

National Car Testing Service

Annual Review
2010

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I Introduction

General

- 1.1 Periodic roadworthiness testing of passenger cars and commercial vehicles is mandatory in all Member States of the European Community, in accordance with Directive 96/96/EC (as amended). Applus Car Testing Service Ltd (ACTS), a member of the Applus+ Group, is responsible for the operation of the National Car Testing Service (NCTS) in Ireland. It operates under a Project Agreement with the Road Safety Authority (RSA) by which it has been granted the exclusive right to provide the service for 10 years until 2019. ACTS recently took over this right from National Car Testing Limited, a member of the SGS Group, which operated the service between 1999 and 2009.
- 1.2 The National Car Test (NCT) in Ireland has now been in place for 11 years and is compulsory for cars over 4 years old. It is aimed primarily at improving road safety and enhancing environmental protection by providing an independent assessment of the roadworthiness and emissions level of cars at regular intervals throughout their life.
- 1.3 The NCT was conducted at 45 purpose built test centres nationwide during 2010.
- 1.4 The NCTS is required to provide very high standards of customer service, in line with acceptable performance standards set out in the Project Agreement. These are monitored regularly on behalf of the RSA, by the Supervision Services Contractor (SSC) (a consortium comprised of PricewaterhouseCoopers and the Automobile Association).
- 1.5 This report reviews the operation and performance of the NCTS during 2010, against the performance standards set out in the Project Agreement.

Summary

- 1.6 The overall throughput of vehicles and pass/fail rates for the National Car Testing service in 2010 is summarised in the table below. This shows that 51.8% of vehicles obtained test certificates on their first test. This was similar to the equivalent rate for 2009, which was 51.5%. 85.8% of re-tests requiring use of the test lane (for the testing of brakes, for example) obtained a test certificate compared with 86.4% in 2009. 99.2% of non-lane re-tests gained test certificates, the same result as noted in 2009.

Table 1.0 Year 2010 Annual Throughput of vehicles

Year Total Tests 1,312,741	Pass		Pass Advisory		Fail / Refusal		Fail / Dangerous		Total
No. of Full Tests	438,549	49.1%	23,733	2.7%	426,956	47.8%	4,426	0.5%	893,664
No. of Lane Re-Tests	226,670	83.5%	6,342	2.3%	37,824	13.9%	480	0.2%	271,316
No. of Non Lane Re-Tests	139,527	94.4%	7,069	4.8%	1,151	0.8%	14	<0.1%	147,761
	804,746	61.3%	37,144	2.8%	465,931	35.5%	4,920	0.4%	1,312,741

Source: NCTS management reports

* Note: Pass advisory category introduced in 2010 for warnings on tyre tread depth and registration plate illumination.

1.7 The table 1.1 details the percentages of pass, fail and fail dangerous full tests across all test centres.

Table 1.1: Annual throughput of vehicles for test centres

Test Centre	Pass		Fail		Fail / Dangerous		Total
	No.	%	No.	%	No.	%	
Abbeyfeale	5,944	55.6%	4,699	44.0%	45	0.4%	10,688
Arklow	6,057	46.2%	7,010	53.5%	47	0.4%	13,114
Athlone	7,025	50.4%	6,822	49.0%	78	0.6%	13,925
Ballina	4,956	47.6%	5,409	51.9%	48	0.5%	10,413
Cahir	9,214	50.7%	8,907	49.0%	52	0.3%	18,173
Cahirciveen	1,265	60.8%	814	39.1%	2	0.1%	2,081
Carlow	8,600	48.2%	9,154	51.3%	85	0.5%	17,839
Carndonagh	1,650	48.8%	1,718	50.9%	10	0.3%	3,378
Carrick-on-shannon	4,771	50.2%	4,681	49.3%	46	0.5%	9,498
Castlerea	4,595	51.7%	4,256	47.9%	42	0.5%	8,893
Cavan	4,055	44.1%	5,092	55.4%	43	0.5%	9,190
Charleville	6,396	61.2%	4,021	38.5%	33	0.3%	10,450
Clifden	1,048	40.2%	1,551	59.5%	7	0.3%	2,606
Cork-Blarney	13,613	50.8%	13,068	48.8%	97	0.4%	26,778
Cork-Little Island	24,145	53.1%	21,134	46.5%	197	0.4%	45,476
Deansgrange	32,828	48.6%	34,428	50.9%	323	0.5%	67,579
Derrybeg	1,756	49.6%	1,777	50.2%	5	0.1%	3,538
Donegal	5,052	61.3%	3,166	38.4%	28	0.3%	8,246
Drogheda	12,432	56.5%	9,491	43.1%	92	0.4%	22,015
Dundalk	5,228	41.6%	7,228	57.5%	108	0.9%	12,564
Ennis	9,724	45.5%	11,493	53.8%	146	0.7%	21,363
Enniscorthy	11,120	48.4%	11,719	51.0%	154	0.7%	22,993
Fonthill	32,466	46.1%	37,499	53.3%	401	0.6%	70,366
Galway	17,770	45.6%	21,001	53.9%	184	0.5%	38,955
Greenhills	11,380	46.9%	12,781	52.7%	80	0.3%	24,241
Kells	9,287	48.2%	9,894	51.4%	84	0.4%	19,265
Kilkenny	8,976	52.2%	8,162	47.5%	48	0.3%	17,186
Killarney	6,300	52.5%	5,640	47.0%	49	0.4%	11,989
Letterkenny	7,570	48.5%	8,000	51.2%	50	0.3%	15,620
Limerick	17,442	50.6%	16,827	48.9%	172	0.5%	34,441
Longford	4,287	46.9%	4,787	52.4%	62	0.7%	9,136
Macroom	5,943	56.1%	4,603	43.5%	47	0.4%	10,593
Monaghan	3,834	43.3%	4,953	55.9%	68	0.8%	8,855
Mullingar	5,739	46.6%	6,454	52.4%	116	0.9%	12,309
Naas	14,561	46.0%	16,884	53.3%	238	0.8%	31,683
Nenagh	8,960	51.6%	8,357	48.1%	64	0.4%	17,381
Northpoint 1	19,278	47.2%	21,329	52.3%	195	0.5%	40,802
Northpoint 2	26,653	46.8%	30,036	52.7%	278	0.5%	56,967

