

National Car Testing Service

Annual Review
2008

Draft report

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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. National Car Testing Service Ltd (NCTS), a member of the SGS Group, is responsible for the operation of the car testing service in Ireland. It operates under a Project Agreement with the Road safety Authority with an exclusive licence to provide the service for 10 years until 2009.
- 1.2 The National Car Test (NCT) in Ireland has now been in place for 9 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 is conducted at 43 purpose built test centres nationwide.
- 1.4 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 Road Safety Authority, by the Supervision Services Contractor (SSC) (A consortium drawn from PricewaterhouseCoopers LLP and the Automobile Association).
- 1.5 This report reviews the operation and performance of NCTS during 2008, 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 2008 is summarised in the table below. This shows that 51.9% of vehicles obtained test certificates on first test. This was similar to the equivalent rate for 2007, which was 51.8%. 86.6% of re-tests requiring use of the test lane (brakes etc) obtained a test certificate compared with 86.7% in 2007. 99.2% of non-lane re-tests gained test certificates which is the same as percentage as 2007.

Year Total Tests 1,220,391 (2008)	Pass		Fail / Refusal		Fail / Dangerous		Total
No. of Full Tests	433,678	51.9%	396,456	47.4%	5,688	0.7%	835,822
No. of Lane Re-Tests	220,764	86.6%	33,808	13.3%	476	0.1%	255,048
No. of Non Lane Re-Tests	128,463	99.2%	1047	0.8%	9	0.0%	129,159

Table 1.0 Year 2008 Annual Throughput of vehicles

Source: NCTS management reports

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

	Pass		Fail		Fail / Dangerous		Total
		%		%		%	
Abbeyfeale	5,265	55.0	4,244	44.3	67	0.7	9,576
Arklow	6,468	46.7	7,265	52.4	130	0.9	13,863
Athlone	6,855	52.3	6,164	47.1	81	0.6	13,100
Ballina	4,652	48.1	4,972	51.4	44	0.5	9,668
Blarney	14,099	55.3	11,264	44.1	151	0.6	25,514
Cahir	8,825	54.0	7,389	45.2	126	0.8	16,340
Cahirciveen	1,118	59.1	764	40.3	12	0.6	1,894
Carlow	8,726	49.6	8,733	49.6	134	0.8	17,593
Carrick on Shannon	4,322	49.3	4,389	50.1	54	0.6	8,765
Castlerea	4,673	52.5	4,163	46.7	74	0.8	8,910
Cavan	4,240	47.5	4,641	52.0	39	0.5	8,920
Charleville	5,988	57.7	4,347	41.9	41	0.4	10,376
Clifden	1,078	45.5	1,281	54.0	13	0.5	2,372
Cork	22,562	54.7	18,489	44.8	230	0.5	41,281
Deansgrange	38,664	55.4	30,877	44.2	288	0.4	69,829
Derrybeg	1,506	49.0	1,557	50.6	11	0.40	3,074
Donegal Town	4,305	60.3	2,772	38.8	65	0.9	7,142
Drogheda	10,300	54.7	8,321	44.2	209	1.1	18,830
Dundalk	6,064	53.3	5,258	46.3	48	0.4	11,370
Ennis	9,142	48.4	9,548	50.5	203	1.1	18,893
Enniscorthy	10,450	49.1	10,647	50.1	169	0.8	21,266
Fonthill	36,840	50.0	36,496	49.5	404	0.5	73,740
Galway	18,791	49.3	19,101	50.1	232	0.6	38,124
Navan/Kells	9,598	50.5	9,210	48.4	215	1.1	19,023
Kilkenny	9,016	58.9	6,234	40.8	52	0.3	15,302
Killarney	6,237	55.0	5,025	44.4	71	0.6	11,333

	Pass		Fail		Fail / Dangerous		Total
Letterkenny	8,884	50.4	8,693	49.2	78	0.4	17,655
Limerick	18,298	53.1	15,967	46.3	222	0.6	34,487
Longford	4,431	50.6	4,269	48.7	65	0.7	8,765
Macroom	5,583	54.6	4,503	44.0	147	1.4	10,233
Monaghan	3,890	49.2	3,963	50.2	48	0.6	7,901
Mullingar	5,327	50.5	5,114	48.4	115	1.1	10,556
Newbridge/NAAS	13,518	49.3	13,701	49.9	222	0.8	27,441
Nenagh	8,692	53.3	7,475	45.9	133	0.8	16,300
Northpoint 1	21,362	49.3	21,625	50.0	284	0.7	43,271
Northpoint 2	27,425	50.6	26,512	48.9	269	0.5	54,206
Portlaoise	6,669	50.3	6,357	47.9	235	1.8	13,261
Skibbereen	5,703	54.0	4,790	45.3	73	0.7	10,566
Sligo	5,004	43.2	6,524	56.3	63	0.5	11,591
Tralee	8,075	56.0	6,254	43.4	82	0.6	14,411
Tullamore	5,474	48.6	5,696	50.5	106	0.9	11,276
Waterford	12,498	53.3	10,761	45.9	186	0.8	23,445
Westport	7,806	53.3	6,701	45.7	153	1.0	14,660
Youghal	5,254	54.3	4,381	45.3	44	0.4	9,679

Table 1.1 Year 2008 Test Centre Performance

Top Five Vehicle Failure Items

- 1.8 For 2008, the following are the top five failure items in descending order:-visual defect overall fails 39.5% (39.4% in 2007), light beam results 6.12% (6.9% in 2007), brake test fails 4.41% (5.0% in 2007), gas result fails 4.10% (4.11 in 2007) and dip beam left 3.9% (4.6% in 2007). There has been a small decrease in the top five failure items in 2008.
- 1.9 The five most prevalent visual reasons for refusal of a test certificate for 2008 were, in descending order:- front suspension 8.16%, Brake line/ Hoses 6.75% tyre condition 6.26%, stop Lamps 5.78% and Head Lamp Condition 5.39%.

