



National Car Testing Service

Annual Review 2013

May 2014

Údarás Um Shábháilteacht Ar Bhóithre
Road Safety Authority

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1 Introduction

General

Periodic roadworthiness testing of passenger cars and commercial vehicles is mandatory in all Member States of the European Community, in accordance with Directives 2009/40/EC and 2010/48/EU. 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.

The National Car Test (NCT) in Ireland has now been in place for 15 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.

The NCT was conducted at 47 purpose built test centres nationwide during 2013. An additional test lane was added to the Deansgrange centre in 2013.

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 and the Automobile Association).

This report reviews the operation and performance of NCTS during 2013, against the performance standards set out in the Project Agreement.

Summary

The overall throughput of vehicles and pass/fail rates for the National Car Testing service in 2013 is summarised in the table below. This shows that 48.07% (46.57% including failure for non-presentation of ID) of vehicles obtained test certificates on first test. This was slightly lower than the equivalent rate for 2012, which was 49.45%. 86.12% of re-tests requiring use of the test lane (brakes, headlamps, emissions etc.) obtained a test certificate compared with 85.82% in 2012. 99.28% of non-lane re-tests gained test certificates, compared with 99.31% in 2012. The main contributing factor affecting the overall pass rate in 2013 was the increase in the proportion of vehicles over 10 years old arising from annual testing of such vehicles. While this commenced in mid-2011, the full annual effect on test volumes occurred in 2013.

Table 1.0 Year 2013 Annual Throughput of Vehicles

Total Tests	Pass		Pass Advisory		No ID		Fail / Refusal		Fail / Dangerous		Total
No. of Full Tests	378,843	32.36%	166,360	14.21%	17,619	1.50%	603,751	51.56%	4,300	0.37%	1,170,873
No. of Lane Re-Tests	223,977	57.48%	109,762	28.17%	1,835	0.47%	53,487	13.73%	620	0.16%	389,681
No. of Non Lane Re-Tests	140,731	62.72%	81,982	36.54%	40	0.02%	1,585	0.71%	24	0.01%	224,362
Total											1,784,916

Source: NCTS dashboard

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

* Note: No ID category introduced in May 2012, when presentation of ID became mandatory.

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	Passes		No ID		Fails		Fail Dangerous		Total
	Number	%	Number	%	Number	%	Number	%	
Abbeyfeale	6,446	50%	211	2%	6,319	49%	27	0%	13,003
Arklow	10,217	46%	372	2%	11,627	52%	55	0%	22,271
Athlone	7,169	46%	268	2%	7,972	52%	37	0%	15,446
Ballina	6,223	45%	186	1%	7,485	54%	44	0%	13,938
Ballinasloe	5,417	50%	152	1%	5,222	48%	21	0%	10,812
Cahir	11,418	46%	329	1%	12,813	52%	83	0%	24,643
Cahirciveen	1,508	46%	34	1%	1,696	52%	7	0%	3,245
Carlow	10,049	42%	273	1%	13,509	56%	87	0%	23,918
Carndonagh	2,812	51%	118	2%	2,583	47%	27	0%	5,540
Carrick-on-Shannon	4,129	39%	111	1%	6,254	59%	31	0%	10,525
Castlereagh	5,374	41%	252	2%	7,440	57%	68	1%	13,134
Cavan	5,002	38%	165	1%	7,888	60%	18	0%	13,073
Charleville	8,123	54%	240	2%	6,675	44%	55	0%	15,093
Clifden	1,378	36%	65	2%	2,336	62%	8	0%	3,787
Cork-Blarney	16,827	46%	397	1%	19,012	52%	133	0%	36,369
Cork-Little Island	29,711	52%	971	2%	26,690	46%	144	0%	57,516
Deansgrange	40,659	50%	1,341	2%	39,013	48%	207	0%	81,220
Derrybeg	2,211	46%	50	1%	2,507	52%	9	0%	4,777
Donegal	4,941	53%	145	2%	4,255	45%	24	0%	9,365
Drogheda	14,796	52%	363	1%	13,179	46%	82	0%	28,420
Dundalk	7,398	45%	331	2%	8,755	53%	87	1%	16,571
Ennis	11,398	43%	398	1%	14,874	56%	116	0%	26,786
Enniscorthy	12,670	43%	423	1%	16,265	55%	162	1%	29,520
Fonthill	37,628	44%	1,323	2%	46,340	54%	319	0%	85,610
Galway	20,020	43%	834	2%	25,949	55%	134	0%	46,937
Greenhills (Exit 11,M50)	25,057	49%	868	2%	25,507	49%	134	0%	51,566

