

National Car Testing Service

Annual Review
2007

Final 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 Minister for Transport by which it has been granted 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 8 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 Minister, by the Supervision Services Contractor (SSC) (A consortium drawn from PricewaterhouseCoopers and the Automobile Association).
- 1.5 This report reviews the operation and performance of NCTS during 2007, 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 2007 is summarised in the table below. This shows that 51.8% of vehicles obtained test certificates on first test. This was lower than the equivalent rate for 2006, which was 52.7%. 86.7% of re-tests requiring use of the test lane (brakes etc) obtained a test certificate compared with 88.2% in 2006, with 99.2% of non-lane re-tests gaining test certificates compared with 98.9% in 2006.

Year 2007 Total Tests 1,000,500 (2007)	Pass		Fail / Refusal		Fail / Dangerous		Total
No. of Full Tests	355,708	51.8%	327,649	47.7%	3,349	0.5%	686,706
No. of Lane Re-Tests	184,908	86.7%	27,990	13.1%	260	0.1%	213,158
No. of Non Lane Re-Tests	99,750	99.2%	884	0.8%	2	0.0%	100,636

Table 1.0 Year 2007 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	4,948	57.8	3,593	42.0	17	0.2	8,558
Arklow	5,149	47.8	5,551	51.6	67	0.6	10,767
Athlone	5,531	51.5	5,177	48.2	36	0.3	10,744
Ballina	3,394	47.2	3,771	52.5	22	0.3	7,187
Blarney	10,120	54.5	8,290	44.6	162	0.9	18,572
Cahir	7,067	53.9	5,945	45.3	103	0.8	13,115
Cahirciveen	1,022	60.7	656	39.0	6	0.4	1,684
Carlow	6,775	49.7	6,797	49.8	72	0.5	13,644
Carrick on Shannon	3,683	53.8	3,122	45.6	40	0.6	6,845
Castlerea	3,516	49.2	3,564	49.9	62	0.8	7,142
Cavan	3,262	47.1	3,658	52.8	4	0.1	6,924
Charleville	4,183	53.7	3,575	45.9	26	0.3	7,784
Clifden	904	43.2	1,179	56.4	8	0.4	2,091
Cork	20,625	53.3	17,482	46.2	154	0.5	38,261
Deansgrange	32,315	55.1	26,134	44.6	162	0.3	58,611
Derrybeg	1,370	48.3	1,457	51.3	11	0.4	2,838
Donegal Town	3,750	55.6	2,956	43.8	44	0.7	6,750
Drogheda	8,584	57.8	6,176	41.6	93	0.6	14,853
Dundalk	5,117	49.9	5,108	49.8	39	0.4	10,264
Ennis	7,739	50.2	7,550	49.0	128	0.8	15,417
Enniscorthy	8,990	50.7	8,636	48.7	91	0.5	17,717

	Pass		Fail		Fail / Dangerous		Total
Fonthill	30,784	51.6	28,630	48.1	221	0.4	59,635
Galway	16,690	48.8	17,342	50.7	147	0.4	34,179
Navan/Kells	8,742	55.4	6,919	43.9	109	0.7	15,770
Kilkenny	8,189	58.3	5,818	41.4	40	0.3	14,047
Killarney	4,975	55.3	3,979	44.2	46	0.5	9,000
Letterkenny	7,412	51.3	6,980	48.3	56	0.4	14,448
Limerick	15,556	53.1	13,611	46.5	108	0.4	29,275
Longford	4,015	51.5	3,765	48.3	23	0.3	7,803
Macroom	4,539	51.5	4,199	47.7	75	0.9	8,813
Monaghan	3,613	48.4	3,809	51.0	46	0.6	7,468
Mullingar	4,416	51.7	4,040	47.3	82	1.0	8,538
Newbridge/NAAS	10,186	49.1	10,433	50.3	115	0.6	20,734
Nenagh	7,814	55.1	6,266	44.2	107	0.8	14,187
Northpoint 1	18,849	46.6	21,401	52.9	222	0.5	40,472
Northpoint 2	15,774	47.9	17,094	51.9	66	0.2	32,934
Portlaoise	5,036	50.3	4,871	48.6	114	1.1	10,021
Skibbereen	5,000	54.5	4,133	45.1	39	0.4	9,172
Sligo	3,953	43.6	5,057	55.8	54	0.6	9,064
Tralee	6,638	54.6	5,475	45.0	43	0.4	12,156
Tullamore	4,533	51.0	4,313	48.5	43	0.5	8,889
Waterford	10,431	52.3	9,354	46.9	148	0.7	19,933
Westport	6,164	52.0	5,621	47.4	77	0.7	11,862
Youghal	4,355	51	4,162	48.8	21	0.3	8,538

Table 1.1 Year 2007 Test Centre Performance

Top Five Vehicle Failure Items

- 1.8 For 2007, the following are the top five failure items in descending order:-visual defect overall fails 39.4% (38.9% in 2006), beam results 6.9% (7.1% in 2006), brake test fails 5.0% (4.8% in 2006), dip beam left 4.6% (4.7% in 2006) and dip beam right 4.6% (4.7% in 2006). There has been a small decrease in the top five failure items in 2007.
- 1.9 The five most prevalent visual reasons for refusal of a test certificate for 2007 were, in descending order:- front suspension 6.6%, Brake line/ Hoses 5.94% tyre condition 5.21%, bodywork 5.18% and Transmission 4.66%.