	Pass		Fail		Fail / Dangerous		Total
Portlaoise	6,593	48.7%	6,850	50.6%	85	0.6%	13,528
Skibbereen	5,744	55.2%	4,600	44.2%	55	0.5%	10,399
Sligo	5,072	43.8%	6,452	55.7%	56	0.5%	11,580
Tralee	8,371	55.4%	6,713	44.4%	38	0.3%	15,122
Tullamore	5,269	41.3%	7,395	58.0%	94	0.7%	12,758
Waterford	12,920	50.7%	12,391	48.7%	158	0.6%	25,469
Westport	7,578	53.3%	6,563	46.1%	81	0.6%	14,222
Youghal	5,082	50.8%	4,880	48.8%	35	0.4%	9,997

Top Five Vehicle Failure Items

- 1.8 For 2010, the following were the top five failure items in descending order: visual defect overall fails (291,308 incidences), head light beam aim (56,879 incidences), gas result fails (33,354 incidences), parking brakes (28,605 incidences) and service brakes (22,462 incidences).
- 1.9 The five most prevalent visual failure items were, in descending order, - Front suspension, Brake lines/ hoses, Stop lamps and Steering linkage.

Customer Satisfaction Results

- 1.10 Overall, the NCT achieved the agreed performance standard for customer satisfaction for the year. While the overall level of satisfaction was somewhat lower than in recent years, this was mainly attributable to longer waiting times in the early part of the year. This is discussed further in Section IV.
- 1.11 Customer perception was captured through a survey of vehicle owners whose car had been tested from April through to August 2010. The overall level of customer satisfaction with the service as a whole was 84%. This has fallen from 88% for 2009, representing the lowest score in the last 5 years.
- 1.12 The CPI (customer performance index) for 2010 was 82.6 (this represents a decrease of 0.9 points compared with 2009). The CPI has declined for the second consecutive year from a high of 84.6 in 2008.
- 1.13 Throughout the year, 710 complaints were received, representing fewer than 0.1% of people using the service. This was an increase on the 513 complaints that were recorded in 2009.

Overall Performance

- 1.14 2010 was the first year of operation since ACTS took over responsibility for delivering the NCTS. The transition of the service went relatively smoothly, albeit with reduced volumes for the first few weeks as the company bedded in new IT systems and coped with adverse weather conditions.
- 1.15 New test centres were opened at Greenhills, near Tallaght and in Carndonagh, Co Donegal, while all centres were kitted out with new automated test equipment, in a 9 month implementation programme.
- 1.16 2010 was a challenging year due to higher than expected demand for tests, especially in the early part of the year. Overall, the performance of the NCTS in 2010 achieved the required standard in relation to the key performance measures, except for those relating to waiting times. In this regard the average waiting time for test bookings for much of the year was above the 14 day standard and above 21 days for the majority of individual test centres. This situation was rectified by the final Quarter of the year. The remainder of this report discusses, in more detail, the performance of NCTS in relation to the key performance measures as set out in the Project Agreement.

II Operational Audit

Methodology

- 2.1 The operational audit consists of regular reviews of all aspects of test centre operations against a wide-ranging set of criteria summarised within:
- Customer Services and Facilities,
 - People Processes and Technology; and
 - Observed and Independent testing.
- 2.2 Performance is reviewed at headquarters and at test centres and some service aspects are tested in specific quarters once a year where there is no change expected during the year. All aspects of the service are scored in relation to the requirements of the Project Agreement, supported by individual test centre and headquarter audit reports. The weighted scores are consolidated on a monthly and quarterly basis. Areas of necessary improvement are communicated by the SSC to the Authority by way of written reports and discussions as the situation requires and to NCTS at regular review meetings.
- 2.3 Table 2.0 below summarises the operational audit scores for 2010 based on the results of inspections at headquarters and individual test centres (approximately 20 test centres are chosen at random each month). The overall performance score was 92.04% which is a decrease on 2009 (94.5%). Once again the service has exceeded the standard of 90% as defined in the Project Agreement.

Table 2.0 Operational Audit Scores for 2010

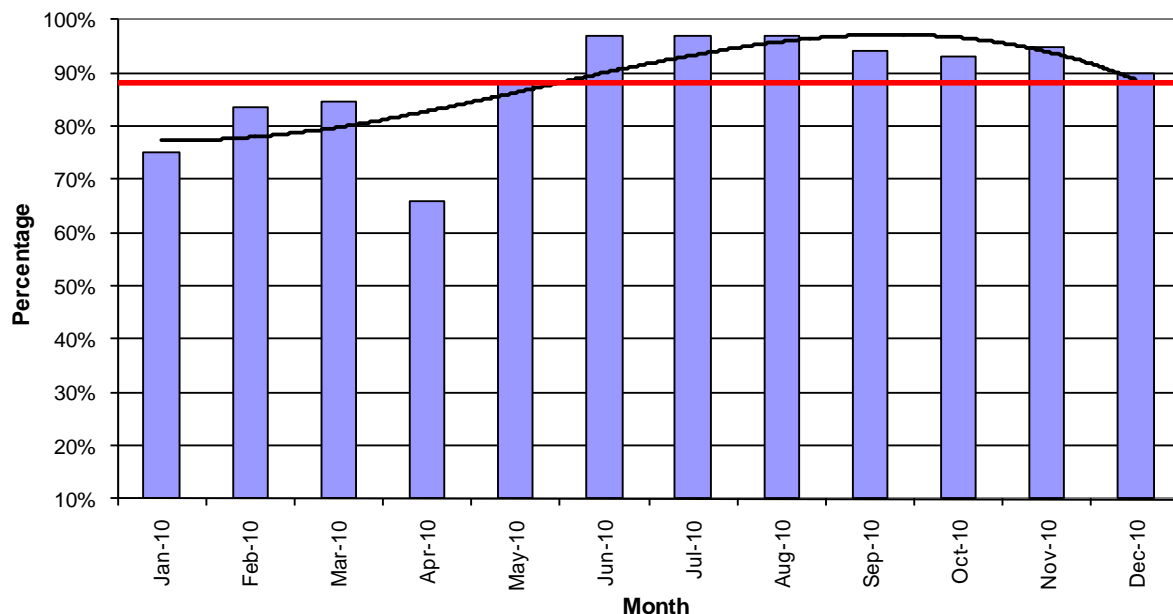
Weighting	Area	2010
465	Headquarters Specific Criteria:	94.48%
535	Test Centres Specific Criteria:	89.91%
1,000	Total weighted score	92.04%