Customer Satisfaction Results

- 1.10 Overall, the NCT achieved the agreed performance standards of customer satisfaction. Customer perception was captured through a survey of vehicle owners whose car had been tested at different times through the year/.
- 1.11 The CPI (customer performance index) for 2007 was 84.6 (This represented an increase of 0.4 points since 2007). The CPI continues to maintain a level that is consistently above the standard required.
- 1.12 Throughout the year 622 complaints were received, representing fewer than 0.1% of people using the service. This was a slight increase on the 549 recorded in 2007.

Pricing Review

- 1.13 There was no pricing review requested or carried out in 2008. The findings of the last price review were implemented from 1 March 2005. The fees applicable in 2008 were as follows: €49 for an initial test, €27.50 for a retest and €90 for a taxi suitability test.

Overall Performance

- 1.14 Overall, the performance of the NCTS in 2008 achieved the required standard. It met the required quality and performance targets and achieved a good customer satisfaction rating. The remainder of this report discusses, in more detail, the performance of NCTS in relation to the key performance measures.

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. It also includes reviews of procedures, centralised documentation, call centre operations, staffing and training records, information systems and management information.
- 2.2 The following table sets out the high level operational audit criteria and their relative weightings.

Area	Weighting
Premises	189
Staff qualification, training and presentation	40
Test equipment & IT	158
Test arrangements & customer service	20
Supervised test	250
Section A Sub-Total	657
Call centre	101
Information systems & management Information	26
Centrally measured processes	128
Centralised Documentation	88
Section B Sub-Total	343
Total weighted score	1000

Table 2.0 Operational Audit Criteria and Weightings

Summary

- 2.3 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.
- 2.4 Table 2.1 below summarises the operational audit scores for 2008. The overall performance score in 2008 was 91.3% which is an increase on 2007 (90.8%). Once again the company has exceeded the standard of 90% defined in the Project Agreement.
- 2.5 Section A of Table 2.1 highlights the operational audit scores at individual test centres (approximately 20 test centres chosen at random each month). These scores showed a slight improvement on prior year with improved scores in each area.
- 2.6 Following a weak second quarter, performance in section B of the audit criteria improved significantly in the second half of 2008. This was primarily due to the improved call centre performance following reduction in the backlog of bookings.

Weighting	Area	2008 %	QTR 1	QTR 2	QTR 3	QTR 4
150	Premises	89.5	87.6	91.3	90.8	88.61
60	Staff	98.2	96.8	99.4	98.2	98.19
150	Test Equipment and IT	93.2	90.7	92.4	94.8	94.73
40	Test arrangements and customer service	99.9	100.0	99.6	100.0	100.00
250	Supervised test	93.7	92.3	93.9	94.7	93.70
	Section A (test centre) Sub-Total	92.9	91.1	93.3	94.0	93.0
110	Call centre	74.1	67.3	51.0	86.1	92.1
40	Information systems and management information	99.7	100.0	100.0	100.0	98.8
125	Centrally measured processes	92.5	100.0	91.4	86.3	92.2
75	Centralised documentation	94.9	93.6	97.4	89.1	99.5
	Section B (headquarters) Sub-Total	88.3	88.7	81.7	88.0	94.5
	Total Weighted Audit Score for 2007	91.3	91.4	89.3	91.9	93.5

Table 2.1 Operational Audit Scores for 2008

Test Centre Audit (Section A)

2.7 Overall, the NCTS test centres achieved the standard required as measured through the operational reviews. During the test centre reviews, the condition of the premises, and the availability and quality of the test centre equipment is checked. The attitude and presentation of staff and vehicle inspectors' performance is also monitored and graded. During the year some 1,087 vehicle tests were observed as the vehicle Inspectors tested the cars. A further 217 vehicles were rechecked by SSC engineers following completion of their tests.

Premises

2.8 The National Car Testing Service is required to be delivered from premises that are accessible to customers and fit for the purpose. Generally, the NCTS maintained the fabric of the premises to the expected standard during the year. The level of satisfaction for 'Comfort of waiting area' has improved since the refurbishment programme was applied to a number of premises, rising from 65% in 2006 to 73% in 2007 before declining to 72% in 2008.

Staffing and HR

2.9 Overall staffing levels which include headquarters staff, test centre and call centre personnel increased from 553.5 in January to 598.5 in December. The number of vehicle inspectors and team leaders increased throughout 2008, from 333 in January to 379 in December.

2.10 To assist in meeting the key performance target of 90% of calls answered within 15 seconds the call centre headcount grew from 135 in January to a peak of 145 in July before declining to 123 in December.

2.11 Recruitment programmes were ongoing throughout 2008 until November, with a drive through advertisements in Local Papers for Vehicle Inspectors. In November 2008, recruitment was put on hold, 12 call centre staff were then laid off in December 2008.

2.12 Annual training of all vehicle inspectors took place in December 2008. Training had also taken place in January 2008 as a result of a slippage in the previous year's training schedule. The 2008 training covered elements of the test process and test equipment and an assessment of each inspector was conducted. Additional training throughout the year consisted of individual staff assessments conducted by the management team and senior inspectors. V2R training was

also completed and continuous staff assessments were carried out by the Management Team and Trainers.

- 2.13 A bursary scheme was offered to all employees who were interested in participating in training courses relating to the current or future positions within the company. This scheme was however put on hold in October 2008 until further notice. The development and delivery of the Employee Handbook was also put on hold due to the retendering and awarding of the NCT contract.