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 from April through to August 2007
- 1.11 The CPI (customer performance index) for 2007 is 84.0. This represents a small decrease of 0.4 points on the 2006 level. However, overall the standard of customer satisfaction remains high.
- 1.12 Throughout the year 549 complaints were received representing less than 0.1% of people using the service and almost 200 less than those received in 2006.

Pricing Review

- 1.13 There was no pricing review requested or carried out in 2007. The scale of fees applicable in 2007 was 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 2007 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 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 Department 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 2007. The overall performance score was 90.8% which is a decrease on 2006 (94.7%), though the company has continued to exceed the standard of 90% defined in the Project Agreement.

2.5 Table 2.1 highlights the operational audit scores at individual test centres (approximately 20 test centres chosen at random each month). These scores fell during the second half of the year mainly due to declining 'premises' scores.

2.6 The performance in relation to central headquarters functions improved significantly in the second half of the year in comparison with the first half. This was primarily due to the improved call centre performance.

Weighting	Area	2007 %	QTR 1	QTR 2	QTR 3	QTR 4
150	Premises	86.6	92.1	91.9	84.1	80.3
60	Staff	94.5	94.6	96.8	93.3	94.5
150	Test Equipment and IT	90.1	92.8	93.3	89.0	88.4
40	Test arrangements and customer service	99.6	99.0	100	99.3	100
250	Supervised test	91.93	94.6	94.3	90.3	89.1
	Section A (test centre) Sub-Total	90.5	93.6	93.5	88.6	87.1
110	Call centre	75.1	47.5	68.3	92.5	92.1
40	Information systems and management information	98.7	100.0	98.5	100	96.2
125	Centrally measured processes	99.5	98.0	100	100	100
75	Centralised documentation	95.9	98.3	93.3	96.0	96.0
	Section B (headquarters) Sub-Total	91.3	83.3	88.8	96.8	96.4
	Total Weighted Audit Score for 2007	90.8	90.1	91.9	91.4	90.3

Table 2.1 Operational Audit Scores for 2007

Test Centre Audit (Section A)

- 2.7 Overall, the NCTS test centres achieved the standard required as measured through the operational audits. During the test centre inspections, the condition of the premises, and the availability and quality of the test centre equipment is checked as well as the attitude and presentation of staff. Vehicle inspectors' performance is also monitored and graded. During the year some 1,138 vehicle tests were observed as the vehicle Inspectors tested the cars. A further 313 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.
- 2.9 During 2007 NCTS initiated a programme of refurbishment of customer areas in seven test centres. Once the refurbishment of these centres is complete a review of the remaining centres will be conducted and a new programme initiated. The company also progressed preparations for building a new test centre in Carndonagh (Inishowen). Building and fit-out work is due to commence in 2008.
- 2.10 Generally, the company maintained the fabric of the premises to the expected standard during the year. However, scores for the cleanliness and tidiness of public areas as well as those for building fabric and condition were lower towards the end of the year. As discussed further within section 4, Although improved from 2006, the level of satisfaction with the comfort of waiting area has remained low (73% satisfaction in 2007 and 65% in 2006). The 2007 survey was largely completed before the refurbishment of waiting areas was initiated.

Staffing and HR

- 2.11 Overall staffing levels which include headquarters staff, test centre and call centre personnel increased from 480.5 in January to 532.5 in December. The number of vehicle inspectors and team leaders increased throughout 2007, from 294 in January to 317 in December. To assist in meeting the key performance target of 90% of calls answered within 15 seconds the call centre headcount continued to grow from 103 in

January to 124 in December where it is now expected to have levelled out. It should be noted that the call centre staff numbers include capacity for contracts other than NCTS, under an arrangement whereby ancillary services are permitted on NCTS premises.

- 2.12 Recruitment programmes were ongoing throughout 2007 with a drive through advertisements in local press and internationally, for Vehicle Inspectors in the fourth quarter in particular.
- 2.13 Annual training of all vehicle inspectors did not take place in 2007 due to testing demand, this took place in January 2008 instead. This 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.
- 2.14 Continuous staff assessments were carried out by the Management Team & Trainers throughout the year.
- 2.15 V2R Training (Visions to reality) was implemented for Management/ head office and some operations staff. This is a training course which helps people learn about themselves and their personality type. The training is expected to continue into 2008 and there is a possibility of the training being offered to remaining operations staff.
- 2.16 The 'Code of Integrity' role out was completed in 2007, following on from the 2006 seminar.
- 2.17 An external provider (RPC) is running a training course "Planning for retirement" for members of staff at retirement age.
- 2.18 A bursary scheme was offered to all employees interested in participating in external further education training courses relating to their current or future positions within the company 24 staff in total received a bursary during 2007.

Test Equipment & IT

- 2.19 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. Some minor operational software updates were introduced in 2007.
- 2.20 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 2007.

