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Glossary

**Adaptations** – can be fitted to a car to assist with driving the car, equipment stowage and accessing the car.

**Advance Payment** – Customers can obtain around 400 cars in exchange for their weekly mobility allowance over a three year period. Should they want a larger or higher specification car they must make an Advance Payment. This is the difference between the cost of the car and the worry-free package and a person’s weekly allowance over the length of the lease, and must be made in one lump sum to the dealer at the start of the lease.

**Department for Work and Pensions (DWP)** – The Government department with responsibility for developing and implementing policies and strategies aimed at helping disabled people. The DWP are responsible for awarding and paying DLA.

**Disability Living Allowance (DLA)** – is a tax-free benefit for children and adults who need someone to help look after them, or have walking difficulties because they are physically or mentally disabled. DLA has two parts called ‘components’: the care and mobility components.

**Higher Rate Mobility Component of Disability Living Allowance (HRMCDLA)** – The mobility component of DLA is paid to people who can’t walk or find it very hard to walk. It is paid at two rates (lower and higher) depending on the extent of a person’s disability.

**Specialised Vehicles Fund (SVF)** – is a fund financed by the DWP and administered by Motability to provide grants to help those disabled people who require more complex passenger and driving solutions. The grants enable disabled people to get a Wheelchair Accessible Vehicle (WAV) or more complex adaptations to a standard car.

**War Pensioners’ Mobility Supplement (WPMS)** – is a tax-free benefit paid to people injured or disabled as a result of service in Her Majesty’s (HM) Armed Forces who are unable or virtually unable to walk.

**Wheelchair Accessible Vehicles (WAVs)** – are vehicles that have been converted to carry passengers travelling in their wheelchair or for those who wish to drive from a wheelchair. WAVs include features such as a built-in ramp, or lifts on larger vehicles, wheelchair tie-downs and seat belts for wheelchair users to aid entry into the WAV and help to keep passengers secure.

**Worry-free package** – in addition to the car, a Motability lease also includes insurance, servicing and maintenance, full RAC breakdown assistance, annual tax disc and tyre and windscreen replacement.
1 Executive summary

This report investigates the economic and social impact of the Motability Car Scheme, which enables disabled people to obtain a car (sometimes adapted for their needs) in exchange for their government-funded mobility allowances. It investigates both the contribution that the Car Scheme makes to the economy and the impact having a Motability car has on customers’ lives.

About Motability

- Motability was set up to allow disabled people to obtain an affordable car through the Motability Car Scheme.
- Disabled people in receipt of Higher Rate Mobility Component of Disability Living Allowance (HRMCLDA) or War Pensioners Mobility Supplement (WPMS) can lease a worry-free car in exchange for their mobility allowance.
- Motability the charity oversees the operation of the Car Scheme and also administers the Specialised Vehicles Fund (SVF) on behalf of the DWP to provide assistance to those with the most severe disabilities.
- Motability Operations operates the Motability Car Scheme under contract to Motability.

The Motability Car Scheme’s contribution to the UK economy

- The Car Scheme is estimated to support 21,080 jobs in 2009. This suggests nearly one in every thousand jobs in the UK is supported by Motability (Table 1.1).
- In total, the Car Scheme is estimated to contribute £2,015 million to UK GDP in 2009 (or 0.1% of total).
- The Car Scheme is estimated to contribute £468 million to the Exchequer in tax receipts. Corporation tax is estimated to have made the largest contribution.

Having a Motability car greatly increases its customers’ ability to travel outside their home...

- A Motability car increases the likelihood customers will drive themselves (76% up from 63% prior to getting a Motability car) and the frequency with which they drive (46% drive every day versus 33%).
- Having a Motability car increases customers’ rankings of their ability to travel outside their home from 3.5 to 8.3 (where 0 is difficult and 10 is easy).

...improving customers’ access to health services...

- Most Motability customers (85%) said that having a Motability car had made a difference to their ability to access healthcare. For 41% it enabled them to access better services and for 40% to travel further to access the specific services that they need.
- Reduced usage of ambulance/dial-a-ride services by Motability customers is estimated to save the public sector £30 million in expenditure.
A decline in missed appointments is estimated to save between £32 and £79 per appointment.

...enabling some customers and their informal carers to undertake formal and informal education....

- Having a Motability car enabled 16% of 3-24 year old customers to undertake a formal course which leads to a qualification, and 10% (of all customers) to undertake informal learning. It also enabled 6% of customers’ informal carers (family and friends) to improve their education.

- The improved education a Motability car enables is estimated to boost customers’ and their informal carers’ salaries in subsequent years by £121 million a year.

...allowing some other customers and their informal carers to gain employment...

- 16% of the Motability customers aged 16-64 are in paid employment and a further 2% are seeking work.

- Of the Motability customers stating that they are able to work, 39% said that their Motability car had enabled them to gain employment, get better employment or to maintain current employment. The car enabled 7% of informal carers for Motability customers to improve their employment prospects.

- The Motability Scheme is estimated to enable 12,500 customers and informal carers to get a job and 56,100 to keep an existing job. This is estimated to be worth £1.2 billion in gross wages per year.

...enhancing the ability of customers to participate in social activities...

- Having a Motability car increased the ability of significant numbers of customers to visit family and friends (60%), go shopping (55%) and participate in sporting, leisure and social activities (40%).

- The impacts are difficult to measure but one estimate suggests that by enabling people to visit family and friends more frequently, Motability increased its customers’ well-being by the monetary equivalent of up to £3.2 billion a year.

...and providing customers with a greater degree of independence as well as choice and control over their lives.

- The vast majority of customers (73%) said that they are more independent now that they have a Motability car. Of these, 49% said that they are a lot more independent.

- Having a Motability car improves disabled people’s financial independence, 60% reported that taking into account their car, insurance and running costs and any changes to their lifestyle they were better off after receiving a Motability car.

- Having a Motability car increased customers’ average ranking of the choice and control they have over their own lives from 3.8 to 7.9 (where 0 is none and 10 is complete).
The total contribution of the Motability Car Scheme and the Government’s Specialised Vehicles Fund in economic and social terms is summarised as follows.

Table 1.1: Summary of the Motability Car Scheme’s economic impact

<table>
<thead>
<tr>
<th>Measure of economic impact</th>
<th>Motability Car Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>21,080 jobs</td>
</tr>
<tr>
<td>Contribution to GDP</td>
<td>£2,015 million</td>
</tr>
<tr>
<td>Tax receipts</td>
<td>£468 million</td>
</tr>
</tbody>
</table>

Data Source: Oxford Economics

Table 1.2: Summary of the Motability Car Scheme’s social impact

Customer survey – “Has having your Motability car made a difference to your ability to...?”

<table>
<thead>
<tr>
<th>Main Car Scheme</th>
<th>Specialised Vehicle Fund</th>
<th>Total Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access health appointments or services</td>
<td>85%</td>
<td>93%</td>
</tr>
<tr>
<td>Improve your education</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td>Improve your employment situation</td>
<td>39%</td>
<td>37%</td>
</tr>
<tr>
<td>Visit family and friends</td>
<td>60%</td>
<td>66%</td>
</tr>
<tr>
<td>Go shopping</td>
<td>54%</td>
<td>72%</td>
</tr>
<tr>
<td>Participate in sporting, leisure or social activities</td>
<td>40%</td>
<td>44%</td>
</tr>
<tr>
<td>Participate in volunteering, religious and other community activities</td>
<td>27%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Data Source: Plus Four Market Research Ltd.

- The health, education and employment benefits are estimated to be worth a minimum of £1.3 billion a year. Most of this comes through increased wage income through enhanced employment opportunities and the impact of improved education on career paths.

- The impact on customers’ social lives is more difficult to turn into a financial value. But by just increasing the frequency with which customers see their family and friends the Motability Car Scheme is estimated to enhance their well-being by the monetary equivalent of up to £3.2 billion a year.

The direct costs and indirect costs incurred in supporting the Motability Scheme and the Government’s Specialised Vehicles Fund are

- The resource and administration costs of up to £2 to 3m per annum incurred by the DWP in diverting the HRMCDLA directly to Motability Operations.

- The £17m per annum allocated to the Government’s Specialised Vehicle Fund and the £2m per annum paid to Motability to administer this fund.

- The tax revenue theoretically foregone as a result of the zero-rating of VAT and Insurance Premium Tax are currently estimated to be worth £355 million per annum to the Motability Car Scheme. This potential tax revenue is a theoretical amount, as the application of VAT at the standard rate would result in price increases leading to a decrease in customers. Research shows the vast majority of customers who would potentially leave the Motability Car Scheme in response to price increases would not purchase new cars.
2 Introduction

Motability commissioned Oxford Economics in conjunction with Plus Four Market Research Ltd. to assess the contribution that the Motability Car Scheme makes to the UK economy and the changes having a Motability car enables customers to make to their lives. The first part of the report quantifies the Motability Car Scheme’s contribution to the UK economy. The second part looks at how having a Motability car or a grant from the Specialised Vehicles Fund changes disabled people’s lives.

2.1 Economic impact

The Motability Car Scheme, overseen by Motability and operated by Motability Operations contributes to the UK economy through three channels:

Direct impacts – the contributions to Gross Domestic Product\(^1\) (GDP), employment and tax revenues created in the providing and maintaining of cars for Motability customers.

Indirect impacts – this is the economic activity, tax revenues and employment created in the wider supply chain, predominately as a result of purchases of goods and services by Motability Operations, car manufacturers and dealers.

Induced impacts – these are impacts which arise from the consumer spending of employees of Motability Operations and those directly employed in its supply chain. Most of this spending will occur at retail and leisure outlets close to where the staff live or work.

2.2 Impacts on customers’ lives

In addition, the Motability Car Scheme and grants from the SVF have significant impacts on the lives of customers and their families. Plus Four carried out six discussion groups and undertook a survey of 504 customers to investigate how having a Motability car had changed various aspects of their lives. The different areas investigated were:

- Ability to get around outside their homes;
- Access to health services;
- Education;
- Employment prospects;
- Ability to participate in social activities and;
- Ability to live independently.

Where possible, estimates are made of the value of these impacts.

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\(^1\) GDP is a basic measure of a country’s overall economic performance. It is the market value of all final goods and services made within the borders of a country in a year.
3 About Motability

This chapter explains the development of the Motability Scheme and Specialised Vehicles Fund since their starting points until the present day.

Key points
At the end of March 2010, the Motability Car Scheme was providing cars for more than 543,000 customers. This is approximately 28% of those in receipt of the Higher Rate Mobility Component of Disability Living Allowance.
Motability administers the Specialised Vehicles Fund on behalf of the Department for Work and Pensions.
Of all the cars Motability currently provide to their customers, 15,700 are Wheelchair Accessible Vehicles, 27,100 have adaptations and 162,800 are automatics.

3.1 Foundation and growth of the Scheme

Prior to 1976, the Government provided disabled people who could drive themselves with a small, blue, single seated, three-wheeled motorized vehicle known as a trike. When mobility allowances were introduced in 1976 they provided financial assistance towards personal mobility for disabled people regardless of their ability to drive. The introduction of a cash allowance provided more choice and flexibility for disabled people, and it also provided Motability’s founders – Lord Sterling and the late Lord Goodman – with the basic funding for the Motability Car Scheme.

Motability is a national charity set up at the initiative of the Government in 1977, and incorporated under Royal Charter, to assist disabled people with their mobility needs, primarily by enabling them to use their mobility allowance to obtain an affordable car, powered wheelchair or scooter through the Motability Scheme which it established in 1978.

Motability enlisted the help of the main clearing banks, and a special “not-for-profit” company - Motability Finance Ltd (now Motability Operations) - was set up and contracted to work exclusively for the Scheme in obtaining finance for the purchase of cars, as well as handling negotiations with motor manufacturers and dealers for the supply of cars, and the purchasing of car insurance, servicing and breakdown cover.

In the first five years of the Scheme’s existence, just over 20,000 cars and wheelchairs were supplied to customers. In the subsequent ten years to 1992 annual supply of vehicles grew from 10,500 to 64,000 and the rate of growth accelerated through the 1990s as the Government extended the mobility allowance to cover a wider range of disabilities. In 1992 the Mobility Allowance was assimilated into the Disability Living Allowance and by 1995 the Scheme was supplying in excess of 100,000 vehicles a year which represented around 20% of those disabled people in receipt of the allowance.

3.2 The Scheme today

Today, recipients of the Higher Rate Mobility Component of the Disability Living Allowance (HRMCDLA) or War Pensioners’ Mobility Supplement (WPMS) can choose to join the Motability Scheme to obtain a car, powered wheelchair or scooter. The most popular option, chosen by over 95% of customers, is the contract
hire of a car. The contract hire car scheme provides customers with a choice of new car every three years along with a package including insurance, servicing, tyres and breakdown cover (aimed at being worry-free).

As at the end of March 2010 there are more than 543,000 customers on the Scheme representing approximately 28% of those in receipt of the Higher Rate Mobility Component of Disability Living Allowance and, therefore, eligible to join the Scheme. There are also around 5,000 recipients of the War Pensioners’ Mobility Supplement on the Scheme.

The growth of the Motability Car Scheme is attributable to its successful delivery of affordable, worry-free motoring. It is able to offer prices approximately 40% less than a comparative commercial product as it is run as a not-for-profit scheme, it manages its cost-base tightly and it benefits from three advantages. The three factors that contribute to lower prices are: economies of scale in purchasing, credit security and tax concessions.

- The Motability Car Scheme purchases around 10% of all new cars annually registered in the UK. It is able to leverage its scale in negotiating discounted prices with vehicle manufacturers. Similar economies of scale apply to the purchasing of car insurance, servicing, replacement tyres and breakdown cover.