Test Equipment & IT

- 2.14 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.
- 2.15 NCTs trialed two new technologies for use in test lanes in order to further improve the consistency of tests and to reduce the risk of fraudulent activity. The use of On Board Diagnostics (OBD) to identify the car and obtain more accurate temperature and engine speed readings was trialed. This is due to be rolled out across the Network in early 2009. The use of Biometric scanning to identify Vehicle Inspectors prior to test execution was also trialed at Deansgrange test centre.
- 2.16 A key aspect of ensuring the accuracy of testing is to carry out regular consistency checks on all test equipment. Four sets of consistency checks were carried out during the year, with SSC engineers accompanying NCT regional technical staff on the third round of tests, held in September 2008.
- 2.17 A new interface for receiving data from the National Vehicle Data File (NVDF) was introduced. This new interface provides NCTS with more frequent updates from the NVDF on imported vehicles. They now also receive information on the date of registration in Ireland which allows NCTS to select the date of import as the vehicle's due date.
- 2.18 Historically NCTS only provided the Driver and Vehicle Computer Services Division (DVSCD) with the details of pass inspections. This has now been extended to include Odometer and CO2 emission readings.
- 2.19 A new Contact Centre Telephony Infrastructure was deployed in 2008. This has enabled the contact centre to be operated on two sites in parallel. The Disaster recovery site was also brought in house.

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 1000 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 2008 was 84.6, compared with a score of 84.0 in 2007, but is still below the figures obtained in 2004. The score continues to exceed the 80 index points as set out under the customer service charter. The results of the survey are discussed further under section 4 of this report.

Observed Tests

- 2.20 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 and this was reflected through the vehicle inspector (VI) scores, averaging 9.67 out of 10 for 2008 compared with 9.47 for 2007. 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 3.

Section B - Headquarters Review

- 2.21 Information that is held or managed centrally was reviewed during reviews at headquarters which were conducted on a Quarterly basis. Operational audit scores for this part of the framework ranged from 81.7% in Quarter 2 to 94.5 % in Quarter 4.
- 2.22 Scores within the call centre section remained relatively low during quarters 1 and 2 with scores of 67.3%, and 51.0% respectively, before showing a significant improvement during Quarter 3 (86.1%). This reflected the fact that a backlog of tests built up which was only cleared by mid year. The operational audit scores for Information systems and management information were reasonably consistent throughout 2008 as shown in Table 2.1. Centrally managed processes and centralised documentation scores varied due to average test waiting times being in excess of the required standard and incomplete information in Quarter 3.

Call Centre

- 2.23 Overall, the call centre met the required service level of 90% of calls answered within 15 seconds. The overall result for 2008 was 90.5%, compared with 92% for 2007.
- 2.24 Call centre performance for January was above target at 96%. From March until August performance was below target as shown in chart 2.0 (with the exception of May (90%)). The introduction of driver testing calls in the March/April period resulted in a higher than expected call demand, leaving the company with insufficient resources to deal with the NCTS calls. The introduction of a new call centre and switch board also caused technical issues, which impacted performance for June and July.

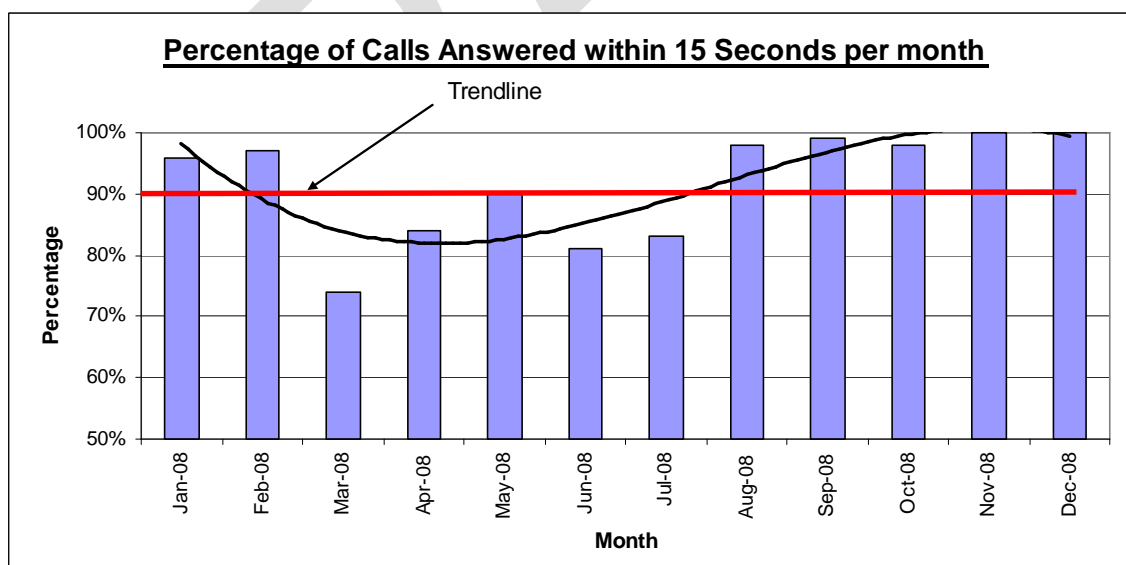


Chart 2.0 Percentage of calls answered within 15secs per month

- 2.25 Annual figures for call centre performance showed that the company received approximately 1.4 million calls, which was an increase of approximately 100,000 when compared with 2007, mostly appearing as a 15% increase in volume in the first six months.