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 2007 was 84.0, compared with a score of 84.4 in 2006. The overall CPI score for 2007, has declined slightly on 2006. While still below the figures obtained in the 4 previous years, the customer performance index 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

- 2.21 A key aspect of the operational audit process is an assessment of the quality of work carried out by vehicle inspectors. Throughout the year, the quality of inspection was maintained and this was reflected through the vehicle inspector (VI) scores, averaging 9.47 out of 10 for 2007 compared with 9.72 for 2006. 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

- 2.22 Information that is held or managed centrally was reviewed during the headquarters reviews which were conducted on a Quarterly basis. Operational audit scores for this part of the framework ranged from 83.3% in Quarter 1 to 96.8% in Quarter 3.
- 2.23 Scores within the call centre section were very low during quarters 1 and 2 at 47.5%, and 68.3% respectively, before showing a significant improvement in Quarter 3 (92.5%) and Quarter 4 (92.1%). The low scores related mainly to call centre performance and failure to notify all owners 4 weeks in advance of their due date. The operational audit scores for Information systems and management information, centrally managed processes and centralised documentation were reasonably consistent throughout 2007 as shown in Table 2.1.

Call Centre

- 2.24 Overall, the call centre exceeded the required service level of 90% of calls answered within 15 seconds. The overall result for 2007 was 92%, compared with 90% for 2006. The call centre achieved the service level during every Quarter of 2007, with the exception of Quarter 1 with a result of 86%. This was attributed to the seasonal peak call volumes throughout January.
- 2.25 Call centre performance for January was in line with the previous year at 85%. During the remainder of the year call centre performance was above target as shown in chart 2.0 with the exceptions of February (85%), March (88%) and April (86%).

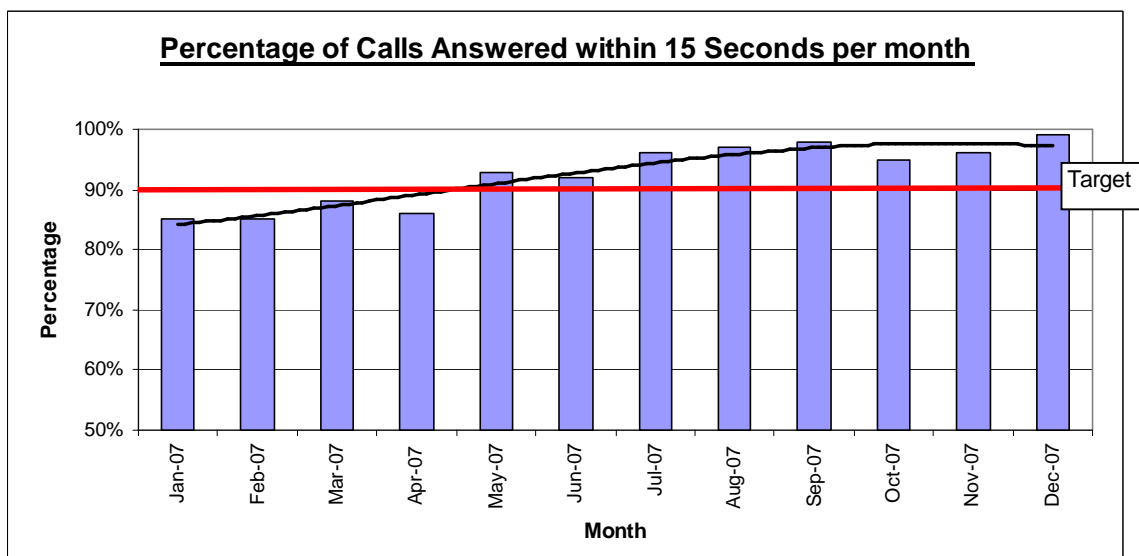


Chart 2.0 Percentage of calls answered within 15secs per month

- 2.26 Annual figures for call centre performance showed that the company received approximately 1.3 million calls, which is an increase of approximately 50,000 compared with 2006. Call volumes increased by 1% in the first six months relative to 2006 i.e. 706,134 compared with 697,038.
- 2.27 Internet booking transactions accounted for approximately 8% of transactions during the year which was 3% down on 2006.
- 2.28 During 2007 45% of Full tests were confirmed by SMS (that were sent by NCT) compared with 42% in 2006. The use of SMS is linked to the agent's performance. A booking is sent by SMS following an agent's intervention i.e. when the customer calls for a booking. NCT encourage the use of SMS internally by offering incentives to the agent's, for example, a recent incentive was to offer 5 holiday vouchers worth €100 each for the best users of SMS.
- 2.29 In 2007 a quality co-ordinator was appointed to review calls continuously throughout the day (rather than using recordings as in the past) and pass comments and suggestions to each Team Leader. Historically, a number of agents have consistently been the best performers. The company has also introduced a team member of the month award to acknowledge those that have made the most improvement.