- The Department for Work and Pensions diverts the payment of HRMCDLA from the recipient and pays the allowance directly to Motability Operations to cover the cost of the customer’s weekly customer rentals (a similar arrangement is in place for those in receipt of WPMS). This removes the majority of the credit risk from the Scheme and reduces prices that need to be charged to customers. Motability estimates that the value of this removal of credit risk is up to £750 per lease.
The car insurance provided to contract hire customers is exempt from Insurance Premium Tax which has a standard rate of 5%. There are specific provisions within the 1994 VAT Act and earlier legislation which allow for the rate of VAT charged on the customers’ weekly rentals to be zero, rather than the standard UK rate of 17.5%. Similarly, the sale of a car at the end of the lease is zero-rated. These concessions are currently estimated to provide a benefit of around £355 million a year or an average of just over £2,000 per car over the life of the lease.² These benefits for the Scheme do not equate to a revenue opportunity of the same magnitude, as research shows that 57% of customers would leave the Car Scheme if prices were to rise by £2,000, and only 8% of these would be likely to purchase a new car. Furthermore, research indicates that if the Car Scheme did not exist only 9% of customers would purchase a new car.³

Customers can choose cars from models supplied by 38 different car manufacturers though a network of over 4,900 dealers. Many models are available on the 3 year contract hire scheme for the same value as the mobility allowance over 3 years. Some customers prefer a larger or more suitable car for their needs, in such circumstances the funds available from the mobility allowance are not sufficient to meet all the costs of the worry-free lease, and customers are required to make an additional payment in advance. This is known as the advance payment. Many customers do choose to pay a small advance payment, however maintaining advance payments at affordable levels is key to allowing disabled people to obtain an affordable car that is suitable for their needs. Chart 3.2 shows the advance payments in the first quarter of 2010 for the ten most popular models selected by customers in this quarter.

² From January 4th 2011, the June 2010 Budget changes become active, the standard IPT rate will rise to 6% and the VAT rate will rise to 20%. Concessions are estimated to rise to £431 million a year or an average of over £2,300 per car over the life of the lease.
HRMCDLA recipients all experience restricted mobility and all receive the same weekly allowance, but some more severely disabled recipients experience greater barriers and require more costly solutions to meet their mobility needs.

Most customers require a standard production car with many customers requiring or preferring automatic transmission. Higher cars such as Multi-Purpose Vehicles (MPVs) are also popular as customers find these cars easier to access and more comfortable to use. Some customers require adaptations to help them to drive the car, access the car or store mobility aids in the car. In 2004 Motability introduced a national adaptation price list and the ability for customers to arrange the installation of adaptations via their dealer when ordering their new Motability car.

In 2006 Motability introduced the New Deal to enable customers to have the widest choice of affordable cars regardless of their requirements or level of disability. The deal included:

- A range of popular adaptations, (for example, push-pull hand controls) at no additional cost;
- Many more extensive adaptations at more affordable levels;
- A wider range of WAVs at highly competitive prices;
- An increased selection of automatic cars at affordable levels.

Some more severely disabled customers who use a wheelchair for all or most of the time find that a Wheelchair Accessible Vehicle (WAV) is the most suitable option for their needs. WAVs are available for passengers and there are also personalised solutions available for drivers. The costs of these more complex solutions are generally not fully met by the recipient's allowance.
3.3 The Specialised Vehicles Fund

In 1991 the Government set up the Specialised Vehicles Fund (SVF) which is administered by Motability on behalf of the DWP. The Fund assists more severely disabled people by providing financial assistance towards WAVs and complex adaptations. Between 1991 and 2007 this funding was increased on a regular basis from the initial funding of £1 million to £9 million a year, but over the last two years has been raised significantly to £12.7 million in 2008 and £17 million for 2009 and 2010.

These increases reflect substantial growth in demand for WAVs and in particular vehicles which can be driven from a wheelchair. Between 2004 and 2009 Motability has focused on increasing the number of drive from wheelchair vehicles funded by the SVF and provided through the Scheme. In 2003/04, fewer than 30 such vehicles were supplied and there would often be a wait of up to three years before the vehicle was delivered. In 2009/10, supported by additional DWP funding, this was increased to 286 vehicles with no waiting list and a greatly improved delivery schedule.

3.4 Summary

The Motability Scheme is a unique and extremely successful collaboration of the public and private sectors. It enjoyed cross party support when it was established in 1978 and continues to enjoy this support today.
4 Economic impact of the Motability Car Scheme

This chapter examines the economic contribution of the Motability Car Scheme to the UK economy. This includes the value of the Car Scheme itself, as well as the activity supported in motor-related industries (e.g. motor manufacturing, vehicle repair and maintenance) and the wider economy by the Car Scheme.

Key points

- The Motability Car Scheme is estimated to support 21,080 jobs in 2009. This suggests nearly one in every thousand jobs in the UK is supported by Motability.
- In 2009, the Motability Car Scheme is estimated to support £2,015 million in GDP in the UK (or 0.1% of total).
- The Motability Car Scheme is estimated to contribute £468 million to the Exchequer in tax receipts. Corporation tax is estimated to have made the largest contribution.

4.1 Overview of economic impact analysis

4.1.1 What does a standard economic impact analysis measure?

In order to lease and maintain cars for disabled people, the Motability Car Scheme draws on many parts of the UK economy. This process has economic effects that ripple through the local, regional and national economies. Creating a picture of these ripples is key to understanding and quantifying the Scheme’s economic impact.

A standard economic impact analysis looks at three channels of impact:

- **Direct impacts** – this is the economic activity and employment created in providing and maintaining the cars in a roadworthy condition for Motability customers.

- **Indirect impacts** – this is the economic activity and employment created in the wider supply chain, predominantly as a result of the Motability Car Scheme and purchases of goods and services by providers of cars.

- **Induced impacts** – these are impacts which arise from the consumer spending of Motability Operations’ employees and those directly employed in its supply chain. Most of this spending will occur at retail and leisure outlets close to where the staff live or work.

The schematic in Figure 4.1 illustrates the three channels of the Motability Car Scheme’s impact. At the core is the output and employment (direct impacts) created by Motability Operations in order to purchase, lease and maintain the cars it provides to its customers. The goods and services which Motability and the car providers purchase in order to supply the cars and provide the customers with worry-free motoring (the indirect impact) are in the next ring as the economic effects spread out into the rest of the economy. Motability Operations and its suppliers pay their staff wages. The employees will spend this income on a variety of consumer goods, services and leisure activities. The output and employment (induced effects) generated by employee spending are furthest out from the core.
The chapter looks at the economic impact of the Motability Car Scheme on the UK economy. It ignores spending on goods and services from abroad. The results are presented on a gross basis and therefore do not take account of what the people and other resources could have been used for if Motability did not exist.

![Figure 4.1: Schematic of Motability’s economic impact on the UK economy](image)

Data Source: Oxford Economics

4.1.2 Definition of direct impacts

In this study, the direct impacts are measured as those required to provide and maintain the cars provided to customers. The channels of direct impact measured are:

1. **Motability Operations** (the not-for-profit company that runs the Motability Car Scheme);
2. **Motor manufacturing industry** – the UK-manufactured cars and components (for example, engines) in imported cars leased to customers;
3. **Distribution and retailing of new cars** – the activity in the sales outlets and distribution networks required to help a potential customer select and receive a car through the Scheme. It includes the activity in the UK of sales outlets of foreign car manufacturers;
4. **Distribution and retailing of used cars** – the activity generated by Motability’s disposal of ex-lease cars;
5. **Motability Operation’s expenditure on vehicle-related goods and services to provide worry-free motoring** – includes expenditure on insurance; breakdown cover; servicing and repairs; tyres; adaptations to new cars to make them suitable for disabled drivers; and car and adapted vehicle hire (in the event that the customer’s car is off the road for a sustained period whilst being repaired).
The definition of direct impacts has been selected as those channels required to provide and maintain cars to disabled people. However, from a supply-chain perspective some of the channels may be interpreted as being indirect effects from Motability Operations. Where this is the case care has been taken to prevent double counting, in particular, to exclude Motability Operations’ expenditure on other inputs of goods and services.

4.1.3 What metrics are used to measure impact?

This study measures the contribution of the Motability Car Scheme to the UK economy in terms of the following indicators:

1. **Gross Value Added (GVA)**

Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. The GVA generated by any unit engaged in production activity can be calculated as the residual of the units’ total output less intermediate consumption. Put more simply, it is the value of their output less the value of inputs used up in the production process.

Aggregating the GVA of all producers in the UK (after allowing for production taxes and subsidies) produces Gross Domestic Product (GDP). This is one of the main summary indicators of the level of economic activity in a country.4

2. **Employment**

The total number of employees (regardless of whether they work full or part-time) measures the impact of the Motability Car Scheme on the UK labour market. The total is used rather than the full time equivalent (FTE) measure of employment to permit comparison with Office of National Statistics (ONS) employment data which is constructed on this basis.

3. **Tax receipts**

The tax revenue flowing from the Motability Car Scheme and the economic activity it generates. It includes the direct taxes: income tax; employees’ and employers’ National Insurance Contributions; and Corporation tax. The study also includes the indirect taxes paid by individuals employed by Motability Operations and those whose employment it supports.

4.2 Total gross economic contribution of the Motability Car Scheme

4.2.4 Employment

In total, we estimate that the Motability Car Scheme supported 21,080 jobs in 2009 (Chart 4.1). This suggests nearly one in every thousand jobs in the UK is supported by Motability. Of these, 7,600 (or 36%) are directly employed providing and maintaining cars for customers. An additional 7,890 (or 37%) are employed in these firms’ supply chains. The impact of both the car providers and maintainers and their supply chain’s staff consumer spending from their wages generates another 5,600 jobs (or 27%).

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4 References to growth in the economy and its entry or exit from recession are made based on GDP.
Analysis of the channels of the Car Scheme’s economic impact suggests the greatest contribution to the 21,080 jobs Motability supports came from its expenditure on the non-car parts of the Motability package (7,440 people (Chart 4.2)). This includes the expenditure on insurance, breakdown cover, servicing and repairs and the hire of cars. The distribution and retail of the cars remarketed by the Motability Car Scheme employs 5,750 people. This is followed by the manufacture of new vehicles and components within the UK at 4,900.
4.2.5 Contribution to GDP

In total, the Motability Car Scheme is estimated to support £2,015 million in GDP in the UK in 2009 (or 0.1% of total). Of this, £1,346 million (or 67%) is generated in the provision of cars and the worry-free motoring package for customers (Chart 4.1). The Car Scheme’s indirect (or supply chain) contribution to GDP is estimated to be £412 million (or 20%). The induced (or consumption) impacts are estimated be £257 million (or 13%).

Analysis of the Motability Car Scheme’s contribution to GDP by channel suggests that Motability Operations provided the greatest impetus to economic growth (Chart 4.3). As discussed below, this can be explained by the nature of its business. Its biggest costs are from the purchasing of cars. However this is considered to be capital expenditure and is therefore not subtracted from GVA. The non-car parts of the package and retailing and distribution of second hand cars are the second and third most important channels.

Data Source: Oxford Economics

![Chart 4.3: Analysis of GDP created by the Motability Car Scheme by channel of impact](chart4_3.png)
The Motability Car Scheme and resulting supply activity is estimated to contribute £468 million to the Exchequer in tax receipts. Corporation tax is estimated to have made the largest contribution (Chart 4.4).

4.3 Channels of impact

The aggregate figures for the Motability Car Scheme’s impact have been built up from the channels outlined in Section 4.1.2. Subsequent sections explain how the direct effect estimates of the GVA, employment and tax receipts generated by each channel have been derived.

The indirect and induced effects are calculated by a common approach. This involves manipulating the ONS (2003) analytical input output tables to create Type I and II multipliers. For each industry these show the ratio between the size of the direct output effects and direct plus indirect (Type I) and direct plus both indirect and induced output effects (Type II). The appropriate industry’s multipliers are used to create each channels indirect and induced GVA estimates. Economy wide productivity figures are used to calculate employment estimates. Employment taxes (income and National Insurance Contributions) are calculated using the ONS (2009) Annual Survey of Hours and Earnings data and the appropriate tax rates. Indirect taxes are calculated using the average payments by the appropriate income quintile (see Barnard (2009)). Corporation Tax receipts are generated using the ratio of operating surplus to output to generate a profits figure and the appropriate Corporation Tax rate (28%).
4.3.6 Motability Operations

Motability Operations Group plc’s (2009) Corporate Performance Report shows Motability Operations received £1,343 million in revenue in 2008/9. They spent £394 million on inputs of goods and services that were used up in the operation of their car leasing business. Using the output approach to GDP calculation suggests they contributed £949 million in GVA to UK economic output. The Corporate Performance Report also shows Motability Operation’s paid £80 million in Corporation Tax and spent £28 million on payroll costs which generates income tax and National Insurance Contributions. Staff will spend a proportion of their wages which generates extra indirect tax receipts (VAT and duty).

In 2008/9, Motability Operations employed 714 people. On a full time equivalent (FTE) basis, this amounted to 690 people.

Multipliers from the ONS input output tables are used to estimate the impact of Motability Operations’ staff’s consumer spending on the economy. To avoid double counting no allowance is made for Motability Operations’ spending on inputs of goods and services. The expenditure on the provision and maintenance of the cars forms part of the other direct channels.

In total, Motability Operations is estimated to contribute £960 million to UK GDP. They create 940 jobs in the economy and generate £97 million in tax receipts.

4.3.7 Impact on the UK car manufacturing industry

In 2009, £1,733 million was spent on 185,000 new cars for Motability customers. This was 10% of total number of new cars sold in UK. Even during the 2008 and 2009 global recession, which hit the global car manufacturing industry particularly hard relative to other sectors, the Motability Car Scheme has continued to provide steady and predictable source of purchases for the UK and global car industry. Of the total spend, £291 million (or 17%) was spent on cars made at manufacturing plants in the UK. Most (53%) was spent on UK-made Nissan cars. Honda, Vauxhall and Toyota also received at least a tenth. This expenditure generates jobs, GDP and tax receipts in the UK.

The UK is also a major engine manufacturing base for Ford, BMW and Toyota among others. These engines are likely to be exported to Western European car assembly plants. Some will then be imported back into the UK as part of the complete car. Spending on Motability cars which contain a UK-produced engine or other component parts will also generate jobs, GDP and tax receipts in the UK.

