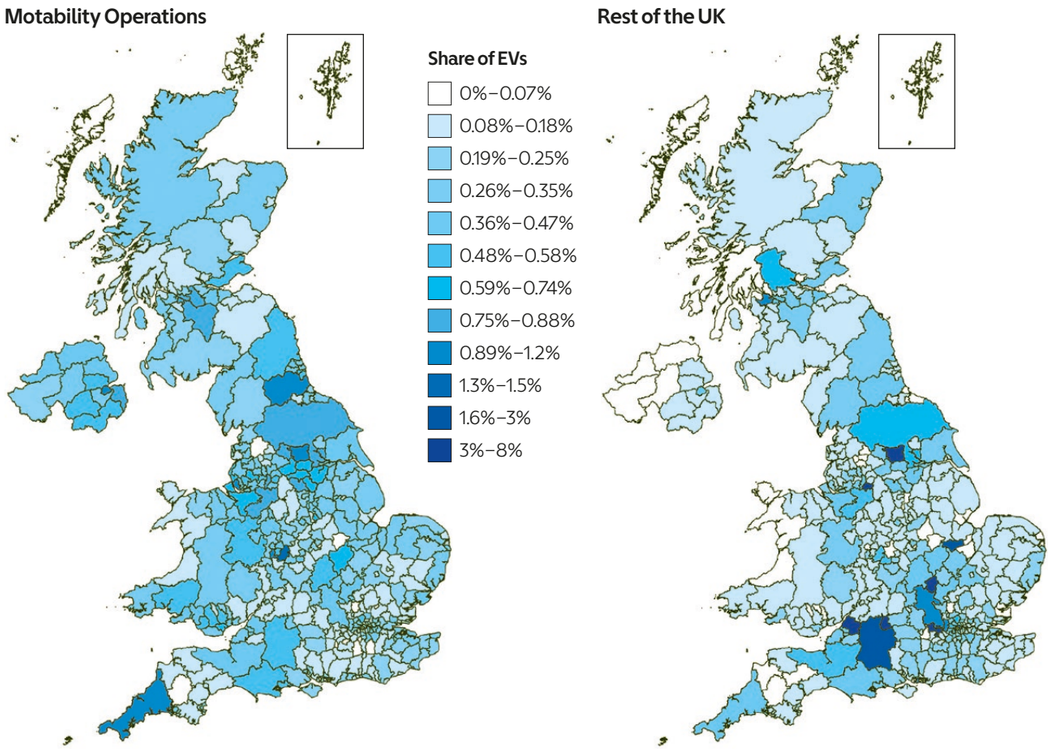
6.2.1 MO's purchases diversify the regional spread of EVs

MO EVs were more widely distributed than the rest of the EV parc across both the UK's constituent nations and regions, and its local authority districts in 2023/24.[34] These distributions are displayed in the heatmaps in Fig. 44. The left-hand heatmap shows the distribution of MO EV customers by local authority, while the right-hand heatmap shows the distribution of the rest of the EV parc. In both, a darker shade represents a higher concentration.

Broadly speaking, Motability Scheme vehicles were more evenly spread across the UK. There are fewer areas with shading in darkest blue (3% to 8% shares) and white (0% to 0.07% shares) in the left-hand map, which represents MO EV distribution, compared with the right-hand map, which represents the rest of the EV parc. MO's provision also extended into more of Northern Ireland, parts of Scotland, the northwest of Wales, and South West.

A statistical way we can verify MO's EV fleet was more evenly distributed throughout the UK is by using a measure of concentration. Using the Herfindahl-Hirschman Index (HHI), which is a standard measure of market concentration, we found that MO had a value of 43.3 compared with 203.4 for the rest of the UK EV parc.[35] MO's lower value indicates that its EVs were more evenly spread across all the local authorities in the UK than the rest of the EV parc.