- 2.26 Internet booking transactions accounted for approximately 11% of transactions during the year which was up 3% on 2007 and the same level as experienced in 2006. During 2008 44% of full test appointments were confirmed by SMS compared with 45% in 2007 and 42% in 2006.
- 2.27 In 2008, a second call centre was established in the Galway region. This will provide a more robust business continuity plan in the event of an emergency. A real time copy of the live NCT database is maintained at the Galway data centre. All updates to the live database are transferred to the standby database in real time ensuring that the standby database is always up to date. The application and web servers for online bookings, management reporting, payments and SMS are also duplicated at the Galway data centre. NCTS invested in a new contact centre telephony infrastructure. This new server allows skill-based routing; call treatment flexibility, real time displays and multimedia functionality. It routes callers to the resources best equipped to handle specific inquiries or customer segments.

Information Systems and Management Information Processes

- 2.28 Investment in the IT infrastructure continued in 2008 with the emphasis being on the back office and call centre system expansion and improvement. Investments included a new interface with DVCS, developed to improve the accuracy of the data transferred to NCTS

Centrally Measured Processes

- 2.29 The overall performance score for centrally measured processes was 92.5 for 2008 which was below the 2007 score (99.5). This reduced score was due to testing lead times being longer than the required standard for parts of the year. The main elements of centrally measured processes include measurement of lead-times for tests and retests, waiting times at test centres and evidence that procedures for handling complaints appeals and general correspondence are effective.
- 2.30 The booking lead-time for full tests achieved the required service level over the year. On average, test appointments could be booked within 13.4 days from the time of request, compared with the service level standard of 14 days. While meeting the standard this represented a worsening of the position from that achieved over the past few years as shown in Table 6.0 in Section VI.
- 2.31 Overall, the lead-time for retest appointments met the required service standard of 7 days. The average lead-time for booking retests was 6.5 days which is up on the 6.2 days achieved in 2007.
- 2.32 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 2 minutes which is similar to the 2007 time.
- 2.33 137 vehicles were kept waiting longer than 1 hour compared with 129 vehicles in 2007.

Centralised Documentation

- 2.34 This criterion covers a range of issues including:
- confirmation of qualification of vehicle inspection staff;
 - maintenance of company records for test equipment calibration and safety compliance
 - operation of the company's plant maintenance system (PMAC).
- 2.35 The operational audit scoring for this section was 94.9 in 2008 compared with 95.9 in 2007.

Summary

- 2.36 In its ninth year of operation, the company's performance, measured by the operational audit, was 91.3%, which was above the outcome achieved in 2007 (90.8%). This represents a continued achievement of standards across a wide range of individual criteria.

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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 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 2008 some 1,104 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.

2008	Jan	Feb	Mar	April	May	June	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of Test Centres	19	22	17	24	21	17	21	10	23	28	19	20	241
No. of Test Lanes	43	41	33	49	36	31	39	15	41	39	37	41	445
No. of Vehicle Inspectors observed	91	98	79	105	86	62	83	34	92	112	80	78	1000
No. of Vehicles	94	109	89	135	93	70	87	35	97	127	80	88	1,104

Table 3.0 Test Centres, Test Lanes, Vehicles Inspectors observed in 2008

- 3.4 The results of the observed tests are communicated to the local supervisor/team leader at the time of the review and to NCTS 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:
- 3.2% (32) of vehicle inspectors scored zero due to failing to identify a 'major' item or a least 6 'minor' items, compared with 5.2% (51) incidents in 2007 and 2.5% (20) in 2006;
 - No vehicle inspectors scored 3 (omitted 5 minor items);
 - 0.3% of vehicle inspectors (3) scored 6 (omitted up to 4 minor faults), compared with 0.1% in 2007 and 0.4% in 2006;
 - No vehicle inspectors omitted up to 2 faults (score 9), which is the same as the 2007 outcome and a decrease from the 2.5% recorded in 2006; and
 - 96.5% of vehicle inspectors audited scored maximum points, which above the 94.6% in 2006 and 2007.

Category	Score	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Very Good (0 faults omitted)	10	87	96	78	102	81	61	79	34	88	105	78	76	965
Good (<=2 faults omitted)	9	0	0	0	0	0	0	0	0	0	0	0	0	0
Adequate (<=4 faults omitted)	6	1	0	0	0	0	1	0	0	1	0	0	0	3
Poor (5 minor items omitted)	3	0	0	0	0	0	0	0	0	0	0	0	0	0
Unacceptable (any major item or 6 minor items omitted)	0	3	2	1	3	5	0	4	0	3	7	2	2	32
Check Test Totals		91	98	79	105	86	62	83	34	92	112	80	78	1,000

Table 3.1 Vehicle Inspector performance rating for 2008

- 3.6 Overall the quality of testing observed has been very good. The number scoring top marks (96.5%) was above the 2006 and 2007 scores and was a slight increase upon the 2005 performance of 96%. An average score of 9.67 out of 10 was achieved overall, representing a good performance for the quality of work carried out by the vehicle inspectors.
- 3.7 3.2% of vehicle inspectors were rated poor or unacceptable compared which is a decrease on the 5.2% recorded in 2007. However, this is still above the 2.5% and 1.6% in 2006 and 2005. In each case where the vehicle inspectors were deemed to carry out the observed test inadequately, the matter was drawn to the attention of the team leader and to NCTS senior management. 32 Instances of poor performance were recorded during 2008 and usually related to matters of detail such as;
- failing to ensure that tyre pressures were checked in accordance with procedure;
 - faults not recorded;
 - emissions testing procedure not followed;
 - rusted pipe misdiagnosed;
 - incorrect VI number on display; and
 - safety equipment not being worn.
- 3.8 The 1,087 vehicles included in the supervised test inspections were analysed using the same reporting software as is used for the 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 although the light beam test showing the failure rate for AA observed inspections being 2.9% above the for the general population of vehicles. Taken as a whole the level of failures due to visual defects was higher for the observed sample, giving rise to a variance for the test pass rate, when comparing observed and unobserved.. This matter was discussed with NCT senior management and it was agreed that SSC and NCTS would monitor this area more closely. It was noted that there is a slightly greater tendency to fail borderline cases when vehicle inspectors are being observed. When 2008 results are compared to 2007 results there are again no significant differences in comparable results.
- 3.10 No pass/fail decisions were overturned as a result of failure items being omitted, or included in error, during the observed tests.