Information Systems and Management Information Processes

- 2.30 The investment in the IT infrastructure continued in 2007 with the emphasis being on the Back Office and Call Centre system expansion and improvement. Investments included the following –
- Purchasing new database servers to upgrade the database cluster
 - Purchasing a new SAN Unit in order to expand our data storage capacity
 - Bringing all Oracle Licences and Support up to date
 - Standardisation to Oracle 10g in preparation for 11g migration in 2008
 - Purchasing a new Call Centre hardware to upgrade Nortel system
 - Purchasing a new Call Recording facilities

Centrally Measured Processes

- 2.31 The overall performance score for centrally measured processes was 99.5 for 2007 which is similar to the 2006 score (99.4). 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.
- 2.32 The booking lead-time for full tests achieved the required service level over the year. On average, test appointments could be booked within 13.1 days from the time of request, compared with the service level standard of 14 days required for the service. However, although 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, reflecting the continued challenge to meeting demand that was a feature throughout the year
- 2.33 Overall, the lead-time for retest appointments met the required service standard of 7 days. The average lead-time for booking retests was 6.2 days which is up on the 5.4 days achieved in 2006.

- 2.34 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 2006 time.
- 2.35 129 vehicles were kept waiting longer than 1 hour compared with 105 vehicles in 2006.

Centralised Documentation

- 2.36 This criterion covers a range of aspects 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).
- 2.37 The operational audit scoring for this section was 95.9 in 2007 compared with 93.1 in 2006.

Summary

- 2.38 In its eighth year of operation, the company's performance, measured by the operational audit, was 90.8%, which was below the outcome achieved in 2006 (94.7%) and only just exceeding the standard required. Although meeting the required standard overall, this represents some deterioration in the service from previous years.

III Observed Test Inspections

Methodology

- 3.1 The methodology for observing test inspections independently is based on a random selection of test centres and vehicle inspectors for unannounced inspection visits. Vehicle inspectors are observed carrying out full tests, with SSC engineers observing their attention to the inspection sequence and their effectiveness in identifying faults. They also assess as to whether or not any anomalies found would have changed the outcome of the test result.
- 3.2 The SSC observes tests for approximately 1,000 vehicles throughout the year. During 2007 some 1,138 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 each observed carrying out 4 tests, on 3/4 different occasions throughout the year.

2007	Jan	Feb	Mar	April	May	June	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of Test Centres	19	15	18	18	23	19	21	20	14	22	16	30	235
No. of Test Lanes	36	29	32	41	36	32	41	43	41	46	32	51	460
No. of Vehicle Inspectors observed	63	50	69	64	66	72	90	96	86	129	70	134	989
No. of Vehicles	70	58	76	86	74	88	110	125	78	137	75	161	1,138

Table 3.0 Test Centres, Test Lanes, Vehicles Inspectors observed in 2007

- 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:
- 5.2% (51) of vehicle inspectors scored zero due to failing to identify a 'major' item or a least 6 'minor' items, compared with 2.5% (20) incidents in 2006 and 2% (15) in 2005;
 - One vehicle inspector scored 3 (omitted 5 minor items), similar to the 2006 and 2005 results;
 - 0.1% of vehicle inspectors scored 6 (omitted up to 4 minor faults), compared with 0.4% in 2006 and 0 in 2005;
 - No vehicle inspectors omitted up to 2 faults (score 9), which is a decrease from the 2.5% recorded in 2006 and;
 - 94.6% of vehicle inspectors audited scored maximum points, which is the same as 2006 but below the 96% scored in 2005.

Category	Score	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Very Good (0 faults omitted)	10	62	50	69	63	66	65	78	88	83	117	66	129	936
Good (<=2 faults omitted)	9	0	0	0	0	0	0	0	0	0	0	0	0	0
Adequate (<=4 faults omitted)	6	0	0	0	0	0	1	0	0	0	0	0	0	1
Poor (5 minor items omitted)	3	0	0	0	0	0	0	0	1	0	0	0	0	1
Unacceptable (any major item or 6 minor items omitted)	0	1	0	0	1	0	6	12	7	3	12	4	5	51
Check Test Totals		63	50	69	64	66	72	90	96	86	129	70	134	989

Table 3.1 Vehicle Inspector performance rating for 2007

3.6 Overall the quality of testing observed has been good. The number scoring top marks (95%) was identical to the 2006 score and still only marginally down upon the 2005 (96%). An average score of 9.47 out of 10 was achieved overall, representing a good performance for the quality of work carried out by the vehicle inspectors.

3.7 However, 5.2% of vehicle inspectors were rated poor or unacceptable compared with only 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. 52 instances of poor performance were recorded during 2007 and usually related to matters of detail such as;

- failing to ensure that tyre pressures were checked in accordance with procedure;
- power steering fluid low and not recorded;
- tyres misdiagnosed;
- incorrect VI number on display;
- oil leak not identified;
- excessive corrosion not identified;
- safety clothing not being worn;
- power steering leaks not being noticed; and
- in-correct procedures being followed.

3.8 The 989 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 with the light beam test showing the failure rate for AA observed inspections being 3.1% above the for the general population of vehicles. Although there was no significant difference in particular elements, taken as a whole the level of failures due to visual defects was higher for the sample. This appears to indicate that when being observed, there is a discernable increased tendency to fail borderline cases. When 2007 results are compared with 2006 results there are again no appreciable difference in general 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 A further 313 vehicles were checked independently by the SSC during the year and achieved an average score of 9.93 out of 10 which is similar to 9.83 scored in 2006. These were drawn, at random, from tests completed immediately prior to unannounced visits. For the 213 vehicles checked independently, 2 instances of incorrect test results were identified compared with 3 in 2006. These did not affect the overall test outcomes.