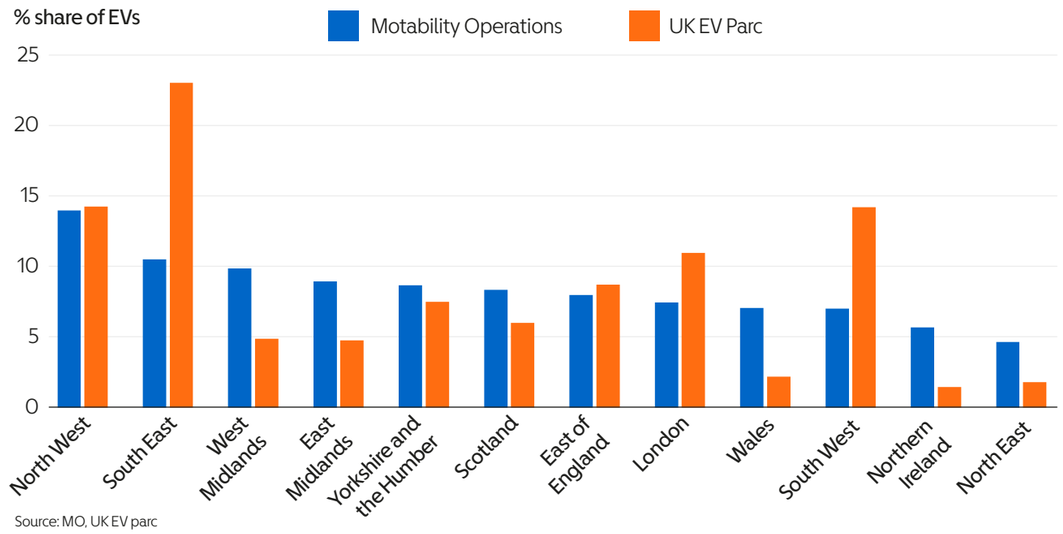
Fig. 44: UK local authority districts heat map reflecting the share of EVs purchased by MO (left) and the rest of the UK (right) in 2023/24



[34] The UK's nations and regions are defined as the International Territorial Level 1 regions in the UK: the East Midlands, East of England, London, North East, Northern Irelands, North West, Scotland, South East, South West, Wales, West Midlands, Yorkshire and the Humber.
[35] The Herfindahl Hirschman Index is calculated by summing the squared shares of EVs in each local authority district.

MO's EV fleet was more diversely spread across the UK's nations and regions in 2023/24. As Fig. 45 shows, MO's fleet were over-indexed in the West Midlands (which received 10% of MO's EV purchases, but only 5% for the rest of the UK EV parc total) and East Midlands (9% versus 5%). The same can be said for Yorkshire and the Humber and the North East. But the starkest difference was in the UK's devolved nations; the share of MO's fleet going to Northern Ireland (6% versus 1%), Scotland (8% versus 6%), and Wales (7% versus 2%) was significantly larger than the rest of the EV fleet. The rest of the EV parc, meanwhile, had greater concentration in the South East (23%) and South West (14%).

Fig. 45: Distribution of EVs in the UK regions in 2023/24



Source: MO, UK EV parc

The idea of MO's EVs being more evenly distributed is again reflected in the top five Local Authority Districts (LADs) by their share of EVs. MO's largest provision to individual local authorities only comprised between 1.0% and 1.5% of its total (Fig. 46).

In contrast, the top five local authorities for the rest of the EV parc had between 3.8% and 8.5% of the total share of all EVs (Fig. 47).

Fig. 46: MO's top five local authority districts in terms of location of fleet

Top 5 LADs	UK region	% share
Birmingham	West Midlands	1.5%
County Durham	N orth East	1.2%
Belfast	Northern Ireland	1.2%
Leeds	Yorkshire and the Humber	1.1%
Cornwall	South West	1.0%

Source: MO, Oxford Economics

Fig. 47: The UK EV parc's top five local authority districts in terms of location of fleet

Top 5 LADs	UK region	% share
Stockport	N orth West	8.5%
Windsor and Maidenhead	South East	5.1%
Swindon	South West	4.3%
Milton Keynes	South East	4.0%
Leeds	Yorkshire and the Humber	3.8%