Kells	11,359	44%	409	2%	14,029	54%	97	0%	25,894
Kilkenny	11,611	52%	285	1%	10,240	46%	80	0%	22,216
Killarney	8,438	54%	168	1%	6,922	44%	48	0%	15,576
Letterkenny	8,332	44%	344	2%	10,285	54%	63	0%	19,024
Limerick	19,521	44%	744	2%	23,665	54%	113	0%	44,043
Longford	5,968	46%	111	1%	6,854	53%	48	0%	12,981
Macroom	7,532	51%	121	1%	7,103	48%	60	0%	14,816
Monaghan	3,978	36%	212	2%	6,967	62%	32	0%	11,189
Mullingar	6,883	44%	326	2%	8,409	54%	93	1%	15,711
Naas	17,046	44%	464	1%	21,155	55%	129	0%	38,794
Nenagh	9,808	48%	256	1%	10,158	50%	42	0%	20,264
Northpoint 1 (Exit 4, M50)	24,308	43%	778	1%	30,889	55%	156	0%	56,131
Northpoint 2 (Exit 4, M50)	30,317	45%	1,040	2%	35,310	53%	183	0%	66,850
Portlaoise	9,140	51%	273	2%	8,353	47%	77	0%	17,843
Skibbereen	6,649	48%	171	1%	7,026	51%	49	0%	13,895
Sligo	6,970	42%	244	1%	9,375	56%	53	0%	16,642
Tralee	10,037	55%	313	2%	7,951	43%	35	0%	18,336
Tullamore	8,442	51%	237	1%	7,695	47%	41	0%	16,415
Waterford	15,117	49%	516	2%	15,307	49%	138	0%	31,078
Westport	8,761	50%	186	1%	8,463	49%	34	0%	17,444
Youghal	6,405	51%	201	2%	5,989	47%	51	0%	12,646
Grand Total	545,203	47%	17,619	2%	604,310	52%	3,741	0%	1,170,873

Top Five Vehicle Failure Items

For 2013, the following were the top five failure items in descending order:

Visual defect overall fails (588,386 incidences);

Head lamp aim, dip beam (72,885);

Gas result (51,708);

Parking brakes (45,308);

Exhaust emissions, Gas HC high idle (37,341).

The five most prevalent visual failure items were, in descending order:- Tyre condition, tyre tread, stop lamps, side lamps, wheels.

Customer Satisfaction Results

Overall, the NCT achieved the agreed performance standard for customer satisfaction for the year. The overall level of satisfaction was slightly lower than in 2012. This is discussed further in section IV.

Customer perception was captured through a survey of vehicle owners whose car had been tested throughout 2013. The CPI (customer performance index) for 2013 was 83.5, which was a decrease of 0.8 on 2012. However, the CPI still remains above the score of 80 set out in the customer charter.

Throughout the year 879 complaints were received, representing 0.05% of people using the service. This was a small increase on the 872 recorded in 2012 and comfortably within the target of 0.2% of tests carried out.

Overall Performance

2013 was the fourth year of operation since ACTS took over responsibility for delivering the NCTS. Overall, the performance of the NCTS in 2013 achieved the required standard in relation to all key performance measures and no financial performance adjustments have applied.

The remainder of this report sets out, in more detail, the performance of NCTS in relation to the key performance measures.

2 Operational Audit

Methodology

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.

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.

Table 2.0 below summarises the operational audit scores for 2013 based on the results of inspections at headquarters and individual test centres (approximately 20 test centres chosen at random each month). The overall performance score was 96.6% which is an increase on 2012 (95.8%). Once again the service has exceeded the standard of 90% as defined in the Project Agreement.