Independent check tests

- 3.11 272 vehicles were checked independently by the SSC during the year and achieved an average score of 10 out of 10 which is similar to 9.93 scored in 2007. These were drawn, at random, from tests completed immediately prior to unannounced visits. For the 272 vehicles checked independently, no instances of incorrect test results were identified compared with 2 in 2007.

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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 PricewaterhouseCoopers International Survey Unit, is to measure levels of customer satisfaction with the main aspects of service provided by NCTS.

Methodology

- 4.2 The 2008 survey represents the 9th 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 2008 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 2008, and the second was drawn from tests conducted between July and August 2008. 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 52% (period 1st January - 30th September 2008). Customers from all NCTS test centres were surveyed throughout the fieldwork period
- 4.4 The survey was administered using a structured questionnaire via PricewaterhouseCoopers' 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

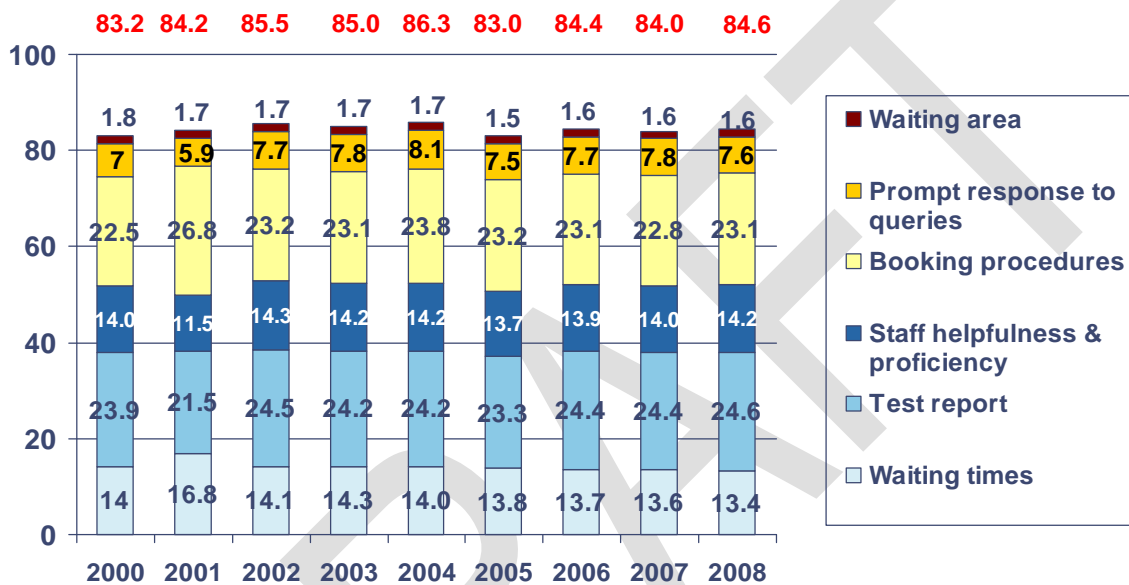
Respondent Profile

- 4.7 The profile of respondents exhibits the same broad pattern since monitoring began in 2000. The majority (79%) of respondents presenting their car for testing are over the age of 35 years. Only 21% of respondents are aged 35 years or younger; whereas those aged 50 years or older represent 47% of the total. Those in the 26 – 49 years age bracket represent just under half (46%) of the total.

Customer Performance Index

4.8 The CPI achieved has been consistently above the target level for the service since its inception. The current monitoring period has seen an increase in the CPI rating to 84.6, which is the highest observed CPI rating since 2004 and is well 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 2008 (%)	Overall satisfaction 2007 (%)
Information on booking procedures	998	30	53	83	80
How straightforward it was to confirm test	995	25	66	91	91
Helpfulness of staff when confirming test	859	22	70	92	92
Length of time had to wait for test appointment	990	28	39	67	68
Length of time taken to respond to telephone queries	636	28	63	91	89
Length of time taken to respond to written queries	114	33	47	80	90
Registration and payment procedures at test centre	996	25	63	88	89
Helpfulness of reception staff	990	24	66	90	89
Length of time had to wait at test centre	992	28	61	89	90
Cleanliness of waiting area	979	30	55	85	87
Comfort of waiting area	978	28	44	72	73
Helpfulness of staff member who carried out test	970	24	68	92	90
Ability to carry out test professionally	905	23	70	93	91
Ability to answer questions on test result	766	24	65	89	88
Test report itself	991	29	59	88	87
Length of time had to wait for re-test	326	24	54	78	88

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.