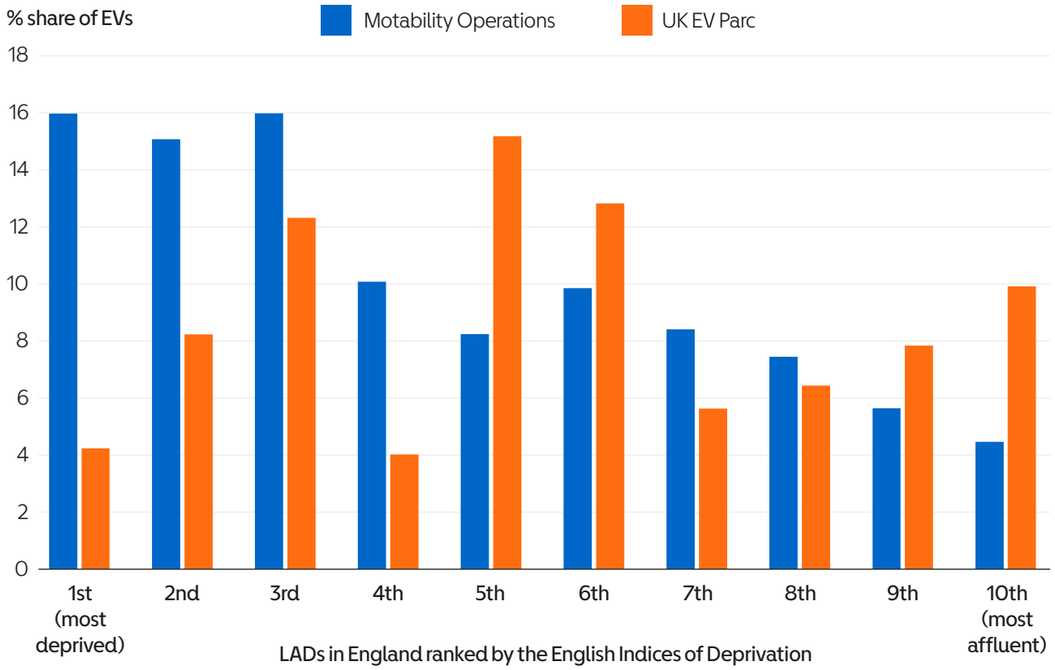
Source: DVLA, Oxford Economics

6.2.2 MO's purchases diversify the spread of EVs across the socioeconomic spectrum

A significantly higher proportion of MO's EVs went to customers who lived in deprived local authorities in 2023/24. The English Indices of Deprivation provides a holistic view of the level of deprivation in each local authority district in England. It uses 39 indicators organised across seven domains of deprivation: income, employment, education, health, crime, barriers to housing & services, and living environment.[36]

The three deciles (or 30%) of most deprived local authorities contained 47% of MO's EVs compared with just 25% of the rest of the EV parc (Fig. 48). At the other end of the spectrum, MO only provided 18% of its EVs to customers living in local authorities ranked in the three least deprived deciles, considerably less than the 24% for the rest of the EV parc.

Fig. 48: Percentage share of EVs based on the English Indices of Deprivation in 2023/24



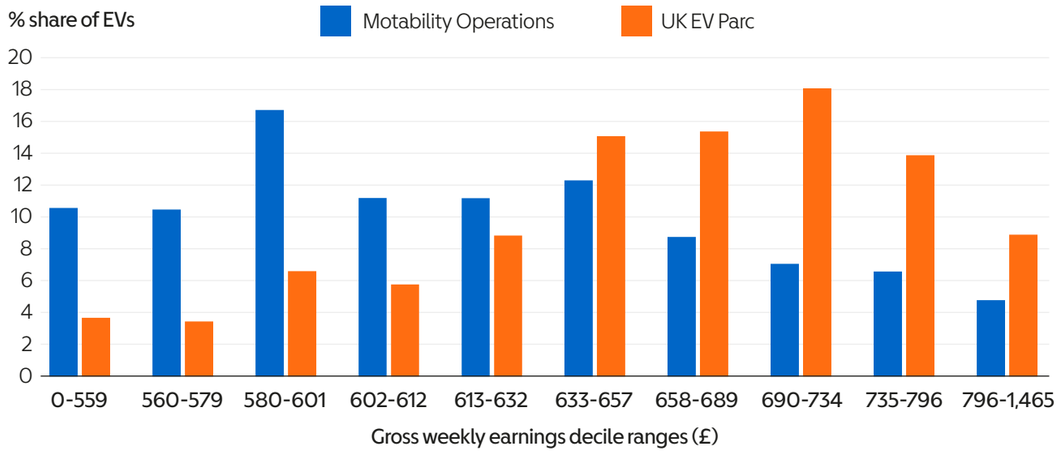
Source: MO,UK EV parc, Ministry of Housing, Communities and Local Government)