Section A - Headquarters Review

Call Centre

- 2.4 Overall, the call centre fell below the required service level, for the year, which requires 90% of calls to be answered within 15 seconds. The overall result for 2010 was 87%, compared with 75.8% for 2009. The call centre exceeded the required service level in the final two Quarters of 2010.
- 2.5 During January to May the call centre performance was below target as shown in chart 2.0. This was as a result of an unexpected spike in call volumes as demand was significantly higher than expected. The months of January, when the new contractor took over the service, and April, when demand was particularly high, were particularly challenging. The performance targets were met each month from May onwards.

Chart 2.0 Percentage of calls answered within 15secs per month



- 2.6 Annual figures for call centre performance showed that the company received approximately 1.95 million calls, which is an increase of approximately 350,000 when compared with 2009. Call volumes increased by 11.5% in the first six months relative to 2009 i.e., 1,086,312 compared to 974,210.
- 2.7 Internet booking transactions accounted for approximately 20% of transactions during the year which was up 7% on 2009 and up 12% on 2008. During 2010, 55% of Full tests were confirmed by SMS (that were sent by NCT) compared to 28% in 2009 and 44% in 2008. A booking is sent by SMS following an agent's intervention i.e., when the customer calls for a booking.

Booking lead times

- 2.8 Lead-times for tests and retests and waiting times at test centres are monitored when carrying out the headquarters operational audit. In addition, evidence is sought that effective procedures for handling complaints appeals and general correspondence are in place.
- 2.9 The booking lead-time for full tests achieved the required service level over the year. On average, test appointments could be booked within 32.9 days from the time of request. This is a small improvement on 2009 where the average was 35 days but is above the service level standard of 14 days required for the service and therefore the performance standard was not met. This is discussed further in Section VI.
- 2.10 Overall, the lead-time for retest appointments met the required service standard of 7 days. The average lead-time for booking retests was approximately 4.4 days. NCT is required to keep average waiting times at test centres below 30 minutes, when vehicles are presented for testing. The overall average waiting time was just over 3.5 minutes which was higher than the average waiting time of just under 2 minutes in 2009. 506 vehicles were kept waiting longer than 1 hour compared with 95 vehicles in 2009.

Staffing and HR

- 2.11 Overall staffing levels which include headquarters staff, test centre and call centre personnel increased from 571 in December 2009 to 588 in December 2010. The number of vehicle inspectors and team leaders increased during 2010, from 387 in January to 394 in December. The call centre headcount fell during the year, from 90 in January to 80 in December as efficiency with new systems improved and call volumes decreased.
- 2.12 Recruitment programmes for Vehicle Inspectors were ongoing throughout 2010, mainly through advertisements in local press.
- 2.13 Annual training of all vehicle inspectors took place in January 2010. This training covered elements of the test process and test equipment and an assessment of each inspector was conducted. Further training was provided throughout the year as new vehicle inspectors were recruited and inducted. In addition, specific training courses were provided, including first aid training, Vehicle Registration Tax (VRT) administration training and transition training, as well as training for call centre staff.

Information Systems and Management Information Processes

- 2.14 The company introduced a new Information System which went live in January 2010. This new system is an integrated application which is used for all elements of the car testing including telephone, web and other bookings, test administration and reporting.
- 2.15 The company also introduced new display screens in test centres to provide customers with up to date estimates of waiting times. In addition, camera units were introduced in test lanes to facilitate real time remote observation of tests.

Test Centre Audit (Section B)

- 2.16 Overall, the NCTS test centres achieved the standard required as measured through the operational audits. During these inspections, the condition of the premises, and the availability and quality of the test centre equipment was checked, as well as the attitude and presentation of staff. Vehicle inspectors' performance was also monitored and graded. During the year, some 1,135 vehicle tests were observed as the vehicle inspectors tested the cars. A further 246 vehicles were rechecked by SSC engineers following completion of their tests.

Premises

- 2.17 The service is required to be delivered from premises that are accessible to customers and fit for the purpose. Generally, the company maintained the fabric of the premises to the expected standard during the year. However, the levels of satisfaction for 'Comfort of waiting area' and 'Cleanliness of waiting area' fell from 70% in 2009 to 66% in 2010 and 85% in 2010 to 84% respectively.

Test Equipment & IT

- 2.18 During the regular inspections of all test centre premises, the availability and quality of the test centre equipment was checked. The scores for individual test centres against this criterion were gathered and reviewed and a number of minor aspects drawn to the attention of management. These were rectified accordingly.
- 2.19 A key aspect of ensuring the accuracy of testing is to carry out regular consistency checks on all test equipment. Consistency checks were carried out regularly during the year, with SSC engineers accompanying NCT regional technical staff on the September checks.

Test Arrangements and Customer Service

- 2.20 The quality of customer service is measured against a number of different criteria, by means of a telephone survey of approximately 1,000 people who have recently had their cars tested. A customer performance index (CPI) is used as an aggregate index of performance based on the aspects of service considered by customers to be most important. The overall CPI score for 2010 was 82.6, compared with a score of 83.5 in 2009. The overall CPI score for 2010 was somewhat lower than in previous years. However, the score exceeded the 80 index points as set out under the customer service charter. The results of the survey are discussed further under Section IV of this report.

Observed Tests

- 2.21 A key aspect of the operational audit process is an assessment of the quality of work carried out by vehicle inspectors. Throughout the year, the quality of inspection was maintained to a high standard and this was reflected through the vehicle inspector (VI) scores, averaging 9.68 out of 10 for 2010 compared with 9.76 for 2009. Any areas of concern raised during the observations were pointed out to local management and reported regularly to the NCT for corrective action to be taken. This important criterion, directly impacting the quality of testing is discussed further in Section III.