To estimate the impact of the Motability Car Scheme’s spend on UK manufacturing we scale the expenditure on UK-made cars and car parts by the ratio of turnover to GDP from the ONS (2009) Annual Business Inquiry. This suggests the Car Scheme’s spending generates £66m in GVA. Dividing this by average productivity in the UK car manufacturing suggests the expenditure employed 760 people. Allowing for the UK motor manufacturing industry’s spend on UK-made inputs of goods and services and the payment of wages to staff which finances consumption suggests this channel contributed a total of £268 million to GDP. It is estimated to support 4,900 jobs and boost the Exchequer’s receipts by £70 million.

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5 The revenue figure excludes disposals of cars. If included, revenue was £2,243 in 2008/9.
6 In national accounting terms, expenditure on new cars is considered to be capital expenditure. It is excluded from the construction of GDP as this is a ‘gross’ measure of output.
7 The 2009 Corporate Performance Report also shows Motability Operations Group plc retained economic capital of £772 million to protect itself against market shocks. This is to ensure the stability of pricing and the continuation of the Car Scheme in the future.
8 The ratios for Standard Industrial Classification (SIC) 29.1 ‘Manufacture of motor vehicles’ are used for this channel.
4.3.8 Impact on retailing and distribution of new cars

The purchases of new Motability cars are an important source of business for new-car retailers and distributors. They will earn a margin on each of the 185,000 Motability purchased in 2009. This includes foreign made cars. This will lead to employment at car sales outlets and their support networks, the generation of GDP and tax receipts.

In 2009, £1,733 million was spent on new cars for Motability customers. We multiply this figure by the ABI ratios for the ‘sale of new cars and light motor vehicles’ industry. This suggests Motability’s expenditure created £63 million in GDP. Dividing through by average productivity in car retailing suggests it employs 1,000 people at car sales outlets. Using the ONS input output tables to generate multipliers suggests supply chain and consumption effects add an extra £50 million in GDP and 1,040 jobs. In total, spending on new Motability cars supports £113 million in GDP and 2,040 jobs through the retailing and distribution channel. It is estimated to generate £38 million in tax receipts.

Though the figures for this channel are significant, they do not illustrate the value of the car distribution trade to particular regions and communities and therefore the importance of the Motability Car Scheme to supporting life in these regions and communities. The car distribution industry forms a vital part of the economy of many urban areas in South Wales, the North East, North West and Glasgow, providing much-needed employment.

4.3.9 Impact on retailing and distribution of used cars

The Motability Car Scheme also provides the used-car market with a reliable and plentiful supply of cars. In 2009, 162,000 Motability used cars were sold onto the second hand market. This was about 2½% of the used cars sold to consumers in Great Britain. Distributors and retailers will earn a margin on each used car sold.

We estimate Motability’s impact on retailers and distributors of used cars by estimating the value of these cars when sold to customers (disaggregated by whether they are full-term or early-term). This figure is the scaled by the ABI ratios for the ‘Sale of used cars and light motor vehicles’ industry. This suggests £144 million in GVA was generated at used car sales outlets. At average industry productivity levels, these sales employed 2,820 people. Following the multiplier approach, sales of Motability used-cars generated a total contribution to GDP of £286 million. It is estimated to have supported 5,750 jobs and contributed £105 million in tax revenues.

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9 Standard Industrial Classification (SIC) code 45.11/1 ‘Sale of new cars and light motor vehicles’.
10 Motability (2009) provides data on the average sale price of Motability cars (£5,030 for full term and £7,168 for early term). Dealers are estimated to earn a margin of £1,459 (full) and £2,079 (early) on their sales to customers.
11 Standard Industrial Classification (SIC) code 45.11/2 ‘Sale of used cars and light motor vehicles’.
4.3.10 Motability vehicle-related expenditure

In 2009, £360 million was spent on the Motability fleet. This expenditure is aimed at providing the customer with the worry-free motoring package. Most of the expenditure went on insurance and servicing and repairs (Chart 4.5). This expenditure will generate GDP, jobs and tax receipts in the relevant industries.

For each category of expenditure the Motability Car Scheme’s spend is scaled by the appropriate industry’s ABI ratios to generate its GDP contribution. Productivity levels in those industries are used to generate employment and wage and profit levels are used to generate tax payments. These are then scaled by the appropriate industry multiplier. In total, the spending is estimated to generate a £388 million contribution to GDP. It employs 7,440 people and contributes £141 million in tax receipts.

4.4 Expenditure on fuel

The average annual mileage driven by customers in their Motability cars is approximately 8,300 miles. Motability customers are responsible for paying for their own fuel costs. It is estimated the £404 million is spent per annum by Motability customers on fuel, and this is estimated to generate £194 million in fuel duty and £60m in VAT revenues.\(^{12}\) Arguably some of this expenditure would have occurred anyway for those customers (88%) who had a car in their household prior to getting their Motability car. However, research suggests that one of the benefits enjoyed by customers as a result of getting their Motability car is that as well as being able to use the Motability car (16% did not previously use their household car) they are able to

\(^{12}\) Calculation of fuel expenditure is based on miles per gallon figures for the most ten popular cars chosen by Motability customers and average prices of diesel and petrol in June 2010.
use the car more frequently. Hence the Motability Car Scheme is expected to increase its customers’ expenditure on fuel, and increase the revenue realised as a result.

4.5 Emissions

The Motability Car Scheme will impact the quantity of greenhouse gas (including CO₂) emissions in two ways. First, through increasing demand for new cars, it increases emissions from new car manufacture and assembly. Second, customers use of their cars will generate emissions. Cooke (2009) argues car use is responsible for 85% of all CO₂ emissions from cars, relative to 10% from car manufacturing and 5% through recycling.

New cars are more environmentally friendly than their older counterparts. A reduced rate of emission is now an objective in engine and car design. As the Motability Car Scheme’s maximum lease length is three years, the rate at which the Motability fleet emits CO₂ is low relative to the stock of all UK cars. In 2009, it is estimated that the average new Motability car emits 1.95 tonnes of CO₂ a year. This compares to 2.32 tonnes for the average car which is five to nine years old and 2.47 tonnes for those over ten years old (Chart 4.6).¹³

¹³ Calculation assumes each vintage of car drives 8,300 miles a year.

![Chart 4.6: Average CO₂ emissions of new Motability cars and other vehicles driving 8,300 miles a year](chart4_6.png)
5 Motability’s customers

This chapter looks at the profile of Motability customers. It details the eligibility criteria, looks at the distribution of medical conditions and customers’ age distribution.

**Key points**

- The most common conditions affecting Motability customers are arthritis, back or spinal problems, leg, knee or hip problems and heart conditions.
- The average age of a Motability customer is 54 years old. Most (64%) are between 16 and 64 years old, 31% are over 65 years old and the remainder below 15 years old.

There are now over 1.9 million people in receipt of HRMCLDA or WPMS who are eligible to apply for a Motability Car. By April 2010 the Motability Car Scheme had 543,000 customers.

In order to have been awarded HRMCLDA, a Motability customer’s disability is severe enough for them to experience one of the following difficulties:

- They are unable to or virtually unable to walk without severe discomfort, or at the risk of endangering or deteriorating their health from the effort to walk;
- They have no feet or legs;
- They are both 100% disabled due to loss of eyesight and not less than 80% disabled because of deafness and require someone with them when out of doors;
- They have a severe mental impairment with severe behavioural problems and qualify for the highest rate of care allowance;
- They need guidance or supervision most of the time from another person when walking out of doors in unfamiliar places.

The most common conditions amongst Motability customers are arthritis, back/spinal problems, leg/hip problems, heart and lung/asthma conditions (Chart 5.1).
The types of disability customers suffer from is partly a function of their age. The average age of a Motability customer is 54 years, and 31% of customers are over the age of 65 (Chart 5.2). The mobility allowances are available for children from the age of 3 and are available to be applied for up to the age of 65.
About two-thirds of customers drive their Motability car themselves, with the remainder travelling as a passenger through either ability or preference. The vast majority of customers have a standard production car with about a third opting for an automatic and many opting for a larger easily accessible car such as a Multi-Purpose Vehicle (MPV).

Around 8% of customers also arrange an adaptation to help them to drive the car, access the car or load and store equipment in the car. Adaptations range from swivel seats to aid access to hand controls for acceleration and braking.

Motability estimate that about a third of its customers use wheelchairs and in recent years, there has been an increase in the demand for Wheelchair Accessible Vehicles (WAVs).
6 The Research methodology

Motability commissioned an independent agency, Plus Four Market Research Ltd., to investigate the impact of the Motability Car Scheme and the Specialised Vehicles Fund (SVF) on the lives of customers and their families. This chapter explains the research methodology they adopted.

Key points

Six discussion groups were held with Motability customers to gain an understanding of the impact of the cars on individual customer’s lives. The answers informed the questions and topic areas explored in a survey.

A survey of 504 Motability customers was undertaken to gain insight into how having a Motability car had changed their lives, if at all.

6.1 Qualitative research

Plus Four Market Research Ltd conducted six discussion groups with Motability Car Scheme and Specialised Vehicles Fund customers. Each session included an average of six people and lasted for around two hours. They were undertaken in February 2010. The discussion groups were held at an accessible venue in Birmingham and a random selection of customers living within 20 miles of the venue were invited to attend.

Members of the discussion groups included SVF customers who were in the first year of their contract and travelling as a passenger or a driver in a Wheelchair Accessible Vehicle or adapted car; as well as first time Motability Scheme customers.

The research was conducted amongst customers who had taken delivery of their first Motability car, or their first WAV or adapted car about one year ago. This profile of customers was selected for the research as these customers still have clear recollections of the period of their lives before getting their car, but they have also had time to appreciate the benefit of the car and any impact that it has had on their lives.

The topic guide for discussion groups was designed by Motability in consultation with Plus Four. The guide was designed to ensure that all areas of customers’ lives and potential impact were explored, for example health, educational, employment, social, and more. The discussions were facilitated by an experienced moderator from Plus Four who ensured that all participants felt free to express their opinions and all were able to contribute to the discussion. Some direct quotations have been selected from these groups (albeit not identified to ensure anonymity) to provide further insight into the quantitative findings.

The insights gained from the discussion groups were used to help design the questions in the survey. Where there was a consensus of opinion, or the views add colour to the raw numbers from the survey this has been reflected in the text.

6.2 Quantitative research

Plus Four Market Research Ltd. carried out 504 telephone interviews with first time Motability Scheme and first time Motability SVF grants customers. The interviews were undertaken during February and March 2010. Interviews lasted on average 25 minutes. The survey questions were designed by Motability in consultation with Plus Four, taking into account what was learnt from the qualitative research.
The data are weighted to reflect two aspects of the profile of all Motability customers. The first is the numbers of customers who are on the main Motability Scheme and those who are grants recipients from the SVF, which is further disaggregated into drivers and passengers. Second, the weights reflect customers’ age profile (Table 6.1).

### Table 6.1: Motability customers interviewed by type

<table>
<thead>
<tr>
<th>Sub-group</th>
<th>Unweighted number of interviews conducted</th>
<th>Unweighted % of total</th>
<th>Weighted number of interviews conducted</th>
<th>Weighted % of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheme</td>
<td>404</td>
<td>80</td>
<td>480</td>
<td>95</td>
</tr>
<tr>
<td>SVF</td>
<td>100</td>
<td>20</td>
<td>24</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>504</strong></td>
<td><strong>100</strong></td>
<td><strong>504</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td>Age 3 to 24</td>
<td>120</td>
<td>24</td>
<td>68</td>
<td>13</td>
</tr>
<tr>
<td>Age 25 to 64</td>
<td>275</td>
<td>55</td>
<td>336</td>
<td>67</td>
</tr>
<tr>
<td>Age 65 plus</td>
<td>109</td>
<td>22</td>
<td>101</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>504</strong></td>
<td><strong>100</strong></td>
<td><strong>504</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Data Source: Plus Four Market Research Ltd.

To provide some context for the findings of the Motability research, some of the questions asked in the survey were identical to those used in the research on the “Experiences and Expectations of Disabled People” commissioned by the Office of Disability Issues and conducted in summer 2007. One of the purposes of this research was to provide baseline information for the monitoring of progress towards the Government’s 2025 Vision of achieving substantive equality for disabled people. This research compiled findings from over 1,860 people who were likely to be classified as disabled under the Disability Discrimination Act (DDA).

Using the DDA definition of disability it is estimated that there are 11 million disabled people in the UK. We know that a total of 3.1 million people are in receipt of any form of Disability Living Allowance and 1.9 million people are in receipt of the HRMCDLA. As only 18% of the 1,860 participants in the Office of Disability research received some form of Disability Living Allowance, it is reasonable to assume that a relatively small proportion of the respondents were Motability customers. However, it is clear by contrasting the findings of the Motability Research that the Motability Car Scheme contributes to the Government’s 2025 vision and the current progress towards this vision.

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14 As written in the previous section, somebody must be a recipient of HRMCDLA to be eligible for a Motability car.
7 Mobility

The purpose of the Motability Car Scheme is to enable HRMC DL A and WPMS recipients to obtain an affordable car that is suitable for their needs. Most customers opt for contract hire, which provides customers with a choice of car every three years along with a worry-free package including insurance, servicing, tyres and breakdown cover. Having a Motability car directly impacts on the frequency and ease with which customers travel outside their homes.

Key points

The UN’s “Convention on the Rights of Persons with Disabilities” emphasises the importance of removing transport barriers and improving mobility to enhance the lives of disabled people.

Before receiving a Motability vehicle, 49% of customers used to drive a household car, 35% relied on a household car driven by another family member and 12% relied on a car driven by a friend or other family member living elsewhere.

The main trigger for getting a Motability vehicle was problems with their existing household car; 32% said their existing car was unsuitable for their disability needs and 24% said their other car was becoming unreliable or getting too old.

Customers are both more likely to drive (76% up from 63%) and more frequently (46% drive every day versus 33%) after getting a Motability car than before.