MO's vehicle fleet was more concentrated in areas with lower average earnings in 2023/24. Fig. 49 shows the percentage share of EVs that went to each local authority district ranked by the weekly earnings of its residents—a measure of the affluence of an area.[37] Again, we have ranked the local authorities and organised them into deciles.

Some 38% of MO's purchases of EVs went to customers who were concentrated in the bottom three deciles of local authorities ranked by the average earnings of their residents. In contrast, the rest of the EV parc was concentrated in areas with higher average earnings (the right-hand side of the distribution), with 41% of the rest of the EV vehicle parc located in the three deciles of local authorities where the residents earned the highest weekly wage.

[36] UK Government, English indices of deprivation, accessed November 2024.
[37] ONS, Earnings and hours worked, place of residence by local authority, accessed November 2024.

Fig. 49: Percentage share of EVs based on gross weekly residence earnings in 2023/24

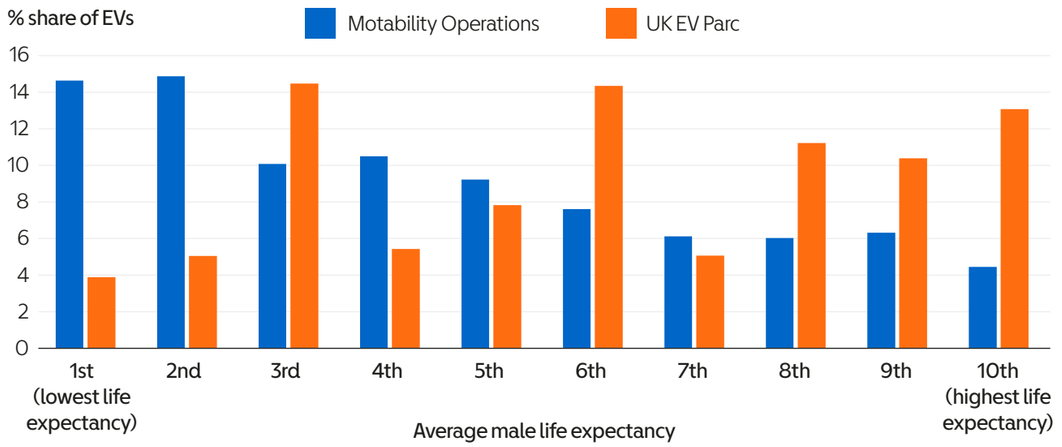


Source: MO, UK EV Parc, ONS

MO's EV fleet was also more concentrated in areas with lower life expectancy in 2023/24. Several studies, such as Woods et al (2005), have found that the geographical variation in life expectancy in England and Wales is largely explained by deprivation.[38] The southern part of England is often regarded as the most affluent, and its inhabitants also have the longest life expectancy compared with the rest of the UK.[39] In the South East, South West, London, and the East of England, average life expectancy is over 80 years old. In the North East and Scotland, average life expectancy is lower at 78 and 77 years old, respectively.

We can use life expectancy in each local authority as a UK-wide proxy for a deprivation to see if MO's EV fleet went to customers in more deprived areas of the UK than the rest of the EV parc. Using average male life expectancy in the UK's local authorities as a proxy for deprivation, 40% of MO's EVs went to customers who live in the lowest three deciles of local authorities (Fig. 50). This was considerably higher than the 23% of the rest of the EV vehicle parc. At the other end of the spectrum, 17% of MO's EV fleet went to the three deciles of local authorities where average male life expectancy was highest, considerably less than the 35% share for the rest of the EV vehicle parc.