III Observed Test Inspections

Methodology

- 3.1 The methodology for observing test inspections independently is based on a random selection of test centres and vehicle inspectors for unannounced inspection visits. Vehicle inspectors are observed carrying out full tests, with SSC engineers observing their attention to the inspection sequence and their effectiveness in identifying faults. They also assess as to whether or not any anomalies found would have changed the outcome of the test result.
- 3.2 The SSC aims to observe the testing of approximately 1,000 vehicles throughout the year. During 2010, some 1,135 vehicle tests were observed. These covered approximately 20 test centres each month.
- 3.3 The following table sets out a summary of the number of test centres, test lanes, vehicle inspectors and vehicle tests observed. On average, vehicle inspectors were observed carrying out 3 tests, on 2/3 different occasions throughout the year.

Table 3.0 Test Centres, Test Lanes, Vehicles Inspectors observed in 2010

2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of Test Centres	20	24	19	19	21	20	19	25	19	22	21	27	256
No. of Test Lanes	34	47	40	48	47	41	41	43	41	49	46	50	527
No. of Vehicle Inspectors observed	72	96	80	85	97	97	86	86	67	102	94	90	1,052
No. of Vehicles	72	109	80	88	102	105	90	94	90	116	95	94	1,135

- 3.4 The results of the observed tests are communicated to the local supervisor/team leader at the time of the review and to ACTS senior management on a monthly basis. The methodology is based on completing more than one observed test for each vehicle inspector, and reporting the lowest score.
- 3.5 For the year as a whole, some 1052 observations were made:
- There were 2.8% (29) incidences of vehicle inspectors scoring zero due to failing to identify a 'major' item or a least 6 'minor' items, compared with 2.1% (21) incidents in 2009 and 3.2% (32) in 2008;
 - one vehicle inspector scored 3 (omitted 5 minor items), compared with four in 2009 and none in 2008;
 - eleven vehicle inspectors scored 6 (omitted up to 4 minor faults), compared with one in 2009 and 3 in 2008;
 - Five vehicle inspectors omitted up to 2 faults (score 9), compared with none in 2009 or 2008; and
 - 95.6% of vehicle inspectors audited scored maximum points, compared with 2009 and 2008 outcomes of 97.4% and 96.5% respectively.

Table 3.1 Vehicle Inspector performance rating for 2010

Category	Score	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Very Good (0 faults omitted)	10	72	91	73	85	94	93	80	80	65	92	93	88	1,006

Good (<=2 faults omitted)	9	0	0	0	0	0	0	0	3	1	1	0	0	5
Adequate (<=4 faults omitted)	6	0	0	0	0	0	3	1	0	0	6	0	1	11
Poor (5 minor items omitted)	3	0	0	0	0	1	0	0	0	0	0	0	0	1
Unacceptable (any major item or 6 minor items omitted)	0	0	5	7	0	2	1	5	3	1	3	1	1	29
Check Test Totals		72	96	80	85	97	97	86	86	67	102	94	90	1,052

3.6 Overall the quality of testing observed has been very good with (95.6%) scoring top marks. An average score of 9.68 out of 10 was achieved overall, representing a good performance for the quality of work carried out by the vehicle inspectors.

3.7 2.8% of vehicle inspectors were rated poor or unacceptable which is an increase on the 2.1% for 2009 but below the 3.2% recorded in 2008. In each case where the vehicle inspector was deemed to have carried out the observed test inadequately, the matter was drawn to the attention of the team leader and to NCTS senior management. 29 instances of poor performance were recorded during 2010 and usually related to matters of detail such as:

- Failure to notice faults with light bulbs;
- Failure to note break pipe corrosion and cracked mirrors;
- Failure to notice excessive oil leaks;
- Failure to check PAS fluid or other fluid levels;
- Vehicle being awarded an overall pass despite failing the side slip test;
- VI not operating the new testing system correctly;
- Tyre pressure not checked in accordance with the procedures;
- VIs leaving the vehicles while shock tests are undertaken; and
- Failure to identify VINs during tests or checking VINs from stickers on windows.

3.8 The supervised test inspections for 2010 were analysed using the same reporting software as is used for the National Car Testing Service' results as a whole. The purpose was to assess whether the results for the sample were similar to those of the overall population of vehicles tested. Material differences would indicate a possible difference in standards of testing when testing is being observed independently.

3.9 For the automated test elements, the pass/fail rates for the sample showed consistency with the overall rates for the vehicle population. There was no material difference across the general elements of the test with the light beam test showing the failure rate for AA observed inspections being 1.27% above that of the general population of vehicles. Although there was no significant difference in particular elements, taken as a whole the level of failures due to visual defects was higher for the sample. This appears to indicate that when being observed, there is a slightly greater tendency to fail borderline cases.

3.10 Two pass/fail decisions were overturned as a result of failure items being omitted, or included in error, during the observed tests.

Independent check tests

3.11 246 vehicles were checked independently by the SSC during the year and achieved an average score of 9.95 out of 10 which is slightly below the average score of 10 for 2009 and 2008. These were drawn, at random, from tests completed immediately prior to unannounced visits. For the 246 vehicles checked independently, 2 instances of incorrect test results were identified compared with none in 2009.

IV Customer Satisfaction Survey

- 4.1 One of the key aspects of the National Car Testing Service that is monitored regularly is the level of customer satisfaction. The overall objective of the study, carried out by the PwC International Survey Unit, is to measure levels of customer satisfaction with the main aspects of service provided by ACTS.