Table 2.0 Operational Audit Scores for 2013

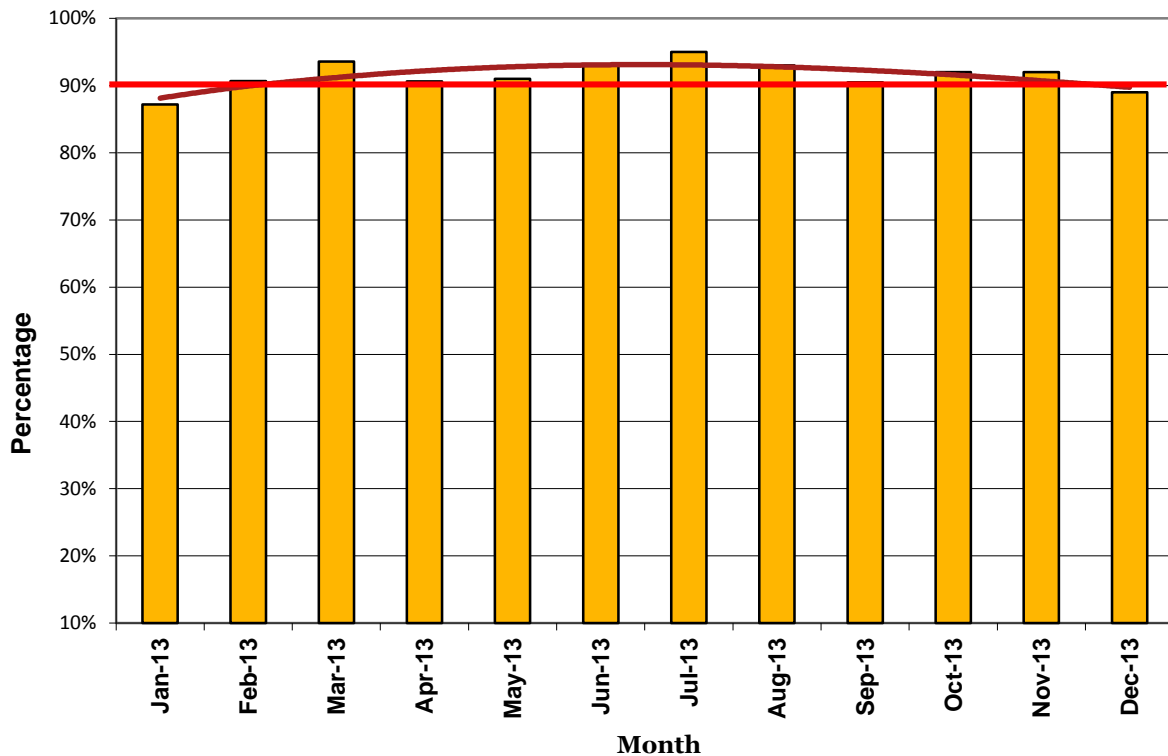
Weighting	Area	2013	2012
465	Headquarters Specific Criteria:	97.8%	97.1%
535	Test Centres Specific Criteria:	95.5%	94.6%
1,000	Total weighted score	96.6%	95.8%

Section A - Headquarters Review

Call Centre

Overall, the call centre exceeded the service level for the year of 90% of calls answered within 15 seconds. The overall result for 2013 was 91%, compared with 93% for 2012.

Chart 2.0 Percentage of calls answered within 15 seconds per month



Annual figures for call centre performance showed that the company received approximately 2.09 million calls, which is an increase of approximately 240k or 13% when compared with 2012. 57% of calls were received in the first half of the year, which is consistent with the proportion in the prior year (56%). This reflects the higher volumes of tests undertaken in the first half of the year.

Internet booking transactions accounted for approximately 31% of transactions during the year which was a decrease on 34% in 2012. During 2013, 86% of full tests were confirmed by SMS, compared to 60% in 2012 and 44% in 2011.

Booking lead times

Lead-times for tests and retests and waiting times at test centres are monitored monthly and quarterly. In addition, evidence is sought regularly that effective procedures for handling complaints appeals and general correspondence are in place.

The booking lead-time for full tests achieved the required service level over the year. On average, test appointments could be booked within 11.6 days from the time of request. This compared with the average was 9.8 days during 2012, and is within the required service level standard of 14 days, therefore the performance standard was met.

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 (5.0 days in 2012).

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 3.0 minutes which was slightly lower than the average waiting time of 3.2 minutes in 2012. 228 vehicles were kept waiting longer than 1 hour compared with 367 vehicles in 2012.

Staffing and HR

Overall staffing levels which include headquarters staff, test centre and call centre personnel, increased from 635 in December 2012 to 685 in December 2013. The number of vehicle inspectors (VIs) and team leaders has risen from 451 in January 2013, to 471 in December 2013. The call centre headcount fell during the year, from 70 in January to 63 in December as call volumes decreased.

Recruitment programmes for vehicle inspectors were ongoing throughout 2013 and approximately 70 new VIs had been recruited for planned deployment January and February 2014 in anticipation of increased seasonal demand in the first half of 2014.

Annual training of all vehicle inspectors took place in October and November 2013. 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 occupational first aid training, Vehicle Registration Tax (VRT) administration training and Health and Safety training, as well as training for call centre staff.

During the year, ACTS had all new recruit and requalification training assessed by City & Guilds, and they gained accreditation as a City and Guilds Training provider in the prior year.

Information Systems and Management Information Processes

The ACTS 'dashboard' system is an integrated application which is used for all elements of car testing including telephone, web and other bookings, test administration and reporting. In 2013, a number of additional features were added to this system, including the development of a Trade Management System; a new public website; a solution for sending and tracking electronic notifications; enhancements to the quality management system; additional report fields; and modification to the visual retest application to allow presenter ID to be retested by inspectors when more than 30 days have passed. A technology refresh was also performed, which resulted in replacements of the NCT centre local servers giving more reliability and increased performance; the central SQL cluster server and storage hardware; and the Dashboard database engine was upgraded from SQL 2005 to SQL 2012.

Test Centre Audit (Section B)

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 were checked, as well as the attitude and presentation of staff. Vehicle inspectors' performance was also monitored and graded.

Premises

The service is required to be delivered from premises that are accessible to customers and fit for purpose. Generally, the company maintained the fabric of the premises to the expected standard during the year. The car park at the Letterkenny test centre was extended to facilitate higher test volumes and VRT.