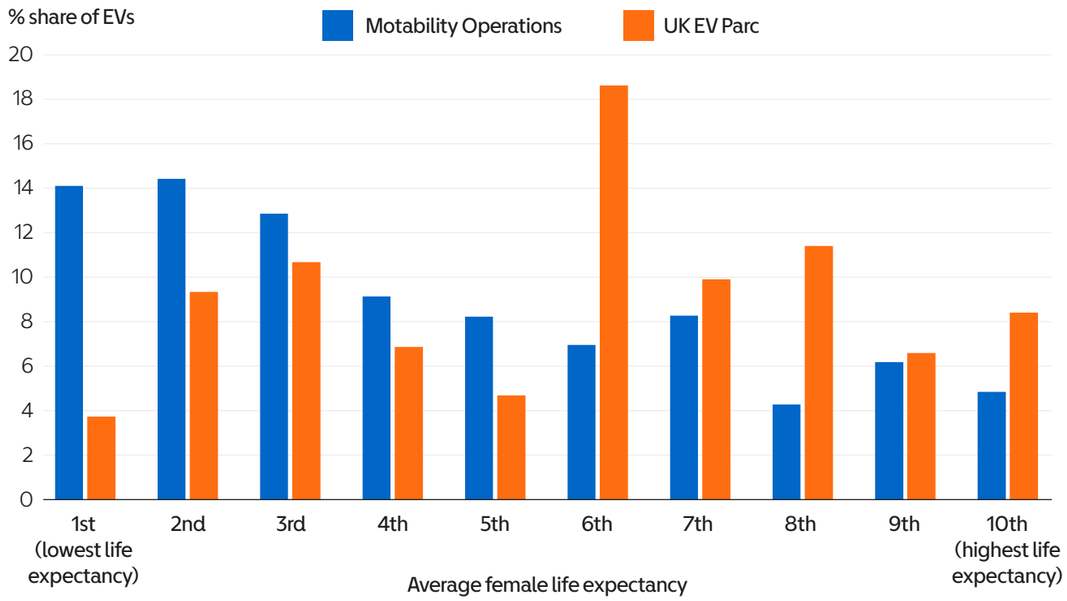
Fig. 50: Average male life expectancy and share of EVs in each local authority



Source: MO, ONS, UK EV Parc

[38] L. Woods, B. Rachet, M. Riga, N. Stone, A. Shah, M. Coleman, Geographical variation in life expectancy at birth in England and Wales is largely explained by deprivation, Journal of Epidemiology & Community Health (2005).
[39] ONS, Life expectancy by local authority, accessed November 2024.

Fig. 51: Average female life expectancy and share of EVs in each local authority



Source: MO, ONS, UK EV Parc

Looking at average female life expectancy by local authority, 42% of MO's fleet went to customers in the poorest performing three deciles, well above the 24% share for the rest of the EV parc (Fig. 51). At the opposite end of the distribution, 15% of MO's fleet went to customers in the top three deciles, well below the 27% share for the rest of the EV parc.

Appendix: Methodology

Measuring economic impact

Economic impact modelling is a standard tool used to quantify the economic contribution of an investment, a company, or a sector of the economy. Impact analysis traces the economic contribution of an investment or other spending through three separate channels:

- The **direct impact** measures the economic activity generated directly at Motability Operations (MO) and at the initial firms receiving operational expenditure undertaken to provide and maintain cars for Motability Scheme customers across the UK.
- The **indirect impact** encapsulates the activity driven along the UK supply chain as a result of the procurement of goods and services by MO, car manufacturers, dealerships, and other firms involved in delivering the Scheme.
- The **induced impact** captures the impact of the spending of wages on consumer goods and services by those employed by these firms and in their UK supply chain.