Methodology

- 4.2 The 2010 survey represents the 11th wave of measurement of levels of customer satisfaction with the main aspects of the NCTS service. This current survey was conducted with members of the general public who recently had their vehicle tested by the NCTS.
- 4.3 The 2010 survey was conducted in 2 tranches, the first tranche was conducted with members of the public who had their car tested between the months of April and May 2010, and the second was drawn from tests conducted in July and August 2010. The sample was randomly selected from NCTS' customer database for the corresponding periods and was representative in terms of the national first time pass rate for the year to date, which was 51.6% (period 1st January - 30th September 2010). Customers from all NCTS test centres were surveyed throughout the fieldwork period
- 4.4 The survey was administered using a structured questionnaire via PwCs' computer aided telephone interviewing (CATI) system. The questionnaire was consistent with that used for the NCTS annual customer satisfaction survey in previous years and contained a series of questions dealing with the level of importance and satisfaction with a range of issues that an NCTS customer would expect to encounter.

Analysis

- 4.5 The questionnaires were analysed using the SPSS computer statistical package, the standard statistical package designed for the purposes of market research.
- 4.6 A key feature of our analysis is the calculation of a Customer Performance Index (CPI). This index summarises the overall performance of NCTS in a single score which allows for each year's results to be interpreted at a glance and compared with the results of the benchmark study and those of the subsequent years' monitoring.

Key findings

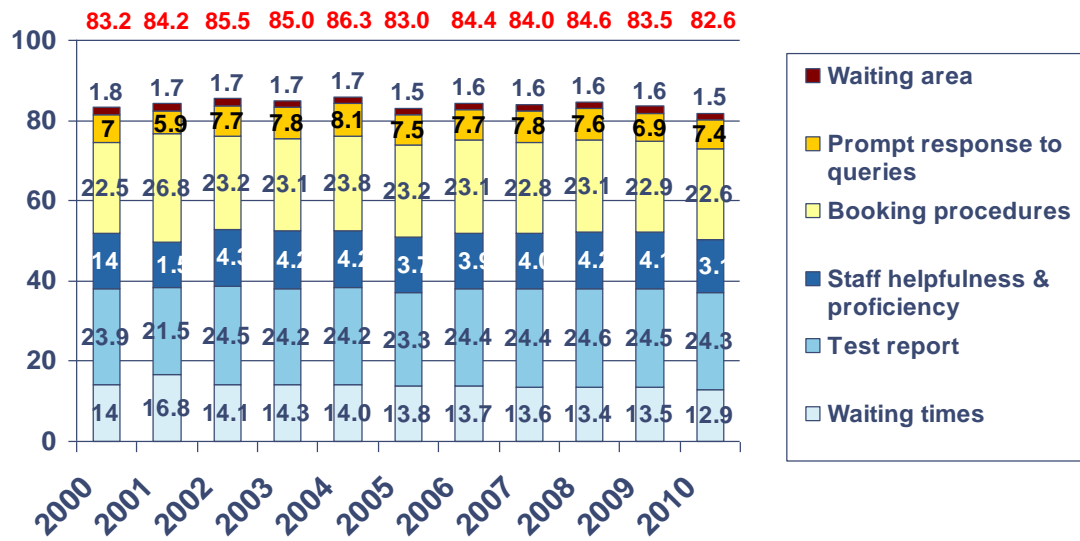
Respondent Profile

- 4.7 The profile of respondents exhibits the same broad pattern since monitoring began in 2000. The majority (65%) of respondents presenting their car for testing are over the age of 35 years. Only 36% of respondents are aged 35 years or younger; whereas those aged 50 years or older represent 33% of the total. Those in the 26 – 49 years age bracket represent just over half (54%) of the total.

Customer Performance Index

- 4.8 The CPI achieved in 2010 was 82.6. This has shown a small, but consistent fall since 2008, when the CPI rating was 84.6. However, this remains above the service standard score of 80 as set out in the customer charter.

Customer Performance Index



Overall Satisfaction

- 4.9 Respondents were asked to rate their satisfaction with various aspects of service on a five point scale, where one is 'very dissatisfied' and five is 'very satisfied'. Satisfaction with the main aspects of service was generally high, with the majority of respondents being very satisfied or quite satisfied with all of the service attributes under investigation.

Aspect of Service	Number to whom question was applicable	Quite satisfied (%)	Very satisfied (%)	Overall satisfaction 2010 (%)	Overall satisfaction 2009 (%)
Information on booking procedures	1,014	32	46	77	82
How straightforward it was to confirm test	1,009	25	64	89	92
Helpfulness of staff when confirming test	925	23	68	91	91
Length of time had to wait for test appointment	1,007	19	32	51	66
Length of time taken to respond to telephone queries	594	32	53	86	81
Length of time taken to respond to written queries	93	29	52	81	72
Registration and payment procedures at test centre	997	27	61	88	87
Helpfulness of reception staff	1,004	64	23	87	89
Length of time had to wait at test centre	1,000	31	55	86	90
Cleanliness of waiting area	989	31	52	84	85
Comfort of waiting area	978	33	34	66	70
Helpfulness of staff member who carried out test	974	25	65	89	91
Ability to carry out test professionally	922	26	66	92	91
Ability to answer questions on test result	754	27	61	88	89
Test report itself	1,012	27	57	84	87
Length of time had to wait for re-test	271	29	58	86	86

- 4.10 Whilst overall levels of satisfaction are high, an important differential is in relation to the percentage of respondents who were 'quite satisfied' as opposed to 'very satisfied'. Whereas 'very satisfied' usually indicates complete satisfaction with a particular aspect of service, 'quite satisfied' suggests that there is still scope for improvement. Only four of the 16 criteria saw the percentage of 'very satisfied' increase during 2010 compared with 2009.