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 2007 survey represents the 8th 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 had had their vehicle tested recently by the NCTS.
- 4.3 The 2007 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 2007, and the second was drawn from tests conducted between July and August 2007. 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 2006). 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

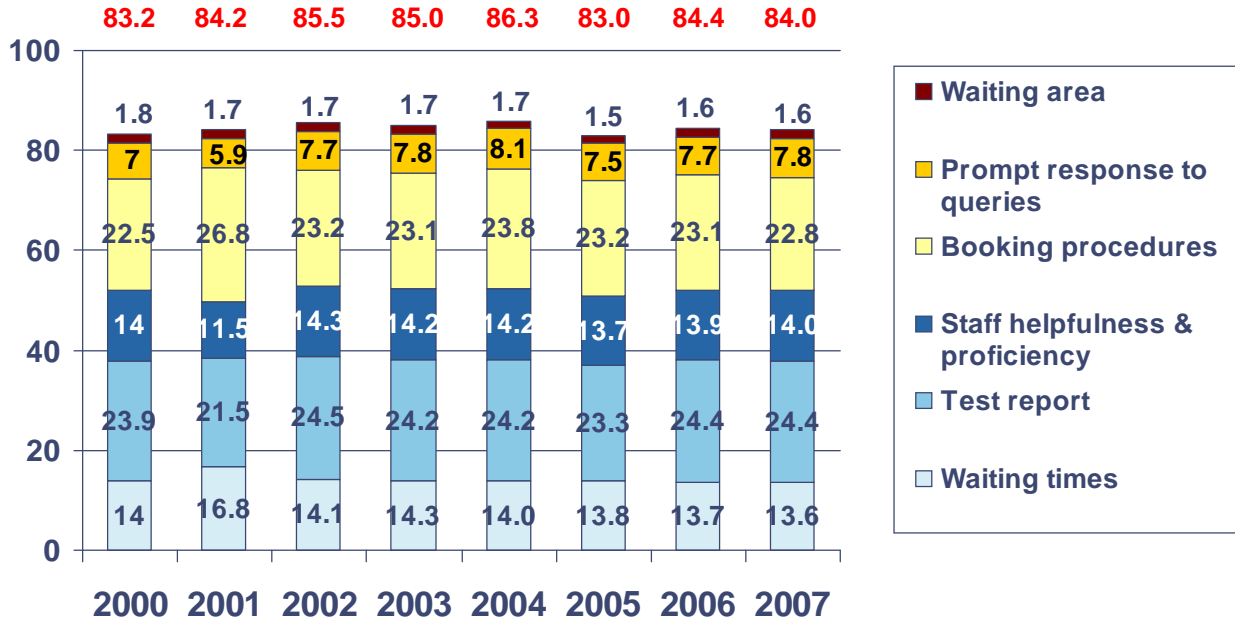
- 4.7 The profile of respondents exhibits the same broad pattern since monitoring began in 2000. As shown in the chart below, the majority (79%) of respondents presenting their car for testing are over the age of 35 years. Only 21% of respondents are aged 35 years or younger; whereas those aged 50 years or older represent 48% of the total. Those in the 26 – 49 years age bracket represent just under half (48%) of the total.

Customer Performance Index

- 4.8 The CPI achieved in the first year of operating was 83.2. This increased consistently throughout the subsequent years of monitoring until 2004 (despite the slight downturn in the overall CPI value for 2003). The year 2005 saw a decline to 83.0 however this improved by 1.4 in 2006 to 84.4. The current monitoring period has seen a decline to 84.0, due mainly to declines in scores for booking procedures and waiting times.

Nevertheless, the index remains above the service standard score of 80 as set out in the customer charter.

Customer Performance Index



Overall Satisfaction

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

Aspect of Service	Number to whom question was applicable	Quite satisfied (%)	Very satisfied (%)	Overall satisfaction 2007 (%)	Overall satisfaction 2006 (%)
Information on booking procedures	995	31	49	80	84
How straightforward it was to confirm test	1000	24	67	91	93
Helpfulness of staff when confirming test	935	23	69	92	94
Length of time had to wait for test appointment	991	28	40	68	76
Length of time taken to respond to telephone queries	670	29	60	89	89
Length of time taken to respond to written queries	148	30	60	90	87
Registration and payment procedures at test centre	995	30	59	89	89
Helpfulness of reception staff	981	25	64	89	88
Length of time had to wait at test centre	982	32	58	90	86
Cleanliness of waiting area	975	31	56	87	84
Comfort of waiting area	970	33	40	73	65
Helpfulness of staff member who carried out test	955	24	66	90	89
Ability to carry out test professionally	910	25	66	91	92
Ability to answer questions on test result	741	27	61	88	86
Test report itself	990	30	57	87	86
Length of time had to wait for re-test	299	38	50	88	83