4.11 Four areas of service have seen improvements from 2007 and have increased their percentage of 'very satisfied' customers. These are :

- (i) information on booking procedures (83% vs. 80%);
- (ii) the ability of test centre staff to carry out the test professionally (93% vs. 91%);
- (iii) the helpfulness of the staff member who carried out the test (92% vs. 90%); and

- (iv) the length of time taken to respond to telephone queries (91% vs. 89%).
- 4.12 Length of time customers had to wait for a test appointment is the lowest scoring aspect of service at 67% overall satisfaction. This score reflects the fact that testing was behind schedule for much of 2008 due to a high level of additional demand encountered.
- 4.13 Customer satisfaction scores continue to be low in respect of the comfort of the waiting area and a further small fall from 2007 results.
- 4.14 The length of time customers had to wait for a re-test appointment saw the greatest fall in satisfaction levels - from 88% in 2007 to 78% in 2008. This reflected the pressure that the systems was under during early part of the year in particular
- 4.15 Performance under seven of the 16 service attributes have improved on the 2007 ratings for overall satisfaction (noting however, that there is a +/- 3% margin on the results given the sample size used).
- 4.16 Seven aspects have lower overall satisfaction this period than in 2007 (noting however, that there is a +/- 3% margin on the results given the sample size used):
- Length of time customers had to wait for a test appointment (67% vs. 68%)
 - Length of time taken to respond to written queries (80% vs. 90%)
 - Registration and payment procedures at test centre (88% vs. 89%)
 - Length of time had to wait at test centre (89% vs. 90%)
 - Cleanliness of waiting area (85% vs. 87%)
 - Comfort of waiting area (72% vs. 73%)
 - Length of time had to wait for re-test (78% vs. 88%)
- 4.17 'How straightforward it was to confirm test' and 'Helpfulness of staff when confirming test' achieve the same score as the 2007 ratings.
- 4.18 Satisfaction with the overall service received from NCTS remains high with 89% stating that they were 'quite satisfied' or 'very satisfied' with the overall service. This outcome is also higher than the observed level in 2006 and 2007 (87%). The percentage expressing dissatisfaction remains consistently low at less than 3%.

Value for Money

- 4.19 Almost two thirds of respondents (64%) believe that NCTS offers good value for money. This result represents a slight decrease on 2007 (66%), but still continues the improvement on 2005 (54%). Conversely, there is a marginal decrease in the percentage of people who perceived the NCTS to offer either 'quite poor' or 'very poor' value for money (11% in 2008 vs. 14% in 2007), with a larger proportion of respondents falling into the neutral 'neither/nor' category (25% in 2008 vs. 20% in 2007).

Conclusion

- 4.20 Overall, satisfaction with the services provided by NCTS remains high; with 89% of respondents stating that they were either 'very' or 'quite' satisfied. This is above the 2007 result (87%). As in previous years, contentment was highest amongst those owners whose car passed its test first time around (94%), compared to those whose car had failed the test first time (84%).
- 4.21 The 'length of time (respondents) had to wait for a test appointment' was the most unsatisfactory aspect of the service with an index of 67. This was a drop in score of 1.0 from 2007. 'The length of time had to wait for a re-test' fell by 10 to 78.
- 4.22 Seven areas showed an improvement in satisfaction, while another seven showed a decline in satisfaction with the remaining two areas remaining consistent.

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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, NCTS have used a Lotus based software application to record initial customer complaints, document their progress and resolution and provide a documented audit trail to retain information regarding promptness and quality of responses to customers.
- 5.2 During 2008 there were 622 customer complaints, which was a slight increase on the total number of complaints received in 2007 (549). However, The total number of complaints as a percentage of total tests taken was 0.05%. This was below the 2007 result (0.07%) and well below the maximum target set at 0.2%.

Complaint category	Total
Test (conduct of test/results)	41
Damage (or loss to property)	191
Bookings (& call centre)	58
Attitude (of staff)	50
Queue (delays at test centre)	32
Outcome of the tests (appeals)	126
Rules/Regulations	97
Other	27
Total	622
As a % tests Conducted	0.05

Table 5.0 Year 2008 customer complaints (by category)

- 5.3 31% of the complaints related to Vehicle damage or loss of customer property. Rules and Regulations accounted for 16% in 2008 which is a significant decline on the 34% recorded in 2006. This category includes complaints relating to such issues as expiry date of test certificate, retest validity periods and test content.

Breakdown of Complaints by Category each Month

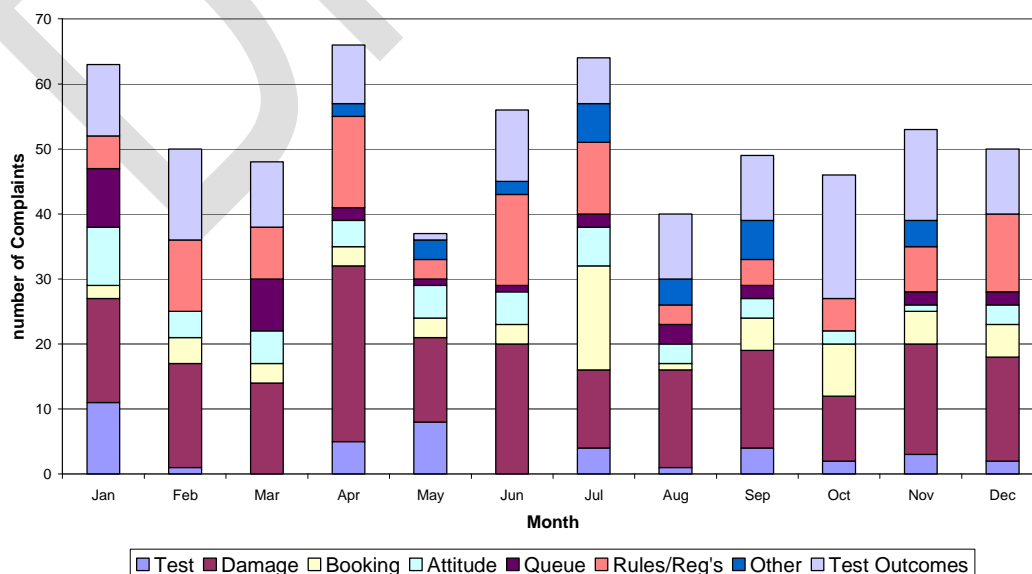


Chart 5.0 Year 2008 customer complaints (by category)