For this analysis, the direct impact is defined as the operations required to provide and maintain Motability Scheme vehicles:

- **Motability Operations**—the commercial entity which operates the Motability Scheme.
- **UK motor manufacturing**—the domestically manufactured cars (and components of cars e.g., engines) purchased by MO for Scheme customers.
- **Retailing and distribution of new cars**—the economic activity in the dealerships and distribution networks which new cars pass through on their way to the Scheme customers.
- **Retailing and distribution of used cars**—the dealership activity generated by MO's disposal of vehicles at the end of their lease.
- **Vehicle-related expenditure**—spending on insurance, breakdown cover, servicing, repairs, tyres, and adaptations for the Scheme fleet.

As parts 2) to 5) lie in Motability Operations' supply chain, care has been taken not to capture their footprint twice (i.e., this spending is not captured also in the indirect impact).

In this assessment, economic impact is measured across three indicators:

- **Gross value-added contribution to GDP** ("contribution to GDP") is the contribution that the Motability Scheme makes to UK GDP.
- **Employment** refers to the number of jobs that the Motability Scheme support.
- **Taxes** includes the corporation tax, income tax, National Insurance Contributions, taxes on products, and taxes on production paid to the authorities.

The results of this study are presented on a gross basis, meaning they do not consider what the resources currently used in supporting the Motability Scheme's economic footprint could otherwise be used for. Nor do they account for any displacement of activity from other leasing companies.

Direct impact

To measure the direct impact of MO, Oxford Economics uses data from MO's Annual Report and Accounts for the financial year FY2023, running from October 2022 to September 2023 (referred to as 2022/23). Its gross value-added contribution to GDP is calculated using the income approach to national accounting: summing MO's gross operating profits (measured as its earnings before interest, taxes, depreciation, and amortisation) and compensation of employees. Employment numbers and Corporation Tax payments are both detailed in the Annual Report and Accounts. Labour taxes (income tax, and employers' and employees' National Insurance Contributions) are calculated using wage data provided by MO, and tax allowances and rates from His Majesty's Revenue and Customs (HMRC) and the Scottish Government.

For other firms engaged in providing goods and services to MO to run the Motability Scheme (manufacturers, new and used car dealerships, and firms providing the components of the all-included motoring packages), the direct impact is calculated using expenditure data from MO. To get from MO's spend to the direct contribution to GDP sustained at these firms, Office for National Statistics (ONS) industry-specific gross output to GDP ratios are used.[40] Employment is calculated using productivity (GDP per worker) data sourced from ONS industry-specific GDP data and the ONS Business Register and Employment Survey (BRES). Taxes are estimated from a combination of ONS Input-Output tables and HMRC rates and allowances.

This assessment also examines the economic impact of MO in Scotland. A share of MO's UK financial data is apportioned to Scotland, based on an assumption provided by MO, which uses the distribution of MO's fleet in Scotland—8.9% of the UK total in 2022/23. This is replicated across the main segments (i.e., the share of vehicle-related expenditure and dealership activity) but excluding motor manufacturing, as there was no manufacturer presence in Scotland.

Indirect and induced impact

The indirect impact captures the economic activity stimulated by the supplier purchases made to fulfil the Motability Scheme's requirements—including the supplier spending of both MO and the initial firms engaged in facilitating the Motability Scheme: motor manufacturers, dealers, and those involved with maintenance and insurance of its fleet. As some of the direct impact could be considered the indirect impact attributable to MO from a supply chain perspective, any other purchases made by MO have been excluded to avoid this impact being captured twice. Data on operational expenditure were provided by MO. The other firms' subsequent spending with suppliers is estimated using ratios of GDP to operational expenditure from ONS Input-Output tables, which are also used to inform the spending patterns of these firms (i.e., which industries they spent with).

The induced impact captures the wage-financed spending in the consumer economy of those employed by MO and the firms which facilitate the Motability Scheme, along with those employed along their UK supply chain (in the indirect impact). Wage data were provided by MO, and the other firms' wages were estimated based on industry averages for the sector in which they operate, sourced from the ONS.

The modelling for this study is based on the ONS' UK Input-Output tables. These set out the goods and services that UK industries purchase from one another to produce their output (as well as their purchases from firms abroad). Similarly, they provide detail on the spending pattern of UK households and indicate whether this demand is met by UK production or imported products. In essence, the Input-Output table shows who buys what from whom, for the period in question.