- 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 Three areas of service have seen good improvements from 2006 and have increased their percentage of 'very satisfied' customers. These are :
- the length of time taken to respond to written queries (60% 'very satisfied' compared with 55% in 2006)
 - the helpfulness of the staff member who carried out the test (66% 'very satisfied' compared with 62% in 2006);
- 4.12 The score for comfort of the waiting area (41% 'very satisfied' compared with 36% in 2006) has also improved, albeit from a relatively low base.
- 4.13 Overall satisfaction with 'length of time had to wait at test centre' has also increased (90% compared with 86% in 2006).
- 4.14 Length of time customers had to wait for a test appointment is the lowest scoring aspect of service at 68% overall satisfaction. This attribute saw the greatest decline on 2006 scores (76%) and has experienced a considerable declining trend when compared with the 2005 score of 82%. (These scores reflect the fact that testing has been behind schedule for much of 2007 due to a high level of additional demand, not predicted by analysis of the transfer files from NVDF)
- 4.15 The majority of service attributes have improved on the 2006 ratings for overall satisfaction, with nine out of sixteen service aspects showing an increase. Most notable is the increase in satisfaction with 'the length of time had to wait for a re-test' – improving 5% on 2006.
- 4.16 Five aspects have lower overall satisfaction this period than in 2006 (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 (68% vs. 76%)
 - Information on booking procedures (80% vs. 84%)
 - How straightforward it was to confirm the test (91% vs. 93%)
 - Helpfulness of staff when confirming test (92% vs. 94%)
 - Ability to carry out test professionally (91% vs. 92%)
- 4.17 'Registration and payment procedures at test centre' and 'length of time taken to respond to telephone queries' achieve the same score as the 2006 ratings (89%).
- 4.18 Satisfaction with the overall service received from NCTS remains high and consistent with 2006 with 87% stating that they were 'quite satisfied' or 'very satisfied' with the overall service. The percentage expressing dissatisfaction remains consistently low at only 3%.

Value for Money

- 4.19 Two thirds of respondents (66%) believe that NCTS offers good value for money. This is similar to the previous year and represents a 12% increase on 2005 (54%). Fourteen percent stated that the service offered poor value for money, a lower proportion than 2006 (15%) and 2005 (20%).

Conclusion

- 4.20 Overall, satisfaction with the services provided by NCTS remains high, with 87% of respondents stating that they were either 'very' or 'quite' satisfied. This remains in line with 2006. Again, contentment was highest amongst those owners whose car passed its test first time around (91%), compared with those whose car had failed the test first time (83%).
- 4.21 The top three areas of greatest satisfaction varied slightly compared with 2006, i.e., 'helpfulness of staff when confirming the test' and the NCTS' 'ability to carry out the test professionally' were still ranked in the top three. However, in 2007 'helpfulness of the member of staff who carried out the test' replaced 'how straightforward it was to confirm the test'. The Performance Indexes for these factors ranged from 90 to 92.
- 4.22 The 'length of time (respondents) had to wait for a test appointment' was the most unsatisfactory aspect of the service with an index of 71. This was a drop in score of 8.0 from 2006. Other factors showing a decrease on 2006 were 'information provided on booking procedures' and 'how straightforward it was to confirm your test' with index scores of 80 and 88 respectively. 'The length of time you had to wait to get a test appointment' replaces 'comfort of the waiting area' as the lowest scoring aspect of service.
- 4.23 The normal opening hours of the test centres are still deemed to be convenient (88%). Again, only 5% of customers were allocated a time slot that was considered to be inconvenient for them. However, 33% indicated that they would like the test centre to be open either before 9.00 am or during weekday evenings. Just over one fifth of respondents stated they prefer Saturday opening (22%). Some 4% find Sunday opening hours most convenient.
- 4.24 Forty percent of customers who were originally allocated an inconvenient date or time slot for their test or retest had tried to change their test appointment. This figure was almost identical to the previous monitoring period (41%).
- 4.25 As with previous years, usage of the test centre facilities was more or less confined to the toilet facilities (17% usage); satisfaction levels amongst users, remains moderately high at 75% (82% in 2006). Only 1% of respondents made use of the telephone facility.

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 document audit trail to retain information regarding promptness and quality of responses to customers.
- 5.2 During 2007 there were 549 customer complaints, which represented a continuing downward trend since 2002, 2003, 2004 and 2005 when complaints totalled 1107, 958,878, 851 and 747 respectively.

Complaint category	Total
Test (conduct of test/results)	76
Damage (or loss to property)	132
Bookings (& call centre)	89
Attitude (of staff)	49
Queue (delays at test centre)	13
Outcome of the tests (appeals)	153
Rules/Regulations	37
Other	549
Total	76
As a % tests Conducted	0.07

Table 5.0 Year 2007 customer complaints (by category)

- 5.3 28% of the complaints related to the category of Rules and Regulations (34% in 2006). This category includes complaints relating to such issues as expiry date of test certificate, retest validity periods and test content. The total number of complaints as a percentage of total tests taken was 0.07%. This was similar to the 2006 result and well below the maximum target set at 0.2%.