Having a Motability car helps disabled people overcome some of the physical challenges in travelling. Most (93%) customers said they could get in their Motability car without a struggle. Increased comfort means they find travelling less tiring (86%) and can travel further or more frequently (both 92%). The car also allows them to carry equipment such as wheelchairs or scooters (72%).

Customers ranked their ability to travel outside their home after receipt of their car at an average of 8.3 (where 0 is difficult and 10 is easy). This compares to an average ranking of 3.5 before having the car.

7.1 Political objective

Article 20 of the UN’s “Convention on the Rights of Persons with Disabilities” states that “parties shall take effective measures to ensure personal mobility with the greatest possible independence for persons with disabilities.”

The UK ratified the Convention on 8 June 2009, making the convention binding on the UK as a matter of international law.

All Parties have committed to give disabled people more support to live independent lives and lift the barriers that disabled people face in all aspects of their lives. Lack of suitable public or private transport greatly reduces the independence, choice and control experienced by mobility allowance recipients.
7.2 Evidence on the benefits of mobility

Considerable research has been undertaken on the benefits of improved mobility. Most of it focuses on the impact of better transport infrastructure on the economy. Lakshmanan (2007) suggests increased mobility leads to time and cost savings. As a supplier of labour, greater mobility gives an individual access to a wider variety of job opportunities and potential wage rates. As a consumer, greater access to markets enables people to have a wider choice of products and to pay lower prices as there is more competition in larger markets. In turn, both lead to economic growth through increased specialisation, as higher output levels cause increasing returns to scale and the more efficient allocation of resources.

Having a Motability car saves the customer time and financial costs across other aspects of their lives. This enables wider choice. A Motability car is a key enabler in allowing disabled people to live independent lives and participate in education, employment, cultural activities, and to access health services and other goods and services.

7.3 Modes of transport used before getting a Motability car

This section investigates the main methods of transport used by Motability customers after they started receiving Disability Living Allowance but before getting a Motability car. The most popular form of transport was another household car driven by the recipient (49%) in Chart 7.1. The second and third most popular methods were in a household car driven by another family member (35%) or a car driven by a family member or friend living elsewhere (12%).

![Chart 7.1: Before getting a Motability car what were your main methods of getting around?](chart.png)
The popularity ranking of modes of transport used by customers before getting their Motability car is broadly similar to the EEDP survey (albeit its sample of disabled people are liable to travel more as they do not all qualify for HRMCDLA). The EEDP survey asks what forms of transport disabled people had used in the past month. Car driven by someone else is the most popular (59%), followed by self-driven car (46%) and bus/coaches (41%).

The hassle of getting all your walking aids into the taxi, and getting your shopping into the taxi, unloading that when you get home, paying your taxi fare and giving him a tip, it’s quite expensive, you add that up every week.

7.4 Trigger to getting a Motability car

Survey respondents were asked what triggered the decision to get a Motability car. Some customers joined the Car Scheme as soon as being awarded their mobility allowance, whilst others waited several years. The most popular replies suggest it was problems with their existing household car; 32% said their existing car was unsuitable for their disability needs and 24% said the other car was becoming unreliable or getting too old (Chart 7.2). Difficulty in relying on public transport was also a key trigger (23%).

The focus group discussions with customers confirmed that dissatisfaction with the existing car was an important motivation in getting a Motability car. Participants mentioned that their previous car had become unsuitable or uncomfortable for their mobility needs. In practice, this may mean their previous car was too
small to facilitate easy access, had insufficient storage space for their equipment/mobility aids, or had insufficient mechanical adaptations to lift their wheelchair or scooter into the car.

The need for a car that they could drive themselves was also stressed by research participants. This meant 29% of customers had an automatic car and 5% a semi-automatic one. In addition, 14% of customers said their car had been adapted for their needs.

7.5 Frequency of usage

After getting a Motability car, almost all (99%) customers used the car, compared with 84% who used a household car prior to receiving a Motability car (Chart 7.3). Customers are also likely to use the Motability car more frequently. The majority (66%) of customers use their Motability car every day compared to 42% who used a household car this regularly prior to joining the Scheme.

Chart 7.3: How frequently did and do you use a household car prior to and after having a Motability car?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Use car prior to joining Motability</th>
<th>Use Motability car</th>
</tr>
</thead>
<tbody>
<tr>
<td>Everyday</td>
<td>66</td>
<td>42</td>
</tr>
<tr>
<td>2-3 times a week</td>
<td>31</td>
<td>1</td>
</tr>
<tr>
<td>At least weekly</td>
<td>30</td>
<td>7</td>
</tr>
<tr>
<td>At least monthly</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Less often</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Never</td>
<td>16</td>
<td>1</td>
</tr>
</tbody>
</table>

Data Source: Plus Four Market Research Ltd. 504 people

After receiving a Motability car, a large majority (76%) of customers drive, this is more than the 63% who drove a household car prior to joining the Scheme (Chart 7.4). A significant number (46%) of customers drive their Motability car every day, this is up from only 33% who drove a household car every day prior to receiving a Motability car.
7.6 How does having a Motability car change customers’ ability to travel?

To investigate why having the Motability car changed the frequency with which customers drove and used cars, interviewees were asked which of the statements in Chart 7.5 applied to them.

Having the choice of a new car every 3 years, enables customers to choose cars that are suitable for their current and changing needs, and this can help disabled people overcome some of the physical challenges in travelling. 93% of Motability customers said they could get in the car without a struggle and customers reported that they were able to travel further and more frequently (both 92%) as a result of greater comfort. The car also allows 72% of them to carry the equipment (such as wheelchairs or scooters) they need to move around once they arrived at their destination.

Most of the recipients of Motability cars (76%) were able to drive themselves. This meant they were not reliant on family and friends for transport. For the disabled person this reduces the worry that their informal carer may not be available when needed and it lessens the burden on the individual or individuals on whom they previously relied on for transport. In the working group sessions, not having to rely on family and friends came across as being a particularly important concern.

“At one stage running me here, there and everywhere, I relied on her for near enough everything."
Having a new Motability car (with the added benefits of included repair and maintenance and replacement cars while repairs are being undertaken) also lessened the worries associated with car ownership. Recipients said they felt more confident as their new car was more reliable (89%) and it also reduced the recipient’s perception of their family’s concern about when they were travelling (84%).

Having a Motability car allowed disabled people to enjoy the benefits having a car brings to anyone. These include being able to go out when they want (95%); quicker journey times, thereby saving time (80%) and travel in poor weather conditions (80%).

### Chart 7.5: How has having the car changed your independence?

#### 7.7 Ease of getting around

In order to quantify the impact that having a Motability car has on the ability of disabled people to travel outside their homes, the research asked Motability customers to rank the ease with which they could travel (between 0 and 10) before and after getting their Motability car.

Prior to getting a Motability car the average customer rated their ease of travelling outside of their home at 3.5 (Chart 7.6). The main Scheme customers rated it slightly higher at 3.6, whilst SVF Grant customers rated their ease of travelling at 2.4. Those who previously had access to a car rated their ease of travelling slightly higher at 3.7 than those who did not have access to a car at 2.8. After receipt of the Motability car the average ranking was 8.3 for all recipients, 8.3 for Scheme and 8.6 for SVF participants. Perhaps most importantly those who previously found it most difficult to travel, namely those who ranked their ability to travel outside their home with ease between 0 to 3, had a mean score of 8.3 after receipt of their Motability vehicle.
Chart 7.6: Average ranking of ease of travelling outside home before and after having a Motability car (out of 10)

The ease with which customers are able to get around has direct implications for their independence and the degree of choice and control they have over their lives. Findings discussed in Chapter 12 of this report suggest when asked to rank the degree of choice and control they have over their lives, this rises from 3.8 to 7.9 after receiving a Motability car.
CASE STUDY: JONATHAN

Jonathan is 18 years old and was born with cerebral palsy, a condition that affects his movement, coordination and posture, but he hasn’t let that stop him fulfilling his dream of becoming a professional swimmer. Jonathan has already experienced international success winning Silver at the Beijing Paralympics.

Jonathan explains “It’s a great honour to be selected to swim for Great Britain. This will be my fourth BT Paralympic World Cup and it’s always a great competition.” He continues “I will be competing in my favourite event – the S7 100m Backstroke. I currently hold the European record in this event and won Silver in Beijing and Gold at the European Championships in 2009, but it’s the first opportunity I’ve had to compete in this event at the BT Paralympic World Cup.”

Having recently passed his driving test, Jonathan leases a brand new car through the Motability Scheme, allowing him to pursue his passion for swimming independently, without having to rely on his parents for lifts. Jonathan says: “Living in Cornwall, my Motability car makes a huge difference to my life. I need it to get to all my medical appointments and it also enables me to travel to training in Newquay and competitions all over the country. I wouldn’t be able to do this without access to a reliable car.”

Jonathan concludes: “I enjoy competing against the best swimmers in the world and the BT Paralympic World Cup is the perfect opportunity to show that all the hard work and training really does pay off”.

7.8 Difficulties in using public transport

The survey suggests less than half of the Motability customers have tried to use local public transport options. To explore why the Motability customers did not use public transport, the subset of the sample which had not used a bus, train, tube or tram were asked why? The two most popular reasons given were that people did not fell well enough to or it was too painful and it was too far to travel to the nearest station or stop (both 42% in Chart 7.7). Not feeling confident or comfortable on public transport ranked third (at 38%).

“Getting on public transport when you’re using crutches is a no no.”

“I’ve got brittle bones and it wasn’t the safest way to get around.”
7.9 Economic impact

Chapter 4 of this report outlined the economic impact of the Car Scheme. It should also be acknowledged that joining Motability is likely to lower customers’ expenditure on the means of transport on which they previously relied as indicated in Chart 7.1. Information has not been gathered on the amount disabled people were spending on the other means of transport prior to switching.

The customer research did reveal that some of the transport methods previously relied on by customers that did meet their needs were viewed to be expensive.

7.10 Conclusions

Motability cars enable disabled people with mobility problems (as they qualify for HRMCOLA) to travel outside their home with greater ease than other modes of transport. This enables them to travel more frequently or to travel further. The cars also allow them to travel independently, without relying on formal or informal carers. This is important as for many customers alternative modes of transport are not suitable. Public transport in particular is used by relatively few.

"Taxis rip you off if you have a wheelchair."

"You have to have a bigger taxi and they say you need a bigger taxi, you need to pay more money."
8 Health

By providing greater mobility, a Motability car improves its customers’ ability to access health services as well as the range of services they are able to use. In addition, it leads to improvements in both its customers’ physical and mental health.

Key points

A key component part of the UN’s “Convention on the Rights of Persons with Disabilities” focuses on the rights of disabled people to have full access to the highest possible levels of healthcare services.

Past research suggests that restricted mobility affects an individual’s ability to access healthcare services.

Most Motability customers (85%) said that having a car had made a difference to their ability to access healthcare services/attend appointments.

A majority (71%) of customers said having a car made it easier, less tiring and/or more comfortable to attend appointments. Customers also reported that they were able to attend all appointments (64%) and that they could attend appointments more often (43%).

The Motability car enabled customers to access better services (41%) and travel further to access specific services that they need (40%).

Having a Motability car also meant that customers no longer needed to rely on family and friends (34%) or ambulance/dial-a-ride services (32%) for transport to medical appointments.

The vast majority (77%) of customers believed that having a Motability car had made a positive difference to their general health, the number reporting this was particularly large (84%) for SVF grant customers.

Having a Motability car improved the mental and physical health of customers, 64% felt healthier and happier as they are able to leave their house, 55% felt more satisfied with life and 37% said they had less “extreme” days.

It’s estimated that £30 million is saved for ambulance/dial-a-ride providers who previously had to transport Motability customers to medical appointments while a decline in missed appointments saved between £32 and £79 per appointment.

8.1 Political objective

Article 25 of the UN’s “Convention on the Rights of Persons with Disabilities” recognises that “persons with disabilities have the right to the enjoyment of the highest attainable standard of health without discrimination on the basis of disability. States Parties shall take all appropriate measures to ensure access for persons with disabilities to health services that are gender-sensitive, including health-related rehabilitation.”

All the major political parties are committed to protecting front line health services.

8.2 Academic evidence on links between mobility and health

Past research suggests that restricted mobility can affect the ability of an individual to access healthcare services.
A number of studies have found transport to be a significant barrier preventing disabled people from accessing health service. The EEDP (2007) reports 15% of the disabled people surveyed thought that transport is a barrier to accessing health services, 14% felt that the distance to the services was a barrier, whilst 12% reported that they needed someone to accompany them on the journey to a health services provider. A study commissioned by the Disabled Persons Transport Advisory Committee (2001) found that a quarter of the disabled people surveyed had problems travelling to and from the doctor or hospital.

Campion, Greenhalgh and Knight (2003) explores how transport problems impact disabled people’s healthcare. A fifth of the disabled people surveyed had missed a medical appointment in the last two years because of transport difficulties. The same proportion had deferred medical treatment because they cannot access the transport to get to the hospital or health facility. Once seen by a medical professional, 15% reported being unable to take the medicine prescribed because of being unable to collect the prescription.

Disabled people’s poor access to healthcare because of transport problems imposes costs on both the patient and health provider. The patient suffers poorer health because diagnosis and treatment are delayed, with the risk of the problem becoming more acute or the development of complications. The health provider incurs costs through missed appointments, delayed discharges from hospital, unnecessary home visits and delayed treatment of illness in place of early intervention.

In an attempt to try and overcome some of these problems, the National Health Service provides non-emergency patient transport services (PTS) to allow people to access outpatient and other services at NHS hospitals. A report by the National Audit Commission (NAO) (2001) reviews non-emergency PTS and is very positive about the different schemes and their outcomes. However, it finds that there are sometimes problems when there are a large number of bookings at one time that can delay clinics, result in inconvenient pick up times, delay hospital discharges and budgets are sometimes overly finance focused to the detriment of patient welfare. For some people on low incomes who don’t qualify for non-emergency PTS, financial support is provided through the Hospital Travel Costs scheme. Although the NAO (2001) note that this scheme is both poorly advertised and the benefits not easily claimed.
8.3 Improved access to health services

Most Motability customers (85%) said that having a Motability car had made a difference to their ability to access services/attend appointments (Chart 8.1). The number reporting that it had made a difference was especially large for SVF grant customers (93%).