Test Equipment & IT

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.

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 quarterly during the year, with SSC engineers accompanying NCT regional technical staff on the September checks.

Test Arrangements and Customer Service

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 2013 was 83.5, compared with a score of 84.3 in 2012 and 83.7 in 2011. 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 4 of this report.

Observed Tests

A key aspect of the operational audit process is an assessment of the quality of work carried out by vehicle inspectors. During the year some 2,375 vehicles were observed while they were being tested. A further 429 vehicles were rechecked by SSC engineers following completion of their tests.

The quality of inspection was maintained to a high standard and this was reflected through the vehicle inspector (VI) scores, averaging 9.75 out of 10 for 2013. Any areas of concern raised during the observations were pointed out to local management for corrective action by ACTS. This important criterion, directly impacting the quality of testing is discussed further in section 3.

3 Observed Test Inspections

Methodology

The methodology for observing test inspections independently is based on a random selection of test centres and vehicle inspectors for unannounced inspection visits. Following a review of quality and anti-fraud matters, the numbers of observed and independent test inspections were increased from mid-2011 and throughout 2012 and 2013. These additional visits included focused inspections at centres which were deemed to be higher risk.

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. During 2013 some 2,375 vehicle tests were observed by the SSC teams. A further 429 Independent Rechecks were undertaken during the year.

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 or 4 tests, on 2 or 3 different occasions throughout the year.

It should be noted that, for a strict statistical comparison with prior year results, only the random element of the observed and independent inspections would be included in the analysis. However, the overall results are not materially different from the random only results and reflect the outcomes of the full complement of inspections carried out.

Table 3.0 Test Centres, Test Lanes, Vehicles Inspectors Observed in 2013

2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of Test Centres	33	39	34	23	37	44	47	35	32	36	35	43	438
No. of Test Lanes	64	69	70	48	66	71	66	60	51	64	67	67	763
No. of Vehicle Inspectors observed	119	152	150	95	144	142	122	106	87	121	118	101	1,457
No. of Vehicles	213	230	232	138	252	236	194	205	158	188	192	187	2,425

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. In line with the methodology used in prior years, on the occasions where more than one test is observed for a vehicle inspector, the lowest score is recorded.

For the year as a whole, some 2,425 observations were made:

- There were 3.6% (59) incidences of vehicle inspectors scoring zero due to failing to identify a 'major' item or at least 6 'minor' items, compared with 4.8% (74) incidents in 2012 and 3.2% (37) in 2011;
- No vehicle inspectors scored 3 (omitted 5 minor items), compared with none in 2012 and 3 in 2011;
- 13 vehicle inspectors scored 6 (omitted up to 4 minor faults), compared with 28 in 2012 and 17 in 2011;
- No vehicle inspector omitted up to 2 faults (score 9), compared with none in 2012 and one in 2011; and
- 95.6% of vehicle inspectors audited scored maximum points, compared with 2012 and 2011 outcomes of 93.0% and 95.0% respectively.

Table 3.1 Vehicle Inspector Performance Rating for 2013

Category	Score	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Very Good (0 faults omitted)	10	114	139	140	89	134	136	121	103	80	119	112	99	1,386
Good (<=2 faults omitted)	9	0	0	0	0	0	0	0	0	0	0	0	0	0
Adequate (<=4 faults omitted)	6	1	5	2	0	1	1	1	1	1	0	0	0	13
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	4	8	8	6	9	5	0	2	6	2	6	2	58
Check Test Totals		119	152	150	95	144	142	122	106	87	121	118	101	1,457

Overall the quality of testing observed has been very good with 95.1% scoring top marks. An average score of 9.75 out of 10 was achieved overall, representing a good performance for the quality of work carried out by the vehicle inspectors.

4.0% of vehicle inspectors were rated poor or unacceptable which is a decrease on the 5.1% for 2012. In each case where the vehicle inspector was deemed to carry out the observed test inadequately, the matter was drawn to the attention of the team leader and to NCTS senior management. 58 instances of unacceptable performance were recorded during 2013 and usually related to matters of detail such as:

- Failure to report water present in lamps;
- Failure to observe that a brake hose was frayed/cut;
- Failure to notice faults with light bulbs;
- Failure to notice tyres that were excessively worn;
- Failure to notice tyres that were incorrectly fitted;
- Failure to notice tyres that were over 6 years old;
- Failure to notice excessive corrosion on both sill panels;
- Failure to notice brake callipers were insecure;
- Failure to zero lights; and
- Failure to report tyre tread less than 3mm.

The supervised test inspections for 2013 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.

For the automated and visual test elements, the pass/fail rates for the sample showed slightly higher fail rates for the vehicle population. This appears to indicate that when being observed, there is a slightly greater tendency to fail borderline cases.