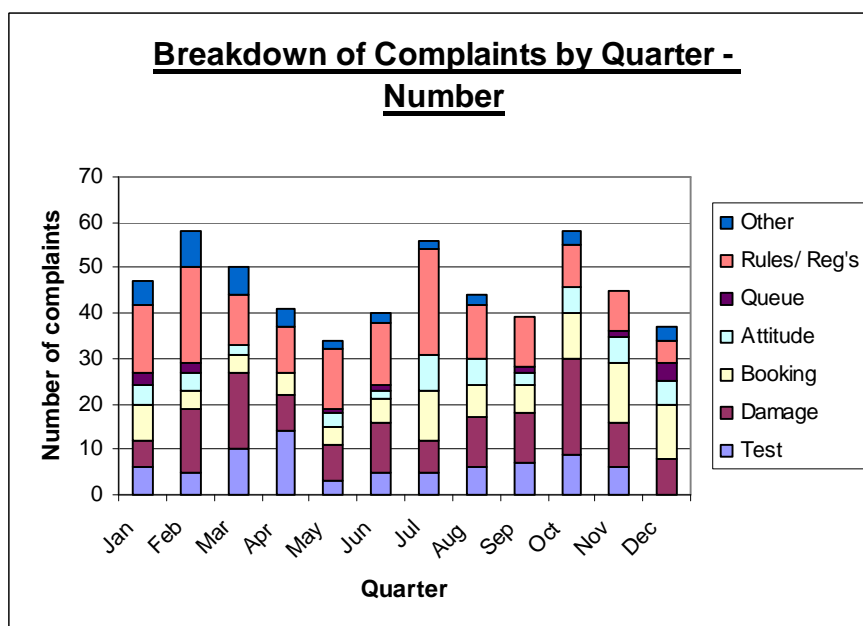


Chart 5.0 Year 2007 customer complaints (by category)

Appeals

5.4 The Independent Appeals Board received 18 appeals throughout 2007, 3 appeals were upheld after investigation, 11 were rejected and 4 did not come under the remit of the Independent Appeals Board as they referred to administrative errors and vehicle damage.

5.5 The upheld appeals related specifically to the following areas;

- A sun strip on the windscreen;
- Brake pipe corrosion; and
- Headlight security.

Conclusion

5.6 The number of complaints received by NCTS has continued to fall 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
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
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%
Customer satisfaction (Customer Performance Index)	80.0	83.2	84.2	85.5	85.0	86.3	83.0	84.4	84.0
Operational audit	90.0%	89%	90.1%	93.3%	95.1	96%	95.8%	94.7	90.8
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%

Table 6.0 Year 2007 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 2007 was 84.0 which is higher than the CPI target of 80 and a slight decrease on the 2006 survey (84.4).

6.4 Operational audit performance for 2006 was 90.8%, a decrease on the 2006 score of 94.7 but still meets the target of 90%.

6.5 Call centre performance for 2007 was 92%, a increase on 2006 scoring of 90%, and meeting 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 2007.

Rectification & Default Notices

6.9 The company received no rectification or default notices during 2007.

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 met in 2007.

VII Financial Matters

- 7.1 In this section of the report we comment on the overall financial results of the company. The purpose and scope of our work as SSC is not of the nature of a financial audit. We do not provide any assurance or comfort as to the validity of the figures presented in this report and we do not present an opinion as to the true and fair nature of the state of affairs of the company. We have not been required to assess or validate any of the financial figures made available to us and therefore any errors in the underlying figures will flow through to our report. We accept no responsibility or liability for any such errors. The company's appointed auditors are Deloitte & Touche.
- 7.2 We, as SSC, monitor the financial performance of the company on a monthly basis with reference to the management accounts and discuss the monthly performance and key variances against budget with the company accountant at monthly review meetings.
- 7.3 Each year, the company provides a revised forecast of its performance over the full term of the contract, incorporating projections of numbers of vehicles eligible for testing over the remainder of the contract, as well as other relevant information such as any agreed test fee changes or other cost changes. The financial model – covering the 10 years of the contract - is also updated for audited historic outturn information once the final financial statements are available.
- 7.4 We obtain the annual un-audited financial statements as soon as they become available and reconcile these to the year end management accounts, as well as confirming the consistency between the un-audited and audited financial statements, once available. Once the 10 year financial model has been updated for historic actual and revised forecast information, we consider both the inputs to the model and the resulting outputs and, in particular, the revised forecast project IRR. As well as revised performance indicators for the 10 year contract period, the outputs from the updated financial model include a budget for the following year.
- 7.5 Other aspects of our work include assisting in the evaluation of any applications for review of the test and/or retest fee and reviewing the documentation supporting the levy payments made by 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 2007 and 31 December 2006 are summarised below, showing the key financial results and the year on year changes.

	2007 €	2006 €	Difference €	Difference %
Turnover	34,965,560	33,829,048	1,136,512	3.36%
Administrative costs	(28,867,829)	(27,018,926)	1,848,903	6.84%
Operating profit	6,097,731	6,810,122	(712,391)	(10.46%)
Interest payable and similar charges	-	-	-	-
Interest receivable and similar income	80,008	85,144	(5,136)	(6.03%)
Profit on ordinary activities before taxation	6,177,739	6,895,266	(717,527)	(10.41%)
Tax on profit on ordinary activities	(847,176)	(895,211)	(48,035)	(5.37%)
Profit on ordinary activities after taxation	5,330,563	6,000,055	(669,492)	(11.16%)