The indirect and induced effects are calculated using a common approach for all five segments of the Motability Scheme's spending impacts. Using the detail on these linkages provided by the Input-Output tables, Oxford Economics constructed bespoke UK impact models, which trace the supply chain and wage consumption impacts attributable to each of the types of firms engaged in providing and maintaining MO vehicles.

[40] For the industry-specific data we define the UK motor manufacturing using Standard Industrial Code (SIC) 29—manufacture of motor vehicles, trailers, and semi-trailers, and the retailing and distribution of new and used cars using SIC 45.11—sale of cars and light motor vehicles. We use different sectoral data for the different areas of vehicle related expenditure: insurance and breakdown cover (SIC 65—insurance); tyres (SIC 22—rubber and plastics products); hire cars (SIC 77—rental and leasing services); servicing (SIC 45—wholesale and retail trade and repair of motor vehicles and motorcycles); and adaptions (33—repair and installation services of machinery and equipment).

The aforementioned procurement and wage data were entered into these models, which then quantified all rounds of subsequent purchases along the supply chains and in the consumer economy. These transactions were translated into GDP contributions, using industry-specific ratios of gross output to GDP, sourced from the UK Input-Output table. Likewise, industry-specific productivity data were used to calculate the employment estimates. Taxes were estimated using HMRC data on tax bands and receipts, along with ONS statistics on the average profitability of each UK sector and the average wage rates seen in these sectors from the ONS Annual Survey of Hours and Earnings.

Regional and local impacts

To measure the impact of the Motability Scheme's impact across the UK's Government Office Regions, we again used the latest UK input-output tables, but adjusted in line with the academic guidelines to account for size and structure of the regional economies.[41] The technique involves constructing sub-national input-output models by applying location quotients and sub-national size adjustments to the UK-wide tables. This captures both the geographies with higher concentrations of industries receiving more procurement and household expenditure, plus the inter-regional spillovers of this spending.
The data entered into the model included detailed geographical breakdowns of MO's procurement and wage payments. For the motor manufacturing segment, a geographic profile was entered based on the location of the UK-manufactured vehicles they purchased, while for the dealership activity (new and used cars) and vehicle-related expenditure this profile was constructed based on the distribution of the Motability Scheme fleet. Detailed data from the ONS BRES were used to distribute indirect and induced across the constituencies within each region for the subsequent rounds of supply chain spending and wage expenditure.

Measuring social impact

This section provides more detail about how the monetised values of the employment, education, health, time savings, and wellbeing benefits were estimated. Beyond the addition of time savings estimates, this method is consistent with that used in previous Oxford Economics analyses for Motability Operations and the Motability Foundation.

Employment
The employment benefits were quantified as the annual salary that scheme customers earn by entering the workforce. To estimate this, we used data from the ONS on the occupational distribution of disabled workers, to understand where disabled workers typically work.[42] This is important, as disabled workers will typically work in different occupations to non-disabled workers, which contributes to differences in wages between the two groups. We then used ONS data on wages earned by disabled workers by occupation.[43] Lastly, we factored in the average working pattern of a disabled worker (part-time/full-time), as this also tends to vary from non-disabled workers.

To estimate the average annual salary for a disabled worker, we took an average weighted by both the split of disabled workers across part-time and full-time work and the distribution across occupations.[44] MO provided the relevant number of customers that this valuation was applied to, after the results of the survey were applied. This is the 112,000 Scheme customers who were in employment in 2022/23.