Independent check tests

429 vehicles were fully checked independently by the SSC during the year and achieved an average score of 9.12 out of 10 which is slightly greater than the average score of 8.95 for 2012. These were drawn, at random, from tests completed immediately prior to unannounced visits.

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

In 2013, 95.8% of vehicle tests observed or independently inspected found no issues with the tester's conduct of the test compared with 96.3% in 2012. This score is calculated out of the total observed and independent tests (2,894).

4 Customer Satisfaction Survey

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

The 2013 survey represents the 14th 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.

The research was completed by conducting the interviews with approximately 250 customers during each quarter of 2013, weighted proportionally to the volume of tests carried out at each of the participating test centres. To ensure representativeness, the sample selected to participate in the survey replicated the NCT pass rate for full vehicle tests. Interviews were conducted with customers across all test centres.

The interviews were administered using a structured questionnaire dealing with the level of importance and satisfaction with a range of issues that a NCTS customer would expect to encounter. The questionnaire used was identical to the 2011 version and contained all the questions asked over the previous five years of monitoring.

Analysis

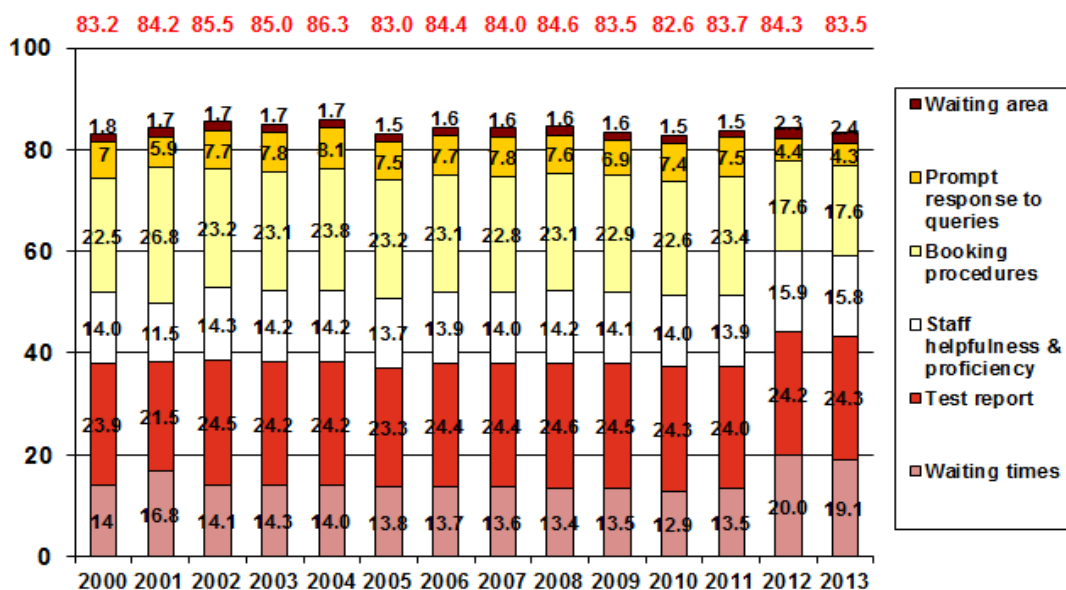
The questionnaires were analysed using the SPSS computer statistical package, the standard statistical package designed for the purposes of market research.

A key feature of our analysis is the calculation of a Customer Performance Index (CPI). This index summarises the overall performance of NCTS into 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

Customer Performance Index

The customer performance index (CPI) for 2013 showed a decrease of 0.8 on 2012 to give a score of 83.5, comfortably above the score of 80 set out in the customer charter. The decreased CPI for 2013 in comparison with 2012 can primarily be attributed to a declined rating for waiting times.



Overall Satisfaction

Respondents were asked to rate their satisfaction with various aspects of service on a five point scale, where one was 'very dissatisfied' and five was '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 2013 (%)	% Change on 2012
Information on booking procedures	1002	28	57	85	-2
How straightforward it was to confirm test	1006	21	71	92	-2
Helpfulness of staff when confirming test	881	18	74	92	-1
Length of time had to wait for test appointment	1000	23	38	61	-11
Length of time taken to respond to telephone queries	504	28	63	88	0
Length of time taken to respond to written queries	85	28	58	86	-5
Registration and payment procedures at test centre	987	22	69	91	+1
Helpfulness of reception staff	998	18	71	89	+1
Length of time had to wait at test centre	995	28	53	81	0
Cleanliness of waiting area	990	29	55	84	+1
Comfort of waiting area	991	28	39	67	+4
Helpfulness of staff member who carried out test	964	21	67	88	-3
Ability to carry out test professionally	900	20	69	89	-4
Ability to answer questions on test result	805	20	64	84	-4
Test report itself	978	25	59	84	0
Length of time had to wait for re-test	263	35	48	83	-1

The lowest performing aspects of service in 2013 were:

- Length of time to wait for test appointment (61%)
- The comfort of the waiting area (67%); and
- Length of time to wait at test centre (81%).