Table 7.0 Financial comparison - Profit and Loss Accounts 2007 and 2006

- 7.7 In 2007, NCTS turnover increased by €1.1 million to €34.9 million. However, the administrative costs also increased over the year, by a greater amount, with the overall effect that the operating profit fell by €0.71 million. Overall the number of tests was higher in 2007 than 2006 for full tests and for non-lane re-tests which has resulted in higher total income. Re-tests fell by 1164 in 2007, however less income generating compared with full tests so the impact on overall income was minimal.
- 7.8 The testing income forms 94.71% of total income for 2007 and 97.4% for 2006 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 497 in 2007, 468 in 2006) were higher in 2007 than in 2006 by €1m and this is the main contributing factor to the higher overall operating costs in 2007. Interest receivable decreased by 6.03% over the year. Other operating costs increased by €0.8m during the year.
- 7.10 Profit before tax was down €0.7 million (10.4%) from 2006 and profit after tax by €0.7 million (11.6%).
- 7.11 Likewise the balance sheets for the company for the financial years ending 31 December 2007 and 31 December 2006 as per the 2007 audited financial statements are summarised below, identifying the key balances and the year on year changes.

	2007 €	2006 €	Difference €	Difference %
Fixed assets	1,856,980	2,255,416	(398,346)	(17.61%)
Current assets	6,156,396	6,345,155	(188,759)	(2.97%)
Creditors (<1 yr)	(4,953,934)	(5,671,692)	(717,758)	(12.66%)
Net current assets/(liabilities)	1,202,462	673,463	528,999	78.55%
Total assets less current liabilities	3,059,442	2,928,879	130,563	4.46%
Creditors (>1 yr)	-	-	-	-
Net assets	3,059,442	2,928,879	130,563	4.46%
Called up share capital	2,748,753	2,748,753	-	0%
Capital conversion reserve fund	43,401	43,401	-	0%
Profit and loss account	267,288	136,725	130,563	95.49%
Equity shareholders' funds	3,059,442	2,928,879	130,563	4.48%

Table 7.1 Financial comparison – Balance Sheets 2006 and 2005

- 7.12 The net book value of fixed assets decreased by approximately €0.4 million, and this incorporates additions with a cost of €0.7 million disposal equity to €0.1million and a depreciation charge for the year of €1million.
- 7.13 Current assets have increased by €0.2 million overall, and the main reason for this is the fall in trade debtors €0.15 million. There has also been a decrease in the cash balance held of €0.48m, however prepayments and accrued income increased €0.3 million. Amounts due by group undertakings by €0.09million and corporation tax by €0.04million. Creditor balances due within one year have decreased by €0.7 million which is a combination of a decrease in

accruals of €0.5 million and a decrease in trade creditors of (€0.2million). While there has not been much movement overall in the tax and social welfare creditor balance, within this there was a decrease in the corporation tax balance of €44k offset by an increase in VAT payable of €59k. There was also a decrease in PAYE/PRSI due of €50k.

- 7.14 The company has remained in a current asset position from 2006 to 2007. As in 2006, there are no long term creditors.
- 7.15 Overall there has been a 4.48% decrease in the net worth of the company from 2006 to 2007 and this change in the equity shareholders' funds is equal to the profit retained for the year after dividends.
- 7.16 A difference of £75k has been noted between the financial statements and the management accounts. This related to income tax charges being £847k in the statutory accounts and £772k in the management accounts. This related to an adjustment the auditors made to the tax figure following the annual audit of the statutory accounts. The tax charge in the management accounts was calculated at a notional figure of 12.5% of the profit before tax figure. Detailed tax adjustments were finalised following the audit resulting in the final tax charge

Pricing Review

- 7.17 There were no additional changes to test fees in 2007.

Conclusion

Financial Performance

- 7.18 In summary, 2007 was a year that saw increased turnover of 3.36% from 2006 and an increase in administration costs of 6.84% over the same period resulting in decreased operating profit of 10.46%. There was a profit before taxation in excess of €6 million and a dividend of €2.36 was paid during the year (2006. €2.75).

VIII Conclusions

- 8.1 Overall, 2007 was a year of good performance for the company, with the required standard achieved for all Key Performance Measures.
- 8.2 However, a number of aspects of performance showed a decline from previous years. In particular, the average waiting time for a test extended to close to the 14 day target and the proportion of owners notified of their test in advance declined, reflecting the stress on the service, caused by an unexpectedly high demand for testing particularly early in the year.
- 8.3 The overall staffing levels increased across the year in response to the additional demand, with the company recruiting additional Vehicle Inspectors and Call Centre staff. However, since much of the volume was unexpected, resources were brought in later than would have been the case had the vehicle population data reflected that additional need earlier. I
- 8.4 Nevertheless, customers' overall level of satisfaction with the service provided remains high and is in line with the 2006 result, with the customer performance index (based on a weighted set of service measures) exceeding the standard required. In addition, the number of complaints received continued to fall below the level of previous years and has maintained a downward trend for the last 5 years
- 8.5 NCTS retained their quality accreditation, ISO 9001 standard in 2007.
- 8.6 This was a year that saw increased turnover of 3.36% from 2006 and an increase in administration costs of 6.84% over the same period resulting in decreased operating profit of 10.46%. There was a profit before taxation in excess of €6 million and a dividend of €2.36m was paid during the year (2006. €2.75m).