A majority (71%) of customers said having a Motability car had made it easier, less tiring and/or more comfortable to attend medical appointments. Customers also reported that they were now able to attend all of their appointments (64%) and could attend appointments more often (43%).

Having a Motability car increased not only the number of medical appointments people were able to make but also the quality/type of services they could receive. Of those surveyed, 41% of customers thought they could access better services and 40% could now travel further to access specific services that they need.

“I go to (this) physio, which is a lot better than the (other) one.”

Having a Motability car also meant that customers no longer needed to rely on family and friends (34%) or ambulance/dial-a-ride services (32%) for transport to medical appointments.

“Everything I wanted to do had to be arranged well in advance, if I was going to hospital I had to get an ambulance…spend two hours waiting for my appointment…I was that cold I could hardly move.”

<table>
<thead>
<tr>
<th>What difference has having your car made on your ability to go to health appointments or access health services?</th>
<th>504 people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, made a difference</td>
<td>85%</td>
</tr>
<tr>
<td>Less tiring/more comfortable</td>
<td>71%</td>
</tr>
<tr>
<td>Can attend all appointments</td>
<td>64%</td>
</tr>
<tr>
<td>Can go more often</td>
<td>43%</td>
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<tr>
<td>Can access better services</td>
<td>41%</td>
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<tr>
<td>Travel further to specific services</td>
<td>40%</td>
</tr>
<tr>
<td>Not have to rely on others</td>
<td>34%</td>
</tr>
<tr>
<td>Not rely on ambulance/dial-a-ride</td>
<td>32%</td>
</tr>
</tbody>
</table>

Data Source: Plus Four Market Research Ltd.
8.4 Improved general health

The vast majority (77%) of customers believed that having a Motability car had made a positive difference to their general health (Chart 8.2). The proportion reporting this was particularly large (84%) for SVF grant customers.

![Chart 8.2: Which of the following best describes the impact that having your car has had on your general health?

Yes, made a positive difference 77%
Feel healthier/ happier as able to get out the house more often 64%
Feel more satisfied with life 55%
Feel less tired/ less extreme days 37%

Data Source: Plus Four Market Research Ltd. 504 people]

Having a Motability car also improved the mental health of customers, avoiding problems of anxiety, depression and stress. Being able to leave the house more often meant 64% felt healthier and happier and 55% said that they feel more satisfied with life.

“I was seriously depressed and it bought me back out of it, made me feel more normal again.”

Having a Motability car improved the physical health of customers: 37% said they feel less tired and had fewer “extreme” days as a result of having a Motability car.

“All my body’s weight on my arms all the time. It’s helping my back… it’s stopping me getting scoliosis so bad.”

“If I was to use public transport when walking my heart rate goes a lot and that can cause damage so with the car it’s dropping and walking tiny bits.”
During the discussion groups carried out with Motability customers for this study, the mental health benefits of having a Motability car were continually re-emphasised. In particular, two women mentioned how having the car motivated them to leave their house.

"My Grandma used to have an expression if you need to go outside and "get the cobwebs blown off you", and I still say to myself sometimes even when I was so poorly, I wrapped everything up warm and I went as far as my own front door so I felt like that to get the cobwebs blown off me. I could only do it for a few minutes, but I could see the car and it crossed my mind a couple of times, 2 or 3 days more and I will sit in you."

"You think God, I will never make it! I simply won't make it to church, I simply won't make it …I will open the bathroom window and I think it won't get the better of me, it's only 10 steps I'll make it to the car, and that's the incentive it gives me."

8.5 Economic impact

Asked how having a Motability car has changed the ability to go to health appointments or access health services, customers gave a wide variety of different responses (Chart 8.1). Unfortunately a substantial number of these changes are very hard to quantify, let alone monetise; namely being able to attend appointments more often, access better services, attend more specific services and making travelling easier/less tiring/more comfortable. This is because it is not known what the patient was suffering from and the extent the treatment prescribed was successful in alleviating the problem.

Having a Motability car meant that 32% of Motability customers no longer have to rely on ambulance/dial-a-ride services to attend medical appointments. Using data from National Health Service (NHS) Reference Costs 2008-2009, the average cost per patient per trip of non-emergency Patient Transport Services (PTS) is £30. Assuming the cost of PTS and dial-a-ride are the same, every Motability customer attends five medical appointments a year and the impacts for customers are representative for all customers, it’s estimated that £30 million is saved for ambulance/dial-a-ride providers who previously had to transport Motability customers to medical appointments.

A large share (64%) of customers said that having a Motability car meant that they could attend all medical appointments that they need to attend. Data from NHS National Services Scotland suggested that the average cost to hospitals (including administration and medical staff costs) of attendance at an outpatient clinic was £112 per patient in 2009. A report published by the Department of Health estimated that between 1996 and 1997, each missed appointment cost a hospital between £20 and £50 per appointment. Converted to £2009 values using the Hospital and Community Health Services (HCHS) Pay and Prices Index this means each missed appointment costs between £32 and £79 in 2009.
It is estimated that £30 million is saved for ambulance/dial-a-ride providers who previously had to transport Motability customers to medical appointments. Additionally, a decline in missed appointments saved between £32 and £79 per appointment.

8.6 Conclusions

Transport is often a barrier for disabled people to access health services. A Motability car removes this barrier allowing customers to access better and more healthcare as well as reducing the burden on and the difficulty of relying on friends and family as well as ambulance and dial-a-ride services. In addition, as a result of the freedom to get out and about, it has a significant impact on the mental and physical well-being of its customers.
9 Education

By providing affordable, suitable transportation, the Motability Car Scheme enables some customers and their informal carers (family and friends) to access education and gain qualifications and skills which they otherwise would not have been able to obtain.

**Key points**

Academic evidence supports a strong causal link between improved education and higher employment and earnings.

Education also has significant social benefits, which can improve the employability of individuals by increasing confidence, motivation and other soft skills. These benefits will have a positive impact on other aspects of people’s lives.

Having a Motability car enabled 16% of 3-24 year old customers to undertake a formal course which leads to a qualification.

Of those saying having a Motability car had enabled them to improve their educational opportunities, 88% stated it made it possible to attend a class or course and 24% responded that it means they can travel to schools and colleges further away.

As well as formal education, Motability also enables customers to attend courses for fun or general learning. When asked whether a Motability car had enabled them to undertake any informal learning, 16% of 3-24 year olds and 10% of all people surveyed responded that it had.

The greater independence a Motability car gives to disabled people means their informal carers (family and friends) have greater educational opportunities. Of those surveyed 6% reported that having their current Motability car had enabled someone else in their household to improve their education.

ONS data on the economic outcomes of people claiming Disability Living Allowance shows that economic activity, employment rates and wages all strongly increase with qualification levels.

The improved education Motability enables is estimated to potentially earn customers and their informal carers (family and friends) £121 million in additional wage income a year.

9.1 Political objective

Article 24 of the UN’s “Convention on the Rights of Persons with Disabilities” states that “States Parties recognise the right of persons with disabilities to education. With a view to realising this right without discrimination and on the basis of equal opportunity, States Parties shall ensure an inclusive education system at all levels and lifelong learning.

The Government’s long terms vision for disability was outlined in “Improving Life Chances for Disabled People” published by the Prime Minister’s Strategy Unit in 2005. It states the aim that “By 2025 all disabled people should have full opportunities and choices to improve their quality of life and be respected and included as equal members of society”.

The Office of Disability Issues are the guardians of this vision and are working with Government departments and disabled people to achieve the vision of disability equality by 2025 in all aspects of life. In respect to education this vision includes increasing the percentage of learners with a disability participating in further education or other post-19 education and training and also increasing the proportion of disabled adults in education and training.

9.2 Evidence on the benefits of education

9.2.11 Economic benefits

A large body of academic evidence supports the view that education has a strong and direct impact on the employment prospects and earnings of individuals, and thus the economic well-being of the country. This relationship is underpinned by human capital theory in which individuals build up knowledge and skills (i.e. their human capital) through a combination of their own investments (e.g. paying tuition fees, time spent studying, etc) and government resources. People with more human capital are more productive, more valuable to employers, and therefore have better employment prospects and higher earnings.

Analysis of the labour market outcomes of people of working age (16 to 64 years old) claiming DLA achieved in 2009 shows the benefits of education. The proportion of claimants who are economically active (in employment or unemployed and actively seeking work) increases with qualifications. For example, 38% of DLA claimants with a degree are active compared to just 7% of those with no qualifications. Of those who are economically active, the proportion in a job (as opposed to being unemployed) is a positive function of educational achievement: 90% of DLA claimants with a degree have a job, compared to 72% of those without any qualifications. Similarly, earnings rise with qualifications: DLA claimants with a degree earn an average of £376 a week compared to £142 for those with no qualifications.

A focus on ‘hard’ labour market outcomes has been criticised for groups who are at an inherent disadvantage in the labour market. But a study by the Learning and Skills Council (2008) shows education has a positive impact on the ability of disadvantaged groups (including disabled people) to achieve ‘soft’ employability outcomes. These include gaining confidence, motivation or acquiring the ability to write a CV, which themselves may lead to ‘hard’ outcomes.

9.2.12 Social benefits

Riddell (2006) reviewed the academic literature on the social impact of education and found benefits included:

- **Effect of parents’ education on child outcomes (intergenerational effects):** Higher parental education is associated with higher educational attainment, lower criminality and improved health of children.

- **Impact of education on own health and spouse’s health:** Studies support a causal relationship between education and health through the ability to gain and assess health knowledge. Lleras-Muny (2002) found that an extra year of schooling led to a decline in mortality of 3.6% over a ten-year period in the USA.

- **Improved civic participation** (e.g. voting, charity giving and volunteering) and social cohesion

- **Higher education levels may reduce criminal activity** as wage rates are higher and thus the opportunity cost of crime is higher (i.e. the potential lost earnings due to incarceration).
A significant proportion of the Motability Car Scheme’s customers are in full-time education. Across all ages, 10% of customers are full-time students. For those between 3 to 24 years old, 73% of customers are in full-time education.

9.3 Improved education due to Motability

Customers were asked if having a Motability car enabled them to improve their educational opportunities. For customers of all ages, 15% reported that having a Motability car has allowed them to travel to improve their education (Chart 9.1). For those aged 3-24 years old, 29% reported having the car had led to an improvement in their education in some way.

The survey also asked about the type of education the Motability Scheme had enabled – whether it was ‘formal’ education leading to a specific qualification, or ‘informal’ education for general learning or as a hobby. The results show 6% and 10% of all customers had benefited from improved ‘formal’ and/or ‘informal’ education, respectively. For those aged 3-24 years old, 16% had gained from better ‘formal’ and 16% gained from better ‘informal’ educational opportunities.15

15 Please note the sum of ‘formal’ and ‘informal’ education is higher than the total percentage replying Motability has improved their education as respondents could say they had benefited from both improved ‘formal’ and ‘informal’ education.
Customers were asked how having a Motability car had altered their ability to take advantage of educational opportunities. For most (88%), the car had enabled them to travel to attend a class or course (Chart 9.2). For 24% it had enabled them to travel further to study. Having the car meant 10% did not have to rely on other people and 7% did not have to rely on public transport or taxis to get to the educational institution.

![Chart 9.2: What educational improvement or opportunity has it enabled?](image)

I’ll probably go to Wolverhampton University, that’s 130th in the country, (but now) planning to go to Southampton, it’s 12th in the country so a big difference.

The Experiences and Expectations of Disabled People (EEDP) study by the Office for Disability Issues found that 10% of the people it surveyed felt difficulties with transport were a barrier to education.

Customers participating in formal and informal courses also gained psychological or social benefits. The courses lowered stress levels (7%) and improved confidence (5%). They also enhanced disabled people’s social lives (4%). These skills are valuable in themselves and will benefit the rest of people’s lives.

A key point coming out of the discussion groups was how having a Motability car allowed retired customers to attend courses not meant for qualification. In particular, IT courses seemed very popular amongst this age group. Many mentioned learning the ability to access the internet and send emails.

I actually start computer studies again at the college in the summer.

I did a computer course and bought my own computer so I started doing family history.
9.4 Enabling education for family

Greater independence for disabled Motability customers means their informal carers (family members and friends) may have more opportunities to attend courses or classes. Of those surveyed, 6% reported that having their current Motability car had enabled someone else in their household to improve their education. Of these, 63% were taking formal courses leading to a qualification. Of particular note is that young customers in the focus groups highlighted how their greater freedom had allowed their parents, who may otherwise have been caring for them, to take a training course or attend classes.

“Because now I can go to school myself she can also - she’s training to be a nurse.”

CASE Study: ELINOR

Elinor is 19 years old and has a medical condition which seriously affects her strength and movement and relies on her powered wheelchair in everyday life.

She is currently at college and wants to go on to university to study photography and illustration. However, there is a severe lack of accessible transport in her local area so having the use of a reliable car is a life-line to her.

Elinor joined the Motability Scheme in 1999 and travelled as a passenger. When the time came to renew the lease for her next car, she decided that she would like to be able drive herself. So she applied for a grant from Motability to be able to afford the type of car she would need, a drive from wheelchair accessible vehicle.

Arrangements were made for Elinor to have a driving assessment at Motability's Mobility Solutions Centre in Harlow. This was to ensure that an appropriate vehicle and adaptations could be chosen to suit her needs. It was agreed that an adapted Volkswagen Caddy would be suitable; with the relevant adaptations it would allow Elinor to drive whilst seated in her wheelchair.

Elinor’s dreams of going to university and eventually getting a full time job are built around being mobile and the award of a grant of £20,000 from the Government’s Specialised Vehicles Fund means that her dreams are not out of reach.