9 of the 16 components saw their scores fall in 2013; four of the components experienced an increase in score and the remaining three were unchanged.

The component which experienced the largest fall in 2013 was 'length of time to wait for test appointment', which fell by 11 points in 2013. The largest increase was in the 'comfort of the waiting area' component, which gained four points on 2012.

Overall satisfaction scores remain high, with 84% of respondents stating that they are quite or very satisfied with the service. However, this is a fall of 3% on 2012 and continues what has become a downward trend over the most recent monitoring periods.

Conclusion

Perhaps unsurprisingly, there is a higher level of satisfaction among respondents who passed the test compared with those who failed; however, the distinction between the two remains narrow. 88% of those who passed were quite or very satisfied with the overall service from NCTS, compared with 80% of those who failed. These figures were 91% and 83% respectively in 2012.

5 Complaints and Appeals

Customer Complaints

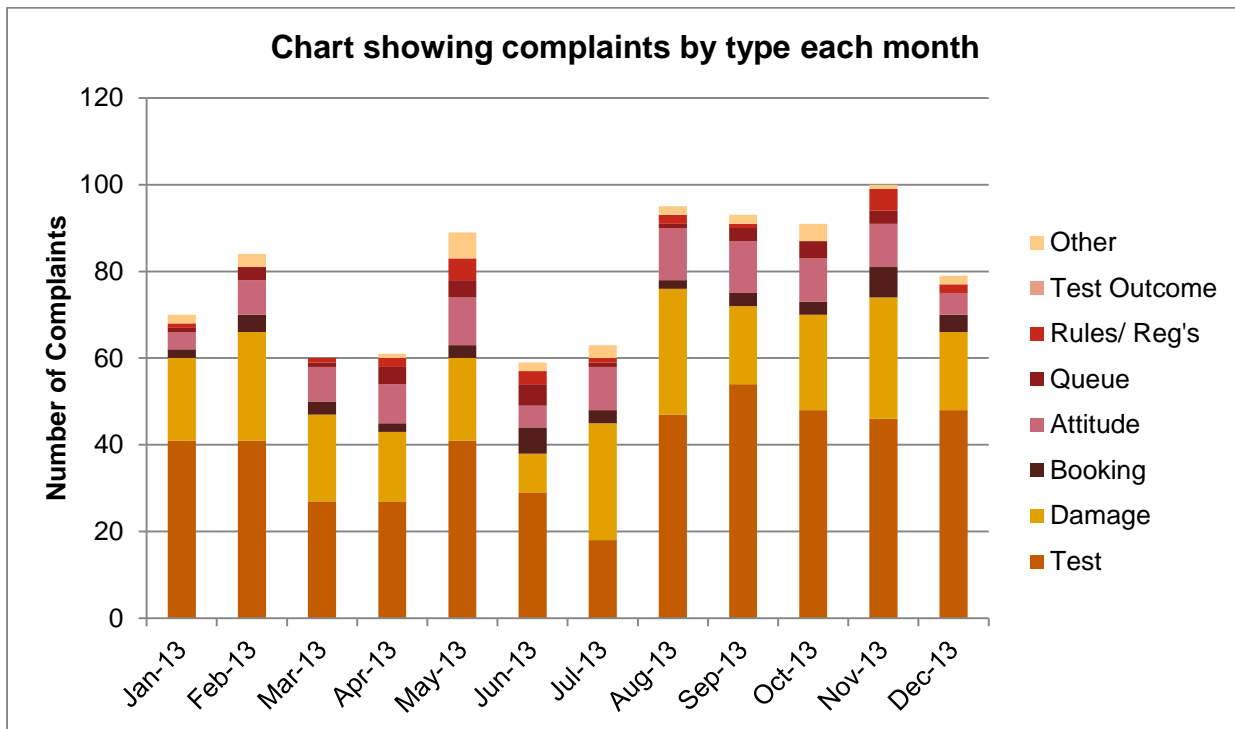
Customer complaints are recorded under a number of categories set out in the summary table below. NCTS use a computer system to record initial customer complaints, document their progress and resolution and provide a document audit trail to retain information regarding promptness and quality of responses to customers.

During 2013 there were 879 customer complaints, which was an increase of 0.6% on the total number of complaints received in 2012 (872). The total number of complaints as a percentage of total tests taken was 0.05%. This was consistent with the 2012 result (0.05%) and was also well below the target set at 0.2%.

Table 5.0 Year 2013 Customer Complaints (by category)

Complaint category	Total
Test (conduct of test/results)	439
Damage (or loss to property)	248
Bookings (& call centre)	35
Attitude (of staff)	88
Queue (delays at test centre)	19
Rules/Regulations	26
Other	24
Total	879
As a % all tests conducted	0.05%

49.9% of the complaints related to test conduct/results compared with 46.3% in 2012, while 28.2% related to vehicle damage or loss of customer property. Complaints about bookings (& call centre) accounted for 4.0% which is slightly higher than the 3.7% in 2012.