- 4.11 Four areas of service have seen improvements from 2009 based on overall satisfaction scores (noting however, that there is a +/- 3% margin on the results given the sample size used). These are :

- Length of time taken to respond to telephone queries (86% vs. 81%);
- Length of time taken to respond to written queries (81% vs. 72%);

- Registration and payment procedures at test centre (88% vs. 87%); and
 - Ability to carry out test professionally (92% vs. 91%).
- 4.12 The length of time customers had to wait for a test appointment was the lowest scoring aspect of service at 51% overall satisfaction. This follows the trend in the past few years where this attribute has seen a decline from a high of 82% satisfaction rating in 2005. The score reflects the fact that testing was behind schedule for much of 2009 and early 2010 due to a high level of additional demand, not predicted by analysis of the transfer files from NVDF. This aspect saw the greatest decline during the year.
- 4.13 In total, ten aspects had a lower overall satisfaction this period than in 2009 (again noting that there is a +/- 3% margin on the results given the sample size used):
- Information on booking procedures (77% vs 82%)
 - How straightforward it was to confirm a test (89% vs. 92%);
 - Length of time customers had to wait for a test appointment (51% vs. 66%);
 - Helpfulness of reception staff (87% vs. 89%);
 - Length of time had to wait at test centre (86% vs. 90%);
 - Cleanliness of waiting area (84% vs. 85%);
 - Comfort of waiting area (66% vs. 70%);
 - Helpfulness of staff member who carried out test (89% vs 91%);
 - Ability to answer questions on test result (88% vs 89%); and
 - Test report itself (84% vs 87%).
- 4.14 Two aspects maintained the same satisfaction levels as in 2009: 'Helpfulness of staff when confirming test' (91%) and 'Length of time had to wait for retest' (86%)
- 4.15 Satisfaction with the overall service received from the NCTS in 2010 received a score of 84% which is the lowest it has been in the past five years (88% in 2009, 89% in 2008 and 87% in both 2007 and 2006)

Value for Money

- 4.16 The perceived value for money of the NCTS has fallen consistently year by year and 2010 has been no exception with 52% rating the service as 'very good' or 'quite good' value for money in 2009, (versus 54% in 2009, 64% in 2008 and 66% in 2007). However, a growing number of respondents (32% in 2010 versus 20% in 2007) fall into the neutral 'neither/nor' category.
- 4.17 When asked why they felt the NCTS offered perceived poor value for money, 60% of respondents stated that the NCTS test 'costs too much', which compares to 60% in 2009 and 45% of respondents in 2008. This is in the context of a test fee of €50 that has only seen a small change due to a VAT adjustment, since 2004.

Conclusion

- 4.18 Overall, satisfaction with the services provided by the NCTS remains high, with 84% of respondents stating that they were either 'very' or 'quite' satisfied. This is below the 2009 result of 88%. As usual, contentment was highest amongst those owners whose car passed its test first time around (89%), compared to those whose car had failed the test first time (80%).
- 4.19 The 'length of time (respondents) had to wait for a test appointment' was the most dissatisfactory aspect of the service with an index of 51. This was a drop in score of 15.0 from 2009.

V Complaints and Appeals

Customer Complaints

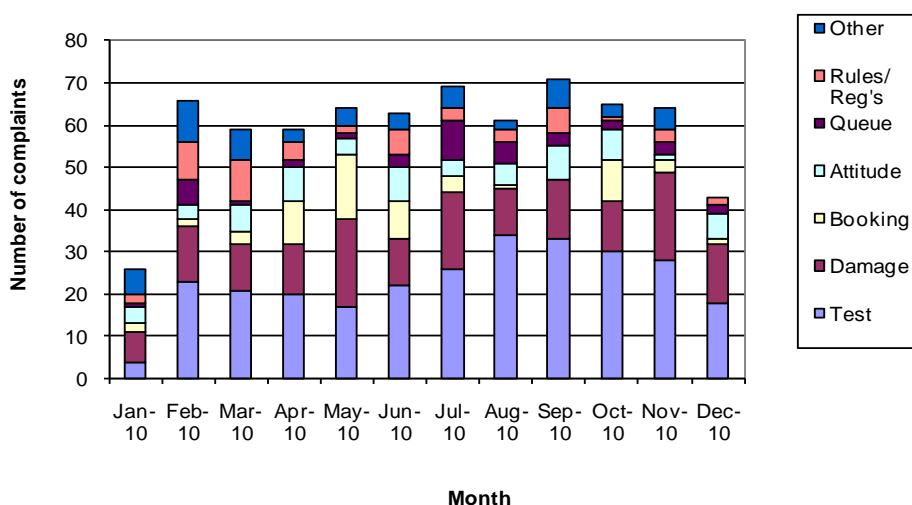
- 5.1 Customer complaints are recorded under a number of categories set out in the summary table below. From the outset, the NCTS have used a computer system to record initial customer complaints, document their progress and resolution and provide a document audit trail to retain information regarding promptness and quality of responses to customers.
- 5.2 During 2010 there were 710 customer complaints, which shows a nominal increase on the total number of complaints received in 2009 (513). This is due to the inclusion of test outcome queries in customer complaints which were previously recorded separately. The total number of complaints as a percentage of total tests taken was 0.08%. This was higher than the 2009 result (0.04%) but well below the maximum target set at 0.2%.

Table 5.0 Year 2010 customer complaints (by category)

Complaint category	Total
Test (conduct of test/results)	276
Damage (or loss to property)	165
Bookings (& call centre)	60
Attitude (of staff)	64
Queue (delays at test centre)	38
Rules/Regulations	51
Other	56
Total	710
As a % full tests Conducted	0.08%

- 5.3 38.9% of the complaints related to test conduct/results while 23.2% related to vehicle damage or loss of customer property. Complaints about Rules and Regulations accounted for 7.2% which is a significant decline on the 17% in 2009. This category includes complaints relating to such issues as expiry date of test certificate, retest validity periods and test content.

Chart 5.1 Year 2010 customer complaints (by category)



Appeals

5.4 The Independent Appeals Board received 25 appeals throughout 2010, this was a reduction on the 2009 total of 39 appeals. Four appeals were upheld after investigation and seventeen were rejected in 2010. A further four complaints were not applicable to the Appeals Board. The upheld appeals related specifically to the following areas;

- A vehicle was passed however subsequent examination identified several items on which it should have failed;
- Headlight alignment issue; and
- Test results following engine damage claim.

Conclusion

5.5 The number of complaints received by the NCTS has remained low as a proportion of tests conducted and there is a consistent approach to dealing with them. The Independent Appeals Board provides an independent environment for the resolution of customer issues, for the small number of cases that require additional investigation.

VI Performance Management

Performance Standards Achieved

6.1 The following table sets out the NCTS level of achievement over the past 5 years, against the standards of performance required.