She says: “Having a Motability car is fantastic as it allows me to be totally independent. I am really looking forward to going to university and being able to drive is going to make it so much easier.”
9.5 Measuring the economic benefits of improved education

An appreciation of the scale of the economic benefits from improved education can be gained by looking at the economic outcomes for disabled people with different qualification levels. The ONS’ Labour Force Survey collects such data on the outcomes for working-age people claiming Disability Living Allowance in the UK by NVQ equivalent level. (Motability customers are a sub-set of this group, as customers must be claiming the higher rate of this allowance to qualify for the Scheme.) Three measures of outcome are shown in Charts 9.3 and 9.4:

1. Economic activity rate – the proportion of people employed or unemployed and actively seeking employment.
2. Employment rate – employment as a proportion of those economically active.
3. Average gross weekly wages – wages before taxes and benefits.

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9.3: Economic activity and employment rates of those claiming Disability Living Allowance by qualification level

**Data Source:** ONS Labour Force Survey, 2009

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Excluding students.

NVQ equivalents are a classification of qualifications recognised by government and educational bodies. The system classifies all formal knowledge and vocational-based qualifications attainable in the UK into one of six NVQ equivalent levels – NVQ 0 to NVQ 5. NVQ equivalent levels broadly correspond with the following traditional qualification levels as follows: NVQ0: No qualifications; NVQ1: GCSEs below grade C; NVQ2: 5 GCSEs at grade C and above; NVQ3: 2 or more A-Levels at grade C or above; NVQ4: first degree; NVQ5: Higher degree.
It can be seen that all three measures – economic activity, employment rate and wages – increase with the qualification level of those claiming Disability Living Allowance.\(^\text{18}\)

Economic activity in general is low as one might expect. However, moving from NVQ0 (no qualifications) to NVQ1 (equivalent to GCSEs below grade C) has a significant impact on activity levels, with activity increasing from 7% to 22%. Those with NVQ4+ (i.e. university) qualifications are also much more likely to be active in the labour market (38% of this group) compared with those at NVQ2 & 3 level (26% of group).

With respect to the employment rate, having an NVQ4+ qualification has a notable impact on the chances of being employed. Of those in the labour market with a university qualification, 90% are in employment as against 80% of those with NVQ2 & 3 qualifications.

Those working with an NVQ1 level qualification earn on average £195 per week, 37% more than someone with no qualifications. Workers with NVQ3 and NVQ4+ qualifications also benefit from significantly higher earnings than those in the NVQ level below them.

Clearly there are potentially significant benefits for Motability customers in terms of employment and earnings from improved education that the scheme enables. The benefits are not just available for those who can achieve a university level qualification, but are also substantial for those who can gain at least a basic level of education.

\(^{18}\) Some people claiming disability allowance will be the severely disabled whose circumstances mean they cannot gain any qualifications or participate in the labour market. In these cases there would not be a direct causal relationship between education and employment in that qualification levels affect their economic outcomes; rather both are determined by disability. While this effect may explain some of the variation in economic outcomes for disabled people, previous studies support a direct causal relationship between education and employment/earnings and this should be a significant factor in the results in this section.
9.5.1 Potential benefits

Based on the above analysis and the survey results it is possible to produce an indicative estimate of the economic value of improved education due to the Motability Car Scheme. The approach adopted considers those people whose formal qualifications improve due to the Car Scheme. The total impact comes from two channels – one from education enabled for Motability customers and another from education enabled for informal carers (family and friends).

Dealing with customers first:

1. The total Motability customer base of those under retirement age is an estimated 353,000.
2. From the survey 6.7% of 3-64 year olds reported improvements to formal education due to having a Motability car, while 87% of this age group said having the car enabled them to attend classes they would not have otherwise been able to. Combining these two elements gives an estimated 5.8% of customers aged 3-64 whose formal education is dependent on Motability – that is they would not be in formal education otherwise.
3. Applying the 5.8% to the 353,000 customers gives an estimated 20,500 customers whose formal educational improvements are dependent on Motability.
4. The ONS’ Labour Force Survey (LFS) provides figures for the qualifications profile of people claiming Disability Living Allowance by NVQ equivalent. Furthermore for these people it contains estimates of those currently on a course leading to a qualification and the type of qualification.
5. Based on 4) above, it is possible to estimate the qualifications studied for by the 20,500 Motability customers.
6. Those customers studying for a qualification which takes them to a higher NVQ level are “upskilling”. They will have higher employment rates and higher earnings as these two outcomes increase with the level of qualification.
7. Using LFS data on employment rates and earnings in the qualification levels customers are upskilling to, an estimate of the potential additional earnings for these customers due to having a Motability car can be produced.

The estimated value from education is therefore the potential additional earnings expected for customers who improve their qualification level (upskill) as a result of having a Motability car. The additional earnings will capture the effect of higher employment rates and earnings for people moving into higher NVQ levels. Based on this methodology the value of improved education for Motability customers is £27 million in potential additional wages in one year (based on 2009 wage rates).

A similar methodology can be applied to estimate the value of formal education enabled for informal carers. This gives potential additional earnings of £94 million a year – a greater estimate than for Motability customers due to higher employment rates and earnings for non-disabled persons.

It should also be acknowledged that the methodology used only counts those people who are upskilling. Many people will study for qualifications which benefits their economic prospects even though that qualification is within the same NVQ category.

The total value of Motability’s improvements to education is estimated to be a potential £121 million in additional earnings per year. For those who remain in employment, this benefit will be repeated in subsequent years.
9.6 Conclusions

A Motability car enables customers and their informal carers to enhance their education. This has potentially significant benefits for individuals as it allows them to obtain higher qualifications, which lead to better employment prospects and higher earnings. In addition, Motability increases the opportunities for informal education for fun or general learning.

The formal and informal education enabled by Motability is also likely to lead to wider social benefits such as greater confidence, reduced stress and better health for those studying, values that are not possible to measure.

Motability contributes to Government objectives to increase the percentage of learners with a disability participating in further education or other post-19 education and training. Similarly, it contributes to the Government aim to increase the proportion of disabled adults in education and training.
10 Employment

A Motability car also enables some customers and their informal carers to access a wider variety of employment opportunities. In turn, this enables disabled people or their family members to get a new job, keep an existing job or advance their careers in other ways.

**Key points**

The UN Convention on the Rights of Persons with Disabilities sets out the rights of disabled people to work on an equal basis with others.

All of the main political parties have committed to providing disabled people with more help to get back into work.

Employment brings significant benefits to an individual, including a higher income, better future employment prospects and improved psychological well-being. It also brings gains to society by boosting the Government’s finances and increasing revenues for producers and distributors of consumer goods and services.

Relatively few (13%) of Motability’s customers are active in the labour market either employed (12%) or seeking work (1%). This reflects the impact of their disability on their ability to work, as well as the fact that many are retired or in full-time education.

Of the Motability customers surveyed who were not currently retired, permanently unable to work or in full-time education, 39% said that their Motability car had enabled them to gain employment, get better employment or to maintain current employment.

Of those able to work, 13% reported that having a Motability car had enabled them to develop their skills base and improve their employment prospects through training programs, work placements or voluntary work.

For 7% of Motability customers having the car had enabled someone else in their household (an informal carer) to improve their employment prospects.

The Motability scheme is estimated to enable 12,500 customers and informal carers to get a job, 56,100 to keep a job and in total this is worth £1.2 billion in gross wages per year.

10.1 Political objective

Article 27 of the UNs “Convention on the Rights of Persons with Disabilities” states that “States Parties recognize the right of persons with disabilities to work, on an equal basis with others; this includes the right to the opportunity to gain a living by work freely chosen or accepted in a labour market and work environment that is open, inclusive and accessible to persons with disabilities. States Parties shall safeguard and promote the realization of the right to work, including for those who acquire a disability during the course of employment.”

The Office of Disability Issues sets out in its Roadmap 2025, the overall aim for disabled people to be able to enjoy their right to work on an equal basis with others, and to reduce the gap in the employment rate between disabled and non-disabled people.
10.2 What benefit does employment bring?

Having a job creates a large number of benefits for both the individual and society as a whole. Individuals receive higher incomes from wage and non-wage payments (for example, contributions to a pension funds, health insurance, etc). Employment also impacts an individual’s welfare. It enlarges the employee’s social network, reduces feeling of ‘social isolation’ and improves a person’s psychological well-being from ‘feeling like a useful/valued member of society’. It also aids the development of skills to participate in social and civic activities (Schur (2002)).

The academic evidence suggests being currently out of a job also damages an individual’s future labour market prospects. In empirical studies, several authors find that the longer an individual is unemployed for, the lower the probability they have of gaining employment. Moreover, lengthy spells of unemployment also lower the future earnings the individual will receive if they are successful in regaining employment (Arulampalam, Booth and Taylor (2000), Gregg (2001), Arulampalam (2001), Gregory and Jukes (2001)).

The reason a prolonged period of unemployment negatively impacts future labour market prospects are twofold. First, unemployment may cause an individual to lose or prevent them from gaining work-specific skills. Second, a history of unemployment may send a negative signal to a potential employer about an individual’s application levels, skill set or other factors that impact their productivity.

Employment also brings benefits to society. The Government gains from higher tax revenues, both in the form of labour taxes (income tax and National Insurance Contributions) and their greater spending capacity (through VAT and excise duties). Employment also lowers government expenditure on welfare benefits (for example, Job Seeker’s Allowance and Housing Benefit). Given the links between unemployment and mental illness, higher employment rates also place less pressure on the National Health Service’s treatment costs (Liem and Rayman (1982)).

An individual in employment is likely to have a higher income level than someone on welfare benefits, facilitating greater expenditure. Additional spending has a positive impact on the economy (if operating below full capacity), generating more output and jobs to meet the extra demand.

10.3 Motability customers’ ability to work

A relatively small proportion of Motability’s customers are active in the labour market. In some cases their disability restricts their ability to work, and a considerable number of Motability customers are over retirement age.
All the Motability customers surveyed were asked about their working and educational status before the onset of their disability and now after getting their Motability car. In some cases, a number of years had elapsed between the two events. Currently, nearly 46% are unable to work because of their disability or illness (Chart 10.1). Of the remainder, 26% are retired. The scope therefore for Motability cars to have a large impact on all their customers’ ability to work is limited as a significant proportion are not able to due to illness, being over the retirement age or are in full time education.

Looking at those customers in the 25 to 64 year age range, 19% are currently active in the labour market (Chart 10.2). Of these, 15% are in employment, 2% self-employed, 1% on Government training programmes or employment schemes and 1% are unemployed. A Motability car can impact the employment outcomes these people can obtain. It potentially can also affect the decision of whether to participate in the labour market. It may increase the numbers seeking work by lowering the percentage of people who have withdrawn from the labour market, either via early retirement (14%) or looking after the family (2%).

![Chart 10.1: Working status prior to onset of disability and now (all customers)](chart101.png)
10.4 Improved employment opportunities

Of the Motability customers not currently retired, permanently unable to work or in full-time education, 39% said that their Motability car had enabled them to improve their employment prospects (Chart 10.3).
Of those able to work, 9% thought that having a Motability car had enabled them to get a job. Another 2% felt their car had enabled them to get a better job than would otherwise be possible. In the group discussions customers emphasised that having a Motability car meant they could travel further for work, take their mobility equipment with them or not be dependent on less reliable, more costly, less accessible modes of transport.

"There’s not many businesses near where I live."

Of those able to work, 29% said that having the car had enabled them to keep their existing job, suggesting that without it they may have struggled to continue in their current employment.

"I was working full-time before that. So really the car’s enabled me to pick up some of the things where I left off."

For others, the Motability car gave them hope that they could gain employment in the near future. Participants in the group discussions also emphasised the importance they attached to gaining employment to improve self-esteem and social networks. One young customer gave an example of how both the financial cost and the impact on his health had negatively affected his motivation to seek employment, but that the car had changed his aspirations.

"There’s no point working if you’re going to get a taxi to work everyday, or push myself in a wheelchair … by the time I get to work I’m too tired to work. But now I could drive to work with my leg on, walk around and work with my leg on and then drive home, as if I never lost my leg."

10.5 Enhancing the acquisitions of work-related skills and experience

Of the customers able to work, 13% thought that having a Motability car had enabled them to develop their skills base (Chart 10.4). This should increase their probability of gaining employment and wage levels once in employment. For 7% this had been the opportunity to undertake voluntary work. For another 1% this was the ability to do better quality voluntary work or more voluntary work than they were undertaking prior to becoming a customer. Another 5% of those able to work thought their Motability car had enabled them to undertake training programs and 1% felt it had assisted them to do more training programs or better quality ones. Having the car also facilitated 4% and 3% of customers’ ability to attend work placements and attend better or more work placements than before, respectively.

"If I got the option to retrain and go back and do whatever, the car’s there, now I can take myself, I can do what I want to do, when I want to do it."
10.6 Improved employment opportunities for informal carers

A Motability car also opens up employment opportunities for members of the disabled person’s household who offer informal care. Of all customers, 7% said that having a Motability car had enabled someone else in their household to get a job, a better job or maintain their current employment (Chart 10.5). Most often this person was their partner (4%), child or sibling (2%) and parents (1%).
Of all customers surveyed, 5% said that having a Motability car had enabled someone else in their household to maintain their current employment. Smaller percentages reported that having a Motability car enabled another member of their household to get a job (1%) or a better job (1%). The group discussions added some colour: several customers mentioned that the Motability car had given them more freedom and independence. This had given other household members (parents in particular) more time to pursue a career.

“My mum can work more hours now because she doesn’t have to book certain days off. She had to say to work I need days off… to take him to physio or whatever… so she was stuck on a lower wage, now she’s been able to change her job and get a better job, better pay, which obviously makes it less stressful for my parents.”

“The wife’s actually started a part time job.”
Economic and social impact of the Motability Car Scheme
September 2010

CASE STUDY: JILL

Jill is 62 years old and was diagnosed with Polio at the age of 5. This means that she has severe weakness in her arms and she cannot use her legs. She is a full time wheelchair user and can no longer transfer from her wheelchair into a car.

As a foster carer, Jill is regularly responsible for two young children, so having a suitable car is very important in her day-to-day life. She also volunteers as a teacher at Plymouth University so needs the freedom to be able to get around when she needs to.