Chart 5.1 Year 2013 Customer Complaints (by category)

Appeals

The Independent Appeals Board received 14 appeals throughout 2013, 2 appeals were upheld after investigation and 12 were rejected. The upheld appeals related specifically to the following areas:

- Wishbone (visual fail); and
- Side slip (automated fail).

Test integrity issues

From time to time, matters come to the attention of ACTS, the SSC or the Authority, which give rise to investigations into the integrity with which testing is carried out by particular vehicle inspectors or at particular test centres. Where specific issues are identified, disciplinary action is taken against any members of staff involved and, where appropriate, An Garda Síochána informed. During 2013, three vehicle inspectors were dismissed in relation to integrity issues. In addition, one employee at the Head Office resigned before the completion of an investigation.

Conclusion

The number of complaints received by 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.

ACTS continues to bear down on instances of failure of test integrity, through a range of preventative and investigative measures.

6 Performance Management

Performance Standards Achieved

The following table sets out the NCTS level of achievement over the past 4 years, against the standards of performance required.

Table 6.0 Year 2013 NCT Achievement Against Performance Standard

Performance Standard	Target	Actual 2010	Actual 2011	Actual 2012	Actual 2013
Waiting times (full slots) for bookings – average less than 14 days	<14 days	32.9	8.1	9.82	11.6
Waiting times at individual National Car Test Centres – average less than 21 days	<21 days	X	√	√	√
Test accuracy	99.0%	99.9%	99.7%	99.1%	99.1%
Customer satisfaction (Customer Performance Index)	80.0	82.6	83.7	84.3	83.5
Operational audit	90.0%	92.0	92.8	95.8	96.6
Notification of results		√	√	√	√
Notifying Owners of the requirement to have their vehicle tested	80% 4-6 weeks before the due date of the test	From 1 st July	√**	√	√

** A derogation was given against this performance standard in quarter 2 2011.

√- Denotes satisfactory result by reference to the performance standards

As shown in the table above:

- (a) Standards of test accuracy were met with 99.1% achieved against a target of 99% for the year as a whole.
- (b) The CPI (Customer Performance Index) for 2013 was 83.5 which was above the target of 80.
- (c) Operational audit performance for 2013 was above the target of 90% at 96.6%.
- (d) The standard requiring at least 80% of owners to be notified in advance was met. In Q3 2013 errors in the data provided by NVDF which informed the 'snap shot' were noted which highlighted approximately 80k vehicles which were not previously visible to ACTS. As such ACTS were allowed to count these vehicles as having been sent a notification as it was not possible for the company to target them. Given the number of notifications sent and the low numbers of vehicles due in Q3 compared with Q2 and Q1, the notifications metric exceeded 100%.
- (e) Notification of test results continued to be forwarded daily to NVDF in line with the standard required.

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

Table 6.1 Performance Standards and the Performance Adjustment Criteria

Performance area	Key performance standard	Performance points	Performance bands	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
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
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
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
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
Notifying Owners of the requirement to have their vehicle tested	80% 4-6 weeks before the due date of the test	One point for every 10 percentage points below the standard.	A : 0 points B : 1 point C : 2 points D : >3 points	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

Performance adjustments for the current NCTS contract were set up, generally to be applied on a quarterly basis throughout the term of the contract. No performance adjustments, rectification or default notices were applicable for 2013.

7 Financial Matters

In this section of the report we comment on the overall financial results of the company. The purpose and scope of the work of the 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.

The SSC monitors the financial performance of the company on a monthly basis with reference to the management accounts and discusses the monthly performance and key variances against budget.

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.

Other aspects of the work of the SSC includes 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 Road Safety Authority.

The profit and loss accounts for the company, as per the Financial Statements for the financial year ending 31 December 2013 is summarised below, showing the key financial results.

Table 7.0 Profit and Loss Account 2013 and 2012

	2013 €	2012 €	Difference €	Difference %
Turnover	64,282,117	56,605,221	7,676,896	13.56%
Cost of Sales	(44,740,879)	(38,272,000)	(6,468,879)	16.90%
Gross profit	19,541,238	19,333,221	208,017	1.08%
Administrative expenses	(15,332,478)	(15,402,132)	69,654	(0.45%)
Operating profit	4,208,760	3,931,089	277,671	7.06%
Finance income	288,390	117,427	170,963	145.59%
Finance costs	-	(13,537)	13,537	100.00%
Profit/(loss) before taxation	4,497,150	4,034,979	462,171	11.45%
Taxation	(823,643)	(574,155)	(249,488)	43.45%
Profit/(loss) for the year	3,673,507	3,460,824	212,683	6.15%

In 2013, NCTS recorded turnover of €64.3m, an increase of €7.7m or 13.56% from the prior year. National Car Testing income formed 97% of total income for 2013 with the majority of the remaining income coming from VRT Import Conformance Inspection testing.