Table 6.0 Year 2010 NCT achievement against Performance Standard

Performance Standard	Target	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010
Waiting times (full slots) for bookings – average less than 14 days	<14 days	11.4	13.1	13.4	N/A*	32.9
Waiting times at individual National Car Test Centres – average less than 21 days	<21 days	✓	✓	✓	N/A*	X
Test accuracy	99.0%	99.0%	99.9%	99.0%	99.7%	99.9%
Customer satisfaction (Customer Performance Index)	80.0	84.4	84.0	84.6	83.5	82.6
Operational audit	90.0%	94.7	90.8	91.3	94.5	92.0
Notification of results		✓	✓	✓	✓	✓
Notifying Owners of the requirement to have their vehicle tested	80% 4-6 weeks before the due date of the test	N/A	N/A	N/A	N/A	✓

* A derogation was given against this performance standard in 2009

✓ - Denotes satisfactory result by reference to the performance standards

6.2 As shown in the table above:

- Waiting times for test bookings did not meet the contractual target.
- Standards of test accuracy were met with 99.9% achieved against a target of 99%
- The CPI (Customer Performance Index) for 2010 was 82.6 which was above the target of 80
- Operational audit performance for 2010 was above the target of 90% at 92.0%, but showed a decrease on the 2009 score of 94.5%.
- The standard requiring at least 80% of owners to be notified in advance was met from 1st July.
- Notification of test results continued to be forwarded daily to NVDF in line with the standard required.

6.3 The requirement to issue notifications to owners in advance of their test due dates was introduced formally from 1st July, following a request for derogation of this standard in the first half of the year. This was a new requirement under the Project Agreement and was unable to be met in the first part of the year since the prior contractor retained responsibility for notifications and bookings till the end of the 2009.

- 6.4 The performance standards and the performance adjustment criteria, as detailed in the Project Agreement, are measured by reference to waiting times, waiting times at individual National Car Test Centres, test accuracy, customer satisfaction, operational audit, notifying owners of the requirement to have their vehicle tested and notification of results.
- 6.5 Performance adjustments for the new NCTS contract were set up, generally to be applied on a quarterly basis throughout the term of the new contract. However, recognising that there may be transitional difficulties in moving to a new contactor, it was agreed in advance, that, for the first year, these may be averaged.
- 6.6 Due, in part, to fewer than the expected number of tests due in early 2010 being completed in late 2009 and a higher number of 2009 due tests falling into 2010, the demand for tests in 2010 exceeded the level anticipated, particularly in the early part of the year. As a result, testing capacity was stretched, such that the lead-times for booking tests extended beyond the required standards, for much of the year.
- 6.7 The company responded by increasing the number of staff employed and increasing its output, so that its lead-time performance recovered during Quarter 3 and fully met the standard (with the exception of a single test centre) for the final Quarter of the year.
- 6.8 In addition the company met its obligations to individual customers, by offering free tests if they were unable to get a test appointment within 28 days. Approximately 17,000 customers were affected.
- 6.9 Following a request from the company, it was agreed that there were factors outside its control that affected its ability to achieve the required standards in Quarter 1, so no performance adjustment was considered applicable for that period. However the company accepted its responsibilities for its underperformance in certain areas and at certain times throughout the year and accordingly a performance adjustment of €720k was applied for 2010.

Rectification & Default Notices

- 6.10 The company received one rectification notice in 2010 in relation to its failure to extend the test centre in Arklow in accordance with timetable agreed. The extended test centre was opened in line with the requirements of the rectification notice.

Other issues

- 6.11 From time to time either RSA or ACTS become aware of allegations of improper or fraudulent activities on the part of individual members of staff or test centres. Such allegations are investigated by the company and, where appropriate, reported to An Garda Síochána. During 2010 a number of incidents were investigated. 1 such incident was reported to AGS, but did not result in any conviction.

VII Financial Matters

- 7.1 In this Section of the report we comment on the overall financial results of the company. The purpose and scope of our work as SSC is not of the nature of a financial audit. We do not provide any assurance or comfort as to the validity of the figures presented in this report and we do not present an opinion as to the true and fair nature of the state of affairs of the company. We have not been required to assess or validate any of the financial figures made available to us and therefore any errors in the underlying figures will flow through to our report. We accept no responsibility or liability for any such errors. The company's appointed auditors are Deloitte & Touche.
- 7.2 We, as SSC, monitor the financial performance of the company on a monthly basis with reference to the management accounts and discuss the monthly performance and key variances against budget with the company accountant at monthly review meetings.
- 7.3 Each year, the company provides a revised forecast of its performance over the full term of the contract, incorporating projections of numbers of vehicles eligible for testing over the remainder of the contract, as well as other relevant information such as any agreed test fee changes or other cost changes. The financial model – covering the 10 years of the contract - is also updated for audited historic outturn information once the final financial statements are available.
- 7.4 We obtain the annual un-audited financial statements as soon as they become available and reconcile these to the year end management accounts, as well as confirming the consistency between the un-audited and audited financial statements, once available. Once the 10 year financial model has been updated for historic actual and revised forecast information, we consider both the inputs to the model and the resulting outputs and, in particular, the revised forecast project IRR. As well as revised performance indicators for the 10 year contract period, the outputs from the updated financial model include a budget for the following year.
- 7.5 Other aspects of our work include assisting in the evaluation of any applications for review of the test and/or retest fee and reviewing the documentation supporting the levy payments made by the NCTS to the Department.
- 7.6 The profit and loss accounts for the company, as per the financial statements, for the financial year ending 31 December 2010 is summarised below, showing the key financial results.