Education
The educational benefits were also presented in terms of wages, but this time from a boost in salary earned as a result of obtaining a higher education qualification. To begin with, we used data on the median hourly wage earned by individuals with certain qualifications.[45] As these data were not available by occupation, we used data on the disability wage gap to help refine our estimate (i.e., to account for the fact that disabled workers typically earn less than non-disabled workers).[46]

[41] Flegg and Tohmo, "Regional input-output tables and the FLQ formula" (2013)
[42] ONS, Disability and employment, accessed November 2024.
[43] ONS, Annual Survey of Hours and Earnings time series of selected estimates, accessed November 2024.
[44] ONS, Disability and employment, accessed November 2024.
[45] ONS, Mean and median gross weekly and gross hourly earnings measured by highest education qualification in major industry, accessed November 2024. These data were only available for 2019, so UK median hourly wage data were used to estimate contemporary values; this data was available from: ONS, Annual Survey of Hours and Earnings time series of selected estimates.
[46] ONS, Raw pay gaps by disability, accessed November 2024.

Using these data, we were able to calculate the "wage premia" associated with having a given qualification over the average median qualification level. For this analysis we used the wage uplift associated with an A-level or equivalent qualification.

Combining these with data on average weekly part-time hours and average weekly full-time hours, we estimated the weighted (by part-time to full-time split) average number of hours that a disabled individual works.[47] Combining the weekly hours worked by the hourly wage premia, we calculated the average uplift in annual wage earned by a customer gaining the qualification.

MO provided the relevant number of customers that this valuation was applied to, after the results of the survey were applied. For this figure we used the 104,000 of the scheme's customers who were in government apprenticeships or training in 2022/23.

Health
The health benefits are the cost savings to the NHS from easier access to health appointments. To reach these estimates, we used NHS data on the cost of using non-emergency patient transport services (£38 per use in 2021)—which we assume is used five times per year—and missed appointments (£42 in 2021).[48] We use health cost inflation data to bring forward the price-level of these estimates to 2022/23 (i.e., adjust for inflation).[49] These valuations are applied to all scheme customers, after the survey results were applied.

Time savings
Customers also benefit from time savings to the journeys they make as a result of their access to the vehicle through the scheme. These time savings can be converted into monetary terms using a methodology developed by the Department of Transport to value time savings.[50] Specifically, to be conservative we use trip purpose as "Other non-work" and use market prices. Per individual, the time savings reported through the survey were worth around £14.50 per week, or £755 per annum. These valuations are applied to all Scheme customers.

Wellbeing
For the wellbeing benefits (namely, the four subcategories of increased confidence/self-esteem, reduced isolation, positive functioning, and emotional wellbeing) we used data from the Greater Manchester Combined Authority (GMCA).[51] These estimates are derived from "apportioning the willingness to pay value for the QALY impact of depression (£35,400 per annum) across all the domains of wellbeing as set out in the National Accounts of Wellbeing", where QALY refers to quality adjusted life years, which are "a measure of the state of health of a person or group in which the benefits, in terms of length of life, are adjusted to reflect the quality of life. One quality-adjusted life year (QALY) is equal to 1 year of life in perfect health".[52]

The estimates from this dataset relate to the 2009–10 financial year; we use GDP deflator data to estimate the 2022/23 results. The GMCA data were also used in Melville et al.[53]

Regional and local estimates
The evidence used for the valuation estimates of the benefits were not available at a regional or local level, so the same national estimates were used for users across the country. The valued benefits were apportioned to each of the Motability Scheme users across the UK's regions and constituencies using data provided by MO on their distribution.

[47] ONS, Average actual weekly hours of work for part-time workers; Average actual weekly hours of work for full-time workers, accessed November 2024.
[48] NHS, Improving non-emergency patient transport services: Report of the non-emergency patient transport review (2021); Missed GP appointments costing NHS millions (2021)
[49] ONS, Consumer price inflation time series, accessed November 2024.
[50] Department for Transport, "TAG data book", accessed November 2024.
[51] Greater Manchester Combined Authority, Cost Benefit Analysis Tool (2019), accessed November 2024.
[52] National Institute for Health and Care Excellence, Glossary (2022)
[53] Duncan Melvill, Connor Stevens, and Lovedeep Vaid, Access to Work – Cost Benefit, Centre for Economic and Social Inclusion (2015)

Oxford Economics

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March 2025

The modelling and results presented here are based on information provided by third parties, upon which Oxford Economics has relied in producing its report and forecasts in good faith. Any subsequent revision or update of those data will affect the assessments and projections shown.

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Motability Scheme