NCTS recorded a profit before tax of €4.5 million for 2013 representing an operating profit margin of 6.5% and a net (pre-tax) margin of 7.0%. This compares with a profit before tax of €4.0m for 2012. This resulted from higher test volumes in 2013 compared with 2011.

Likewise the balance sheets for the company for the financial years ending 31 December 2013 and 31 December 2012 are summarised below, identifying the key balances and the year on year changes. These figures have been taken from Financial Statements for 2012 and 2013.

Table 7.1 Balance Sheets 2013 and 2012

	2013 €	2012 €	Difference €	Difference %
Non Current assets				
Property, plant and equipment	5,765,582	6,886,353	(1,120,771)	(16.28%)
Intangible assets	291,343	1,546,229	(1,254,886)	(81.16%)
Deferred tax asset	198,401	198,401	-	-
Other non-current assets	-	673,931	(673,931)	(100.00%)
Amounts due from group undertakings	1,500,000	1,595,502	(95,502)	(5.99%)
	7,755,326	10,900,416	(3,145,090)	(28.85%)
Current Assets				
Trade and other receivables	10,614,216	5,393,938	5,220,278	96.78%
Cash and cash equivalents	256,104	343,525	(87,421)	(25.45%)
	10,870,320	5,737,263	5,133,057	89.47%
Total Assets	18,625,646	16,637,679	1,987,967	11.95%
Equity				
Issued capital	3,010,000	3,010,000	-	-
Retained earnings	3,776,933	4,503,426	(726,493)	(16.13%)
Total Equity	6,786,933	7,513,426	(726,493)	(9.67%)
Non Current Liabilities				
Provisions	325,000	325,000	-	-
	325,000	325,000	-	-
Current Liabilities				
Trade and other payables	11,513,713	8,799,253	2,714,460	30.85%
Total Liabilities	11,838,713	9,124,253	2,714,460	29.75%
Total Equity and Liabilities	18,625,646	16,637,679	1,987,967	11.95%

The value of non-current assets decreased by approximately €3.1m in 2013, largely as a result of a decrease in the value of tangible and intangible assets. The net book value of property plant & equipment decreased by €1.1m and the net book value of intangible assets (computer software) decreased by €1.3m during the year.

Current assets increased by €5.1m overall, due mainly to an increase of €5.2m in trade and other receivables offset by a decrease of €0.1m in the cash balance held. The trade and other payables balance has increased by €2.7m as at 31 December 2013. The company has remained in a net current asset position at 31 December 2013 and 31 December 2012.

Overall there has been a decrease of 9% in the total equity held in the company from 2012 to 2013 as the dividends paid during the year exceeded the retained profit of €3.7 million retained for the year.

Conclusion

Turnover was €64.3m for the year compared with €56.6 for 2012. ACTS recorded an operating profit of €4.2m, profit before tax of €4.5m for 2013 representing an operating profit margin of 6.5%, and a net (pre-tax) profit margin of 7.0%. This compares with a profit before tax of €4.0m and net profit margin of 7.1% for 2012. A dividend of €4.4m was paid during the year.

Total equity decreased by €0.7m in the year to 31 December 2013 as dividend payments exceeded retained added to reserves. The company held cash and cash equivalents of €0.3m as at 31 December 2013, consistent with the prior year. A loan of €1.5m was due from group companies as at 31 December 2013. The company held a net current asset position as at 31 December 2013. A significant proportion of the current liability balance at year end relates to the timing of payments due under an agreement with The Office of the Revenue Commissioners regarding the collection of VRT, a service undertaken by ACTS.

Conclusions

2013 was the fourth year of operation since Applus Car Testing Service Limited took over responsibility for delivering the National Car Testing Service. Demand for the service was higher than in previous years with approximately 1,171,000 full tests and 614,000 lane and non-lane retests completed during 2013.

The company met all performance standards during the year and no performance adjustments were applied.

Staffing levels fluctuated during the year to follow seasonal patterns of demand while approximately 70 additional vehicle inspectors have been recruited in late 2013 in anticipation of increased seasonal demand during the first half of 2014.

Customers' overall level of satisfaction with the service, as measured by the customer performance index, remained high at 83.5, which was lower than the previous year's score of 84.4. The number of complaints remained low and related to fewer than 0.1% of total tests.

The operational audit, a composite measure of a wide range of performance elements was 96.6%, comfortably above the target of 90%.

Finally, for the company's fourth year of full operation, ACTS recorded turnover of €64.3 million, an operating profit of €4.2 million and a profit before taxation of just over €4.5 million. A dividend of €4.4m was paid during the year.