Having joined the Motability Scheme 17 years ago, Jill has enjoyed the benefit of driving several standard models through the Contract Hire Scheme. When the time came to renew the lease for her next car, which had been fitted with a Carchair system, she found that her condition had deteriorated and she could no longer transfer herself from her wheelchair to the car seat. She applied for a grant towards the cost a new car and the adaptations she needed and an assessment was arranged at Motability’s Mobility Solutions Centre in Harlow, Essex. This was to ensure that an appropriate vehicle and adaptations could be chosen with her.

Following the assessment, it was agreed that a converted Kia Sedona would be suitable for Jill. The car has been fitted with a number of adaptations to make driving easier and it allows Jill to remain seated in her wheelchair whilst driving.

Jill’s voluntary work and her foster care depend on her being mobile and the award of a grant from Motability means that she can continue with her responsibilities. This grant came from the Government’s Specialised Vehicles Fund and without it Jill might not have been able to pursue her goals.

She says: “Getting a car through Motability means that I don’t have to give up my voluntary work, which I love doing. Also, I can continue working as a foster carer and take the kids out whenever and wherever they need to, without having to rely on others.”

10.7 Economic impact of improved employment and skills

A Motability car enables some of its customers and their informal carers to both keep an existing job and find a new job. Using the survey results, numbers of all Motability customers who are able to work and data published by the ONS; it is possible to generate estimates of the economic value of Motability’s impact on the employment of disabled people and their informal carers in the UK.

Focusing first on the employment impact for Motability customers:

1. The total Motability customer base of those not retired, unable to work or in full time education (therefore able to work) is an estimated 99,800.

2. Of customers able to work, 8% reported in the survey that their Motability car had enabled them to find a job, while a further 29% replied they were able to keep an existing job.
3. Applying the 8% and 29% to the 99,800 customers gives an estimated 8,300 customers in employment because their Motability car enabled them to travel to a job and 29,100 were able to find a job as a result of having a Motability car (Chart 10.6).

4. Data from the ONS’ Labour Force Survey (LFS) provides figures for the average weekly wage of people claiming DLA at £259.70.

5. Using the average weekly wage of people claiming DLA and the numbers estimated in step 3), by enabling its customers to keep and maintain employment, it’s estimated the Motability Scheme’s employment impact for its customers is worth £0.5 billion in wages per year.

A similar methodology can be applied for informal carers (friends and family) of Motability customers who are able to find or keep a job as the result of those who they care for having a Motability car. However, in this instance gross wages are estimated using average annual earnings across the population from the LFS. The results suggest Motability enabled 4,200 informal carers to find a job and 27,000 to keep an existing job, worth £0.7 billion in wages per year.
The Motability Car Scheme is estimated to enable 12,500 customers and informal carers to get a job, 56,100 to keep a job and in total this is worth £1.2 billion in gross wages each year.

10.8 Conclusions

Only 13% of Motability’s customers are active in the labour market. For those who can work a Motability car enables some to get employment, gain better employment or keep their current job. The car also enables customers to acquire work-related skills and experience which improve their probability of getting a job and earnings potential once in employment. A Motability car also enables other members of the customer’s household to improve their employment prospects.
11 Social inclusion and community participation

By improving mobility, having a Motability car enables its customers to participate more frequently and in a greater variety of social activities with friends, family and fellow community members than they did before having the car.

**Key points**

- The UN “Convention on the Rights of Persons with Disabilities” sets out the rights of disabled people to take part on an equal basis with others in cultural life.
- Academic evidence suggests that there is a positive link between an individual’s participation in social activities and their level of well-being.
- A significant majority (60%) of those surveyed thought that having a Motability car had increased their ability to visit family and friends. The impact was particularly large for those who previously used a household car less than once a month.
- Of the Motability customers surveyed, 55% felt that their ability to go shopping had changed as a result of having their car. The effect was particularly large for those benefitting from a SVF grant (71%).
- Having a Motability car was felt by 40% of customers to change their ability to participate in sporting, leisure and social activities.
- Of those interested in volunteering, community or religious activities, 28% said that having a Motability car had changed their ability to participate. The impact was particularly large for people who received a SVF grant (46%).
- Virtually all (99%) of the Motability customers surveyed had participated in at least one social activity over the past month. This compares with 90% of all disabled in the Office for Disability Issues’ (2008) “Expectations and Experiences of Disable People” report.
- The impacts are difficult to measure but one estimate suggests that by enabling people to visit family and friends more frequently, Motability increased its customers’ well-being by the monetary equivalent of up to £3.2 billion in 2009.

11.1 Political objective

Article 30 of the UN’s “Convention on the Rights of Persons with Disabilities” says that “States Parties recognize the right of persons with disabilities to take part on an equal basis with others in cultural life” as well as “enabling persons with disabilities to participate on an equal basis with others in recreational, leisure and sporting activities.”

The Office of Disability Issues’ vision of equality includes the ability of disabled people to enjoy the same opportunities as non-disabled people to participate in sports and recreation, cultural life, leisure and social activities.

11.2 Academic evidence on social interaction and well-being

A large body of academic evidence suggests that there is a positive relationship between the extent an individual participates in social activities and their well-being. Following a review of relevant literature
Woolcock (2001) concludes that the “well connected are more likely to be hired, housed, healthy and happy.” Helliwell and Putnam (2004) estimate well-being and health equations across global, US and Canadian datasets. They find that a number of different measures of “social capital”; such as family and friend ties, civic engagement and trust, are positively correlated with an individual’s well-being and health. These results support earlier cross-sectional studies by Phillips (1967) and Burt (1987) that show the number of social activities an individual participates in and the size of their social network are positively related to their self-reported level of happiness. These results also hold across different age groups, for example the elderly (Victor, Scambler, Bond and Bowling (2003)) and those aged between 12 and 18 (Csikszentmihalyi and Hunter (2003)). Both of these studies find a significant negative impact of social isolation and being alone on an individual’s happiness.

The studies referred to above use cross-sectional data (i.e. a snapshot across the population at a particular point in time) to show there is a positive correlation between social participation and happiness. But this is not informative about the direction of causality. Put more simply, it does not show whether happier people participate more in social activities or people who participate more become happier? Furthermore, these studies cannot account for individual specific effects, for example people with extrovert personalities may find it easier to participate in social activities than those who are more introverted (Powdthavee (2007)). In an attempt to answer these criticisms, regression analysis has been undertaken using a panel dataset that traces the same individuals through time therefore controlling for individuals’ personalities. Using a panel approach, Thoits (1983) finds that the more social positions and roles played by an individual, the less likely they are to suffer from psychological distress. Bruni and Stanca (2005) find that time spent with friends, family and colleagues is positively associated with higher levels of happiness. Substituting the importance that people attach to relationships for the time they spend in social relationships they conclude that changes in time spent in social relationships cause changes in happiness levels. Bechetti, Ricca and Pelloni (2009) report that when an individual retires from work, this represents a significant increase in time spent with family and friends, leading to a significant increase in life satisfaction levels.

A review of the academic evidence suggests not only that there is a strong positive relationship between the extent of an individuals social interaction and their well-being levels but that participating in more social activities causes a rise in an individual’s level of well-being.

In the Office for Disability Issues’ (2008) “Expectations and Experiences of Disabled People” (EEDP) report, 10% cited “difficulties with transport” as a barrier to participating in more social activities and 7% cited this reason as a barrier to participation in clubs, groups and the local community activities.

11.3 Increase in ability to visit family and friends

The research asked questions about disabled people’s ability to visit family and friends before receiving their Motability car. Just over a half (53%) of all customers had been able to visit family and friends at least once a week. Of the remainder, 17% visited family and friends at least once a month and 30% less frequently. Of the latter, 8% were never able to visit.
Having a Motability car has significantly changed most (60%) recipients’ ability to visit family and friends (Chart 11.1). The result was higher (72%) for customers who used a household a car less than once a month before joining the Scheme.

When asked how having a Motability car changed their ability to visit family and friends, 54% of customers reported that they could visit people more often. The impact was particularly pronounced on people who visited family and friends relatively infrequently prior to joining the scheme. Of those who previously visited less than once a month, 69% were able to visit more often.

Having a Motability car also enabled people to travel further (this response being cited by 30% of customers). The group discussion exercises showed discomfort was a serious constraint on disabled people’s ability or desire to undertake longer journeys. Virtually all (92%) believed the statement “I am more comfortable when I travel so I travel further” applied to them since having the Motability car.

The car also increased the amount of time when customers were willing to visit. In particular, for 23% of customers it now meant they could visit regardless of the weather or time of day. Previously some people had avoided going out after dark or in poor weather conditions.

The importance of Motability cars in enabling disabled people to visit family and friends is shown by their behaviour. The most popular activity undertaken by Motability customers over the past month was visiting family and friends, cited by 87%. Customers also enjoyed going out for a drink or meal with family and friends (57%).
11.4 Increase in ability to go shopping

Prior to having a Motability car, 34% of customers said they were unable to go shopping once a week to buy food, clothing and other items. Of these, 8% went at least once a month, 12% less often than this and 14% never went shopping.

After receiving their Motability car, 55% of customers reported that their ability to go shopping had changed (Chart 11.2). As with their ability to visit friends and relatives, a very large share of people who previously used a household car less than once a month (72%) or received a SVF grant (72%) said that having a car had changed their ability to go shopping.

The Motability car increased the frequency with which disabled people can go shopping. 51% of customers said that having a car meant they could go more often. This was particularly the case for people who previously used a household car less than once a month (66%); or were previously unable to go shopping more than once a month (67%), less than once a month or never (both 56%).

Having the Motability car also increased customers’ choice. For 29% it meant they could travel to better or different shops as a result of having a car. For 22% it meant they could go regardless of the weather or the time of day.
11.5 Increase in ability to participate in sport, leisure and social activities

80% of the customers interviewed could or would consider participating in sport, leisure or social activities. Before getting the Motability car, 66% of these customers reported they took part in such activities less than once a week.

![Chart 11.3: Has your ability to participate in sporting, leisure or social activities changed because of your current Motability car?](image)

<table>
<thead>
<tr>
<th>How?</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, it has changed</td>
<td>40</td>
</tr>
<tr>
<td>Can go more often</td>
<td>16</td>
</tr>
<tr>
<td>Can go to new places</td>
<td>20</td>
</tr>
<tr>
<td>Can go regardless of weather/time of day</td>
<td>3</td>
</tr>
</tbody>
</table>

Data Source: Plus Four Market Research Ltd. 403 people

Having the car changed some customers ability to participate. Of those interested in social and sporting activities, 40% reported an alteration in their ability to take part (Chart 11.3). For 16% this meant they could now participate in sporting, leisure or social activities more often.

“I took my nephew to Cadbury’s World for his birthday yesterday, which would have been absolutely impossible because his parents don’t drive… It’s just doing little treats like that.”

Having a Motability car enabled 20% to go to new places or return to places where they used to participate in such activities. Resuming activities they enjoyed prior to the onset of their disability came through as being very important in the discussion groups.

“I can choose to go to a brand new swimming pool rather than a grotty old one.”
11.6 Increase in ability to participate in community and religious activities

65% of customers would consider participating in community or religious activities. Before they had a Motability car, 77% of these customers did so less frequently than once a week. Of the total, 56% said they never participated in volunteering or religious activities despite their interest.

After getting a Motability car, 28% who said they would consider such activities thought that their ability to participate in volunteering, community or religious activities had changed (Chart 11.4). The result was particularly pronounced for those who received a SVF grant (46%).

When asked how having a Motability car had changed their ability to participate in community activities, 13% reported that they could now participate more frequently. The numbers who gave this answer were relatively large for those who had previously been able to undertake such activities less than once a week (58%) or less than once a month (29%).

“Before I had the car, I couldn’t even go into the Mosque… now it has given me the opportunity to go with my son to get our cultural engagement…. and to pray.”
11.7 Economic impact of visiting family and friends more easily

It is very difficult to measure the impacts on well-being levels from for example, people being able to visit friends and family more frequently. One estimate of the improved well-being people derive from increased participation levels in social activities is reached by combining findings from academic literature on the monetary value attached to the benefits/costs people derive from such experiences with the survey results.

11.7.1 Monetary valuations literature

Powdthavee (2008) calculates the monetary value of social networks in terms of enhancing individuals' life satisfaction levels. Using regression analysis he tries to explain people’s assessment of their own life satisfaction levels by their income, social relationships and other factors thought to influence well-being including marital status, health, employment status and home ownership. He then calculates the shadow price of an individual’s social network as “the extra income which is required to keep the individual with the lower level of social network status at the same level of life satisfaction”.

Table 11.1: Valuations of changes in Social Network Status using Life Satisfaction Equations, 1997-2003

<table>
<thead>
<tr>
<th>Frequency of visiting friends and relatives</th>
<th>Annual Benefit from visiting family and friends more frequently (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once or twice a month</td>
<td>-</td>
</tr>
<tr>
<td>Once or twice a week</td>
<td>12,000</td>
</tr>
<tr>
<td>On most days</td>
<td>15,500</td>
</tr>
</tbody>
</table>

Source: Powdthavee (2008)

Powdthavee’s (2008) monetary valuations of the annual benefit derived from visiting family and friends are shown in Table 11.1. The numbers should be interpreted as follows, individuals who go from seeing their family and friends on most days to seeing them once or twice a week, would have to be compensated by £15,500 in additional annual income to achieve the same level of well-being. Similarly, someone who goes from seeing family and friends once or twice a week to once a twice a month would need £12,000 compensation.

Mentzakis (2008) argues that Powdthavee’s (2008) valuations are overestimates as they assume changes in the frequency of visiting friends affects the well-being of all individuals by the same amount. He re-estimates well-being equations but assumes that changes in frequency of visiting friends may have stronger or weaker impacts depending on an individual’s initial well-being level. He finds that the monetary value of social networks vary across individuals with different initial well-being levels and are less than those estimated by Powdthavee (2008). However, Mentzakis notes that the values he generates cannot strictly be used to produce a single average as his results imply behavioural patterns differ across individuals. He believes values generated by simpler methods such as Powdthavee (2008) may be more suitable to use although with the caveat that these are maximum or upper limit estimates.