Appeals

- 5.4 Since 2005 an independent appeals procedure has been in operation. Technical investigations are carried out by the SSC, who are responsible for processing any appeal raised by a customer.
- 5.5 The Independent Appeals Board received 31 appeals throughout 2008, 8 appeals were upheld after investigation, 20 were rejected, 2 did not come under the remit of the Independent Appeals Board as they referred to administrative errors and vehicle damage. One appeal was left open as the customer did not provide the vehicle for re-inspection.
- 5.6 The upheld appeals related specifically to the following areas;
- Windscreen wipers;
 - Brakes;
 - Tyre wear;
 - Loose front seats; and
 - the eligibility of a vehicle for testing.

Conclusion

- 5.7 The number of complaints received by NCTS has continued to fall as a proportion of tests conducted and the company has adopted a consistent approach to dealing with them. The establishment of an Independent Appeals Board provides a more 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 company's achievement against the standards of performance required.

Performance Standard	Target	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008
Waiting times (full slots) for bookings – average less than 14 days	<14 days	6.1 days	13.5	9.7	9.1	7.8	10.7	11.4	13.1	13.4
Waiting times at individual National Car Test Centres – average less than 21 days	<21 days	✓	✓	✓	✓	✓	✓	✓	✓	✓
Test integrity	99.0%	99.7%	100.0%	99.9%	100.0%	99.9%	99.5%	99.0%	99.9%	99.0%
Customer satisfaction (Customer Performance Index)	80.0	83.2	84.2	85.5	85.0	86.3	83.0	84.4	84.0	84.6
Operational audit	90.0%	89%	90.1%	93.3%	95.1	96%	95.8%	94.7	90.8	91.3
Notification of results		✓	✓	✓	✓	✓	✓	✓	✓	✓
90% of calls answered within 15 secs.	90.0%	88.0%	65.0%	88.0%	93.0%	92.0%	93.0%	90%	92%	90%

Table 6.0 Year 2008 NCT achievement against Performance Standard

✓ - Denotes satisfactory result by reference to the performance standards

6.2 Waiting times for test bookings were all within contractual targets as shown in the above table.

6.3 The CPI (Customer Performance Index) for 2008 was 84.6 which is higher than the CPI target of 80 and a slight increase on the 2007 survey (84.0).

6.4 Operational audit performance for 2008 was above the target of 90% at 93.5%, and was also an increase on the 2007 score of 90.8%.

6.5 Call centre performance for 2008 was 90.5%, a decrease on 2007 scoring of 92%, but still above the project agreement target of 90%.

6.6 Notification of test results continued to be forwarded weekly to NVDF in line with the service level agreement.

6.7 The following table demonstrates the performance standards and the performance adjustment criteria, as detailed in the Project Agreement.

Performance area	Key performance standard	Performance points	Performance bands	Performance adjustment criteria	Actual adjustment
Waiting times	Average waiting time for test bookings less than 14 days	One point for each day (max. six points per week) greater than the standard	A : 0 points B : 1-4 points C : 5-8 points D : >8 points	0.0 0.5% of total turnover 1.0% of total turnover 1.5% of total turnover	0

Performance area	Key performance standard	Performance points	Performance bands	Performance adjustment criteria	Actual adjustment
Waiting times at individual National Car Test Centres	Average waiting time for test bookings less than 21 days	0.33 point for each day (max two points per week) greater than the standard	A : 0 points B : 0-1 points C : 1-2 points D : >2 points	0.0% 0.5% of centre turnover 1.0% of centre turnover 1.5% of centre turnover	0
Test integrity	99 per cent of test outcomes to be confirmed on check testing.	One point for each 0.5 per cent below the standard	A : 0 points B : 1-4 points C : 5-8 points D : >8 points	0.0% 0.5% of total turnover 1.0% of total turnover 1.5% of total turnover	0
Customer satisfaction	Level of customer satisfaction with the National Car Testing service as defined by Composite Customer Satisfaction Index must equal 90 per cent.(80%CPI)	Two points for each three per cent below the standard, taking into account sampling errors	A : 0 points B : 0-4 points C : 4-8 points D : >8 points	0.0% 0.5% of total turnover 1.0% of total turnover 1.5% of total turnover	0
Operational audit	Average composite index of performance resulting from operational audits of National Car Test Centres must equal 90 per cent.	One point for each one per cent below the standard	A : 0 points B : 1-4 points C : 5-8 points D : >8 points	0.0% 0.5% of total turnover 1.0% of total turnover 1.5% of total turnover	0
Notification of results	Transfer of test results to NVDF daily (or issue of test certificates and discs within two minutes of test completion) on 98 per cent of occasions.	One point for each one per cent below the standard	A : 0 points B : 1-4 points C : 5-8 points D : >8 points	0.0% 0.5% of total turnover 1.0% of total turnover 1.5% of total turnover	0

Table 6.1 Performance Standards and the Performance Adjustment Criteria

6.8 As a result of achieving the required standards, no performance adjustment is applicable to NCTS in respect of their overall performance during 2008.

Rectification & Default Notices

6.9 The company received no rectification or default notices during 2008.

Quality Accreditation

6.10 The company retained its ISO 9001 accreditation during the year.

Conclusion

6.11 NTCS retained their ISO 9001 and met all performance standards were in 2008.

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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.
- 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 NCTS to the Department.
- 7.6 The profit and loss accounts for the company, as per the audited financial statements, for the financial years ending 31 December 2008 and 31 December 2007 are summarised below, showing the key financial results and the year on year changes.