Table 7.0 Financial comparison - Profit and Loss Account 2010

	2010 €			
Turnover	43,189,980			
Cost of Sales	(29,945,000)			
Gross profit	13,244,980			
Administrative expenses	(12,107,216)			
Operating profit/(loss)	1,137,764			
Finance income	-			
Finance costs	(165,767)			
Profit/(loss) before taxation	971,997			
Taxation	(139,235)			
Profit/(loss) for the year	832,762			

- 7.7 As noted above, ACTS took over responsibility for the operation of the NCTS in Ireland in January 2010. As such, the 2010 results noted above represent the first full year of operations for ACTS. In 2010, the NCTS recorded turnover of €43.2m. This compares with €43.5 million recorded by the previous contractor in 2009. Core National Car Testing Service income formed 99.1% of total income for 2010 with the remaining income coming from VRT Import Conformance Inspection testing. There were no changes to gross test fees in 2010, though, following the tendering exercise for the new contract, the income per test for the contractor was lower than for previous years.
- 7.8 ACTS recorded a profit before tax of €0.9million for 2010 representing an operating profit margin of 2.6% and a net (pre tax) margin of 2.3%. This compares with a loss of before tax of €2.25m for 2009. This loss was mainly as a result of administrative expenses incurred in preparing to take over the NCTS operations in 2010. No income was received in 2009.
- 7.9 Likewise the balance sheets for the company for the financial years ending 31 December 2010 and 31 December 2009 are summarised below, identifying the key balances and the year on year changes. These figures have been taken from the 2010 Draft financial statements which include 2009 comparatives.

Table 7.1 Financial comparison – Balance Sheets 2010 and 2009

	2010 €	2009 €	Difference €	Difference %
Non Current assets				
Property, plant and equipment	4,964,474	3,280,073	1,684,401	51%
Intangible assets	3,755,562	2,585,849	1,169,713	45%
Deferred tax asset	59,193	178,997	-119,804	-67%
Other non-current assets	673,931	517,696	156,235	30%
	9,543,160	6,562,615	2,980,545	45%
Current Assets				
Trade and other receivables	399,764	993,818	-594,054	-60%
Cash and cash equivalents	2,371,573	332,691	2,038,882	613%
	2,771,337	1,326,509	1,444,828	109%
Total Assets	12,224,497	7,889,124	4,335,373	55%
Equity				
Issued capital	3,010,000	3,010,000	0	0%
Retained earnings	(1,245,634)	(2,078,396)	832,762	-40%
Total Equity	1,764,366	931,604	832,762	89%
Non Current Liabilities				
Amounts owed to group companies	1,139,931	3,548,844	-2,408,913	-68%
Provisions	325,000	325,000	0	0%
	1,464,931	3,873,844	-2,408,913	-62%
Current Liabilities				
Trade and other payables	8,995,200	3,083,696	5,911,504	192%
Total Liabilities	10,460,131	6,957,520	3,502,611	50%
Total Equity and Liabilities	12,224,497	7,889,124	4,335,373	55%

7.10 The value of non-current assets increased by approximately €3m in 2010 largely as a result of increases in the net book value of property plant & equipment and intangible assets. At 31 December 2009, ACTS acquired the property, plant and equipment previously held by the previous contractor at Net Book Value. In 2010, ACTS made further investments in plant and machinery, computer hardware, and computer software (intangible assets).

7.11 Current assets have increased by €1.44 million overall, and the main reason for this is the increase of €2.04 million in the cash balance held to €2.37 million. Trade and other receivables have fallen to €0.4 million. Non-current liabilities have fallen to €1.14m as amounts owed to group companies were repaid during 2010. The provisions of 0.33m remained static for 2010 and relate to leasehold dilapidation provisions. Trade and other payables have increased significantly at 31 December 2010 largely as a result of VAT (€1.33m) and VRT (€3.88m) payable to the Office of Revenue Commissioners. These were not applicable in 2009 as testing operations had not commenced and ACTS had not yet taken on the VRT collection role. The company has remained in a net current liability position at 31 December 2009 and 31 December 2010.

- 7.12 Overall there has been an 82% increase in the total equity held in the company from 2009 to 2010 and this change in the equity shareholders' funds is equal to the profit of €5.072 million retained for the year.

Conclusion

Financial Performance

- 7.13 2010 was the first year of operation for ACTS since taking over responsibility for the NCTS in January 2010. Turnover was €43.2m for the year compared with €43.5 for 2009 recorded by the previous contractor. ACTS recorded an operating profit of €1.14m and profit before tax of €0.97m for 2010 representing an operating profit margin of 2.6% and a net (pre tax) profit margin of 2.3%. This compares with a loss before tax of €2.3m recorded by ACTS for 2009 as administrative expenses were incurred before testing operations begun in 2010. No dividend was paid during the year.
- 7.14 Total equity increased by 0.8m in the year to 31 December 2010 as profit after tax added to reserves. This was accompanied by investment in tangible and intangible assets, an increase in cash balances held as the commenced trading and VRT was collected. In addition there was an increase in trade creditors and other payables, largely relating to VAT and VRT payable, while amounts owed to group companies fell during the year as loans were repaid.

VIII Conclusions

- 8.1 2010 was the first year of operation since Applus Car Testing Service Limited took over responsibility for delivering the National Car Testing Service. The transition of the service went relatively smoothly, albeit with reduced volumes for the first few weeks as the company bedded in new IT systems and coped with adverse weather conditions.
- 8.2 New test centres were opened at Greenhills, near Tallaght and in Carndonagh, Co Donegal, while all centres were kitted out with new automated test equipment, in a 9 month implementation programme.
- 8.3 The year proved challenging as demand exceeded the expectation of the company, particularly in the early part of the year. As a result the company failed to meet certain performance standards, both overall and at individual test centres, and incurred a performance adjustment of €720k as a result. All other key performance measures were met.
- 8.4 The overall staffing levels increased across the year, primarily driven by the recruitment of Vehicle Inspectors. The increased level of staffing was in response to the desire to reduce waiting times and meet greater than anticipated levels of demand.
- 8.5 Customers' overall level of satisfaction with the service, as measured by the customer performance index, remained good at 82.6, though this was lower than previous years. The company will have to take account of waiting times for tests and the quality of customer waiting areas for the score to improve. The number of complaints remained low and related to fewer than 0.1% of total tests.
- 8.6 The operational audit, a composite measure of a wide range of performance elements was 92%, comfortably above the target of 90%.
- 8.7 Finally, for the company's first year of full operation, ACTS recorded turnover of €43.2 million, an operating profit of €1.1 million and a profit before taxation of just under €1 million. No dividend was paid.