11.7.2 Survey results

By far the most popular activity undertaken by Motability customers over the past month was visiting family and friends, cited by 87%. In producing a monetary estimate of the pleasure people derive from increased participation in social activities we focus on this area.
Answers to a question about the frequency with which customers now visit family and friends were cross-tabulated by how often they reported visiting family and friends prior to having a Motability car, as displayed in Table 11.2.

Table 11.2: Has your ability to visit friends or family changed because of your current Motability car?

<table>
<thead>
<tr>
<th>Frequency of visiting friends and relatives before having a Motability car</th>
<th>Total (number of respondents)</th>
<th>Yes, visit more often after getting Motability car (number of respondents)</th>
<th>Yes, visit more often (% all respondents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Everyday</td>
<td>41</td>
<td>8</td>
<td>2%</td>
</tr>
<tr>
<td>2-3 times a week</td>
<td>78</td>
<td>25</td>
<td>5%</td>
</tr>
<tr>
<td>At least weekly</td>
<td>144</td>
<td>81</td>
<td>16%</td>
</tr>
<tr>
<td>At least monthly</td>
<td>88</td>
<td>61</td>
<td>12%</td>
</tr>
<tr>
<td>Less Often</td>
<td>113</td>
<td>71</td>
<td>14%</td>
</tr>
<tr>
<td>Never</td>
<td>40</td>
<td>23</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>504</td>
<td>271</td>
<td>54%</td>
</tr>
</tbody>
</table>

Source: Plus Four Market Research Ltd.

11.7.3 Potential benefits

This section combines the survey results with Powdthavee’s (2008) numbers to produce one upper bound estimate of the value Motability’s customers place on being able to visit family and friends more frequently.

Customers are split by the frequency they were visiting friends and family prior to receipt of the car. For those who previously visited at least weekly and now report they visit more often, we assume the car enables them to visit on most days. For those who previously visited friends or family at least monthly, less often or never; we assume they now visit once or twice a week. It is unlikely those who are already visiting every day or at least 2 to 3 times a week will see their family or friends more frequently after receiving the car, so these people are excluded from the calculation.

The monetary value of the improved well-being customers who previously visited family and friends at least weekly gain from visiting them on most days is estimated as follows:

1. The survey suggests 144 out of 504 (29%) Motability customers visited family and friends ‘at least weekly’ before having a Motability car (Table 11.2).
2. After getting their Motability car, 81 out of the 144 (56%) customers reported they now visit family and friends on most days (Table 11.2). This is 16% of total (81 out of 504).
3. The total annual monetary equivalent of the improved well-being these customers gain from visiting friends and family on most days is estimated by Powdthavee (2008) to be £15,500 (Table 11.1).
4. Multiplying 16% (from step 2) by the total number of Motability customers by the annual monetary equivalent of the improved well-being they derive from visiting friends more frequently (from step 3), is estimated to increases these customers’ well-being by up to £1.3 billion.
These steps are repeated for the other three categories of customer split by how frequently they visited family and friends prior to joining the Motability scheme (‘at least monthly’, ‘less often’ and ‘never’). The results are then aggregated for the four categories of customer.

The impacts are difficult to measure but one estimate suggests that by enabling people to visit family and friends more frequently, Motability increased its customers’ well-being by the monetary equivalent of up to £3.2 billion in 2009.

11.8 Conclusions

A lack of mobility prevents people going to visit and participate in social activities with friends, family and fellow community members. Having a Motability car enables customers to greatly increase the frequency and variety of social activities they participate in, improving their well-being. Indeed, almost all (99% of) Motability customers had participated in social activities outside of their home in the past month, this compares with 90% of all disabled people surveyed in the ODI’s EEDP report.

CASE STUDY: ROSEMARY

62 year old Rosemary, has been enjoying the benefits and freedom that the Motability Scheme provides since it began over 30 years ago. A retired psychiatric nurse, Rosemary suddenly became paralysed in 1974. No-one knew the cause of the paralysis then but after learning to walk again and several more similar episodes, Rosemary was diagnosed with MS and transverse myelitis – an inflammation of the spinal cord.

Rosemary says “The Motability Scheme has been a tremendous help to me over the years. It’s changed a lot – there are many more makes and models available and new adaptations to make driving easier, but the one thing that never changes is the difference it makes to my family every day. Before we discovered Motability we had an unreliable old banger that I couldn’t drive because it was a manual, so I had to rely on my husband to drive us everywhere. Using public transport was too difficult. I got my first Motability car when my son was a small child and having access to a safe and affordable automatic car was a godsend. I could take him to school, clubs and friends houses with ease. I got some independence back.

“Now I’m retired, we use the car for everyday tasks, driving to my amateur dramatics club and for get-aways to the coast. We have been able to travel up and down the country in confidence and comfort knowing that my ‘legs’ are waiting outside for me!”
12 Independent living

By providing affordable, suitable transportation, the Motability Scheme directly impacts on the freedom of its customers to make their own decisions and therefore the extent of choice and control they have over their own lives.

The United Nations' “Convention on the Rights of Persons with Disabilities” enshrines the right for disabled people to be independent and make their own decisions.

The vast majority of customers (73%) said that they are more independent now that they have a Motability car. Of these, 49% said that they are a lot more independent.

Having a Motability car improves disabled people’s financial independence, 60% reported they were better off after receiving a Motability car.

Having a Motability car also significantly increases the degree of choice and control customers have over their own lives, their average ranking of the extent of choice and control they have rising from 3.8 to 7.9 after receiving a Motability car.

12.1 Political objective

Article 19 of the UN’s "Convention on the Rights of Persons with Disabilities" enshrines that “States Parties to the present Convention recognize the equal right of all persons with disabilities to live in the community, with choices equal to others, and shall take effective and appropriate measures to facilitate full enjoyment by persons with disabilities of this right and their full inclusion and participation in the community”.

With the input of disabled people, the Office of Disability Issues has defined independent living as:

- Having choice and control over the assistance and/or equipment needed to go about your daily life.
- Having equal access to housing, transport and mobility, health, employment and education and training opportunities.

12.2 Impact on independence

In the survey 73% of customers said that they are more independent now that they have their Motability car (Chart 12.1). Of these, 49% said that they are a lot more independent. This was particularly the case for people who had not had a car in their household before (60% of whom replied a lot more independent) and for those who got their car through a SVF grant (72% of whom replied a lot more independent).
Chart 12.1: How has your independence changed since having a Motability car?

- I am a lot more independent: 49%
- I am a little more independent: 24%
- I am just as independent as before: 26%
- I am less independent: 1%

Data Source: Plus Four Market Research Ltd. 504 people

I’m as independent as I was previously (before disability) which is great. If anything it’s my choice not to go anywhere now as opposed to I can’t go, or don’t feel well enough to go.

You tend to try to do more for yourself.

Having a Motability car also affects disabled people’s financial independence. Of the Motability customers surveyed, 60% reported that taking all of the impacts of the Motability car into account that they were better off after receiving the car rather than purchasing their own car or using other forms of transport (Chart 12.2). This was particularly the case for the youngest age group (3 to 24 year olds) (71%) who would be expected to have the lowest incomes and wealth. That said, the qualitative discussion groups suggested the financial benefits were secondary to the other benefits having a Motability car brings to disabled peoples’ lives.
Chart 12.2: Taking into account your car, insurance and running costs and any changes to your life that the Motability car has enabled, what overall impact do you think that having your current Motability car has had on your financial position?

- Better off: 60%
- Same as before: 33%
- Worse off: 7%

Data Source: Plus Four Market Research Ltd.

504 people
12.3 Comparison of choice and control

It is difficult to measure the impact having a Motability car has on the degree of choice and control disabled people have over their own lives. One possible way is to ask Motability customers to rank the extent of their choice and control (between 0 and 10) before and after getting their Motability car.

Prior to receipt of the car the average ranking of peoples choice and control over their own lives was 3.8 (Chart 12.3). After receipt of the vehicle, the average ranking was 7.9 (a gain of 4.1). The impact is particularly large for recipients of SVF grants (gains of 5.1 for drivers and 4.6 for passengers).
12.4 Main benefit of the Scheme

In the discussion group sessions, Motability customers were asked 'what is the main benefit of the Scheme?'. The consensus was that Motability cars enabled people to access life in a way they did prior to the onset of their disability or the way they perceived the rest of the population did. It enabled people to make spontaneous and independent decisions to travel to places to undertake activities of their own choosing. This increases disabled people’s ability to interact with the rest of society. This in turn improves their self-esteem, happiness and outlook on life. It also improves the well being of disabled people’s family and friends. At the same time, having a Motability car reduces people’s financial worries (about the risk of a breakdown of an existing old car, need for repairs and maintenance, etc).

"Keep your life as it was."

"We just want your life, what you do."

"A mobility car gives you back your dignity, your self respect and allows you the comfort and ease of getting from A to B."

"It takes the stress and worry away from actually buying a car and long-term your car is kept in good roadworthy condition but the thing is it allows you to be your own person and keep your pride intact."

12.5 Conclusions

Having a Motability vehicle enables disabled people to make spontaneous and independent decisions to travel to places to undertake activities of their own choosing. This increases their independence. It enhances the choice and control they have over their own lives. It contributes towards the Government’s vision of independent living for disabled people.

The vast majority (85%) of Motability customers said that their car had made a difference to their ability to access health service appointments. The car also made a positive difference to 77% of customers’ health. This is both physical (being less tired or having less extreme days) and mental health (less stress and depression).

There are many facets to the increased independence. Having a Motability car enables 15% of Motability customers and 6% of their informal carers to improve their education. Of those able to work, 39% reported having a Motability car had enabled them to improve or maintain their employment. It had also impacted 7% of customers’ families, enabling a household member to gain or keep a job.
Having a Motability car also enabled disabled people to enhance their social lives. Since getting the car, 60% of customers said their ability to visit family and friends had improved. They were able to visit more often, travel further and go regardless of the weather or time of day. Of those who are able to participate in sport/leisure/social activities, 40% reported their ability to undertake these activities had increased since getting the car. Of those who would consider voluntary or community/religious activities, 28% reported the car had made a difference in their ability to participate.

In Chapters 8 to 11 estimates are made of the economic value of some of the social impacts that are enabled by disabled people having a Motability Car Scheme car. We have only been able to quantify some of the channels of impact due to data constraints (for example, it is not known what health problems are averted or prevented from getting worse by customers’ attendance of an early appointment). However, the social impacts we have been able to quantify amount to £1,332 million a year. In addition, customers’ enhanced ability to visit family and friends is worth the monetary equivalent of £3,239 million.
13 Conclusion

This study investigates the benefit the Motability Car Scheme delivers to its disabled customers, their informal carers and the wider economy.

To the wider economy...

The economic impact analysis shows the Motability Car Scheme is estimated to support 21,080 jobs in 2009. Put another way, it supports one in every thousand jobs in the UK. In total, the Motability Car Scheme is estimated to contribute £2,015 million to UK GDP (or 0.1% of total) and contribute £468 million to the Exchequer in tax receipts.

To its customers and their families...

However, the Motability Car Scheme’s importance for the UK extends far beyond its economic impact. The Scheme and SVF grants change customers’ and their families’ lives. The research reveals that customers ratings on their ability to travel outside their home increase from an average rating of 3.5 prior to getting a Motability car to 8.3 after getting their Motability car (where 0 is difficult and 10 is easy). This improved mobility affects many aspects of customers lives, including their ability to access health services, their education, their employment and their ability to participate in social activities. In essence the Motability Car Scheme increases its customers independence and the choice and control that customers have over their own lives. The research reveals that getting a Motability car increases a customer’s average ranking of the choice and control they have over their lives from 3.8 to 7.9 (where 0 is none and 10 is complete).

The impact on the lives of customers who have a grant from the Specialised Vehicles Fund is more pronounced. These customers reported an increase in their ability to travel outside their homes from an average of 2.4 to 8.6 and an increase in their choice and control over their lives from 3.2 to 8.0.

This report estimates the economic value of some of the fuller lives that disabled people and their families are able to lead as a result of having a Motability car. The social impacts we have been able to quantify amount to £1.3 billion a year, mostly through increased wage income disabled people and their families are able to earn through enhanced employment opportunities and the impact of improved education on career paths.

Government support

The Motability Car Scheme enjoys cross party support, and is founded on the Government’s payment of mobility allowances to disabled people. It contributes to the Government’s vision that by 2025 disabled people in Britain should have the same opportunities and choices as non-disabled people to improve their quality of life and be respected and included as equal members of society. It also supports the UK’s commitment to The United Nations Convention on the Rights of Persons with Disabilities.

However, the Scheme does lead to some direct and indirect costs;

- The DWP incur staffing and administration costs in the diversion of the DLA directly to Motability of up to £2 to 3m per annum.
- The £17m per annum allocated to the Government’s Specialised Vehicles Fund and the £2m per annum paid to Motability to administer this fund.
- The tax revenue theoretically foregone as a result of the zero-rating of the Insurance Premium Tax (IPT) and VAT. These concessions are currently estimated to be worth £355 million per annum to the Motability Car Scheme, and just over £2,000 per lease. This potential tax revenue is a theoretical amount, as the application of VAT at the standard rate would result in increases in Scheme prices.
causing a decrease in customer numbers. Research shows that 57% of customers would potentially leave the Motability Car Scheme if prices were to rise by £2,000, and only 8% of these would be likely to purchase a new car. Hence the Exchequer would only be able to realise a small proportion of the £355 million.

The value of the costs required to support the Motability Car Scheme and the Specialised Vehicles Fund are significantly outweighed by the benefit that the Motability Scheme delivers to its customers and their families, to the wider economy, and the contribution that it makes to the vision for disabled people to have the same opportunities and choices as non-disabled people.
14 References


Cooke, P., (2009), ‘The United Kingdom automotive industries: Status, economic recovery and expectations’, A report for the SMMT.


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