	2008	2007	Difference	Difference
	€	€	€	%
Turnover	42,009,038	34,965,560	7,043,478	20.14%
Administrative costs	(36,360,989)	(28,867,829)	-7,493,160	25.96%
Operating profit	5,648,049	6,097,731	-449,682	-7.37%
Interest payable and similar charges	-	-		
Interest receivable and similar income	170,639	80,008	90,631	113.28%
Profit on ordinary activities before taxation	5,818,688	6,177,739	-359,051	-5.81%
Tax on profit on ordinary activities	(746,868)	(847,176)	100,308	-11.84%
Profit on ordinary activities after taxation	5,071,820	5,330,563	-258,743	-4.85%

Table 7.0 Financial comparison - Profit and Loss Accounts 2008 and 2007

- 7.7 In 2008, NCTS turnover increased by €7.0 million to €42.0 million. However, the administrative costs also increased over the year, by a greater amount, with the overall effect that the operating profit fell by €0.45 million. Overall the number of tests was higher in 2008 than 2007 for full tests, retests and for non-lane re-tests which has resulted in higher total income.
- 7.8 The testing income forms 94.72% of total income for 2008 and 94.71% for 2007 and therefore any changes in testing income, combined with the effect of the test fee increases would largely explain the overall change in turnover.
- 7.9 Within administrative costs, staff costs and numbers (average number 518 in 2008, 497 in 2007) were higher in 2008 than in 2007 by €4.3m and this is the main contributing factor to the higher overall operating costs in 2008. Interest receivable increased by 113% over the year. Depreciation fell by €0.2m and other operating costs increased by €3.4m during the year.
- 7.10 Profit before tax was down €0.36 million (5.8%) from 2007 and profit after tax by €0.26 million (4.85%).
- 7.11 Likewise the balance sheets for the company for the financial years ending 31 December 2008 and 31 December 2007 are summarised below, identifying the key balances and the year on year changes. The 2007 figures have been taken from the 2007 audited financial statements while the 2008 figures have been taken from the 2008 draft financial statements.

	2008 €	2007 €	Difference €	Difference %
Fixed assets	1,433,237	1,856,980	-423,743	-22.82%
Current assets	7,377,303	6,156,396	1,220,907	19.83%
Creditors (<1 yr)	(5,879,278)	(4,953,934)	-925,344	18.68%
Net current assets/(liabilities)	1,498,025	1,202,462	295,563	24.58%
Total assets less current liabilities	2,931,262	3,059,442	-128,180	-4.19%
Creditors (>1 yr)	-	-		
Net assets	2,931,262	3,059,442	-128,180	-4.19%
Called up share capital	2,748,753	2,748,753	0	0.00%
Capital conversion reserve fund	43,401	43,401	0	0.00%
Profit and loss account	139,108	267,288	-128,180	-47.96%
Equity shareholders' funds	2,931,262	3,059,442	-128,180	-4.19%

Table 7.1 Financial comparison – Balance Sheets 2008 and 2007

- 7.12 The net book value of fixed assets decreased by approximately €0.4 million, and this resulted mainly from the net effect of additions with a cost of €0.5m, and a depreciation charge for the year of €0.9 million.
- 7.13 Current assets have increased by €1.2 million overall, and the main reason for this is the increase of €1.2 million in the cash balance held to €3.7 million. Total debtors have remained relatively static at €3.7 million. Creditor balances due within one year have increased by €0.9 million which results from a combination of decreases of €0.6 million and €0.3 million in trade creditors and amounts due to group undertakings respectively and increases €0.3 million and €1.5 million in tax and social welfare creditors and accruals respectively.

7.14 The company has remained in a net current asset position from 2007 to 2008. As in 2006 and 2007, there are no long term creditors.

7.15 Overall there has been a 4.19% decrease in the net worth of the company from 2007 to 2008 and this change in the equity shareholders' funds is equal to the profit of €5.072 million retained for the year after dividends of €5.2 million.

Pricing Review

7.16 There were no changes to test fees in 2008.

Conclusion

Financial Performance

7.17 In summary, 2008 was a year that saw increased turnover of 20.14% from 2007 and an increase in administration costs of 25.96% over the same period resulting in decreased operating profit of 7.37%. There was a profit before taxation in excess of €5.8 million and a dividend of €2.36m was paid during the year (2007. €2.36m).

VIII Conclusions

- 8.1 2008 was a year of good performance for the company, with the required standard achieved for all Key Performance Measures.
- 8.2 The operational audit score, a composite measure of operating performance, showed an increase for the first time in four years, reflecting particularly the improved performance in the second half of the year, when the company increased test capacity to deal with unexpected levels of test demand that had arisen in the first half.
- 8.3 Early in the year, the additional demand resulted in average waiting times declining compared with the 2007 results and coming close to exceeding the 14 day target, while the proportion of owners notified of their test in advance also declined, reflecting the stress on the service.
- 8.4 Overall staffing levels increased across the year mainly due to recruitment of additional Vehicle Inspectors. The increased level of staffing was in response to the need to meet additional test volumes and the desire to reduce waiting times.
- 8.5 Customers' overall level of satisfaction with the service provided remained high with an overall customer performance index score of 84.6 compared with the target of 80%. The number of complaints remained very low and related to fewer than 0.1% of total tests.
- 8.6 NTCS retained their quality accreditation under ISO 9001 and met all performance standards in 2008.
- 8.7 2008 was a year that saw increased turnover of 20.14% from 2007 and an increase in administration costs of 25.96% over the same period, resulting in decreased operating profit of 7.37%. There was a profit before taxation in excess of €5.8 million and a dividend of €2.36m was paid during the year (2007. €2.36m).