



National Car Testing Service

Annual Review 2011

October 2012

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 13 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 46 purpose built test centres nationwide during 2011. No new test centres were commissioned during the year.

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 2011, 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 2011 is summarised in the table below. This shows that 50.6% of vehicles obtained test certificates on first test. This was slightly lower than the equivalent rate for 2010, which was 51.8%. 85.1% of re-tests requiring use of the test lane (brakes, headlamps, emissions etc.) obtained a test certificate compared with 85.8% in 2010. 99.6% of non-lane re-tests gained test certificates, compared with 99.2% in 2010.

Table 1.0 Year 2011 Annual Throughput of vehicles

Total Tests	Pass	Pass Advisory	Fail / Refusal	Fail /Dangerous	Total				
No. of Full Tests	440,143	44.7%	58,416	5.9%	482,087	48.9%	4,322	0.4%	984,968
No. of Lane Re-Tests	223,438	76.3%	25,828	8.8%	42,847	14.6%	619	0.2%	292,732
No. of Non Lane Re-Tests	148,627	86.6%	22,228	13.0%	728	0.4%	22	<0.1%	171,605
Total									1,449,305

Source: NCTS management reports

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

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

Table 1.1: Annual throughput of vehicles for test centres

Test Centre	Pass		Fail		Fail / Dangerous		Total
	No.	%	No.	%	No.	%	No.
Abbeyfeale	5,969	56.2%	4,620	43.5%	41	0.4%	10,630
Arklow	7,958	49.2%	8,169	50.5%	55	0.3%	16,182
Athlone	8,191	52.7%	7,308	47.0%	55	0.4%	15,554
Ballina	5,636	47.2%	6,258	52.4%	58	0.5%	11,952
Cahir	10,496	50.8%	10,092	48.9%	69	0.3%	20,657
Cahirciveen	1,597	70.3%	671	29.5%	3	0.1%	2,271
Carlow	9,535	45.7%	11,257	54.0%	66	0.3%	20,858
Carndonagh	2,513	55.5%	2,005	44.3%	12	0.3%	4,530
Carrick-on-shannon	4,961	49.8%	4,972	49.9%	34	0.3%	9,967
Castlerea	5,596	51.0%	5,296	48.3%	72	0.7%	10,964
Cavan	4,629	43.3%	6,045	56.5%	20	0.2%	10,694
Charleville	7,486	63.5%	4,238	36.0%	61	0.5%	11,785
Clifden	1,166	40.4%	1,710	59.3%	7	0.2%	2,883
Cork-Blarney	15,916	53.0%	13,956	46.5%	138	0.5%	30,010
Cork-Little Island	29,639	57.0%	22,194	42.7%	191	0.4%	52,024
Deansgrange	38,008	52.0%	34,687	47.5%	365	0.5%	73,060
Derrybeg	1,998	50.7%	1,935	49.1%	6	0.2%	3,939
Donegal	4,885	58.4%	3,437	41.1%	36	0.4%	8,358
Drogheda	13,510	55.1%	10,874	44.3%	136	0.6%	24,520
Dundalk	6,745	45.9%	7,865	53.5%	78	0.5%	14,688
Ennis	10,605	47.3%	11,689	52.1%	132	0.6%	22,426
Enniscorthy	13,835	50.6%	13,409	49.0%	98	0.4%	27,342
Fonthill	31,575	43.3%	40,936	56.2%	379	0.5%	72,890

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Test Centre	Pass	Fail	Fail / Dangerous	Total			
Galway	20,986	48.6%	22,032	51.0%	175	0.4%	43,193
Greenhills	14,755	51.8%	13,632	47.9%	71	0.2%	28,458
Kells	11,007	50.0%	10,936	49.7%	72	0.3%	22,015
Kilkenny	10,102	53.2%	8,809	46.4%	79	0.4%	18,990
Killarney	7,592	57.6%	5,523	41.9%	63	0.5%	13,178
Letterkenny	8,609	49.2%	8,844	50.6%	42	0.2%	17,495
Limerick	20,009	51.7%	18,517	47.9%	165	0.4%	38,691
Longford	5,185	48.7%	5,408	50.8%	44	0.4%	10,637
Macroom	7,340	58.3%	5,189	41.2%	68	0.5%	12,597
Monaghan	4,337	44.9%	5,284	54.7%	38	0.4%	9,659
Mullingar	5,929	44.0%	7,412	55.0%	140	1.0%	13,481
Naas	15,703	49.7%	15,779	49.9%	117	0.4%	31,599
Nenagh	10,473	55.6%	8,273	43.9%	82	0.4%	18,828
Northpoint 1	18,357	45.4%	21,897	54.1%	217	0.5%	40,471
Northpoint 2	28,687	46.5%	32,706	53.0%	303	0.5%	61,696
Portlaoise	8,794	54.1%	7,388	45.5%	62	0.4%	16,244
Skibbereen	6,626	57.7%	4,818	41.9%	44	0.4%	11,488
Sligo	6,228	46.9%	7,009	52.7%	56	0.4%	13,293
Tralee	9,638	58.9%	6,689	40.9%	33	0.2%	16,360
Tullamore	6,537	45.7%	7,693	53.7%	83	0.6%	14,313
Waterford	14,898	53.9%	12,605	45.6%	154	0.6%	27,657
Westport	8,388	53.7%	7,161	45.9%	61	0.4%	15,610
Youghal	5,931	54.8%	4,860	44.9%	41	0.4%	10,832

Top Five Vehicle Failure Items

For 2011, the following were the top five failure items in descending order: visual defect overall fails (376,110 incidences) head light beam aim (62,257 incidences) gas result fails (31,764 incidences), parking brakes (31,156 incidences) and service brakes (22,751 incidences).

The five most prevalent visual failure items were, in descending order:- Indicators/tell tales, headlamp condition, rear view mirrors, headlamp aim and steering wheel play.

Customer Satisfaction Results

Overall, the NCT achieved the agreed performance standard for customer satisfaction for the year. The overall level of satisfaction was higher than in 2010. This is discussed further in section IV.

Customer perception was captured through a survey of vehicle owners whose car had been tested throughout 2011. The CPI (customer performance index) for 2011 was 83.9, which was an increase of 1.1 on 2010. Therefore the CPI still remains above the score of 80 set out in the customer charter.

Throughout the year 1,017 complaints were received, representing 0.1% of people using the service. This was an increase on the 710 recorded in 2010, though still comfortably within the target of 0.2%.

Significant events

On 16th May 2011, the RTE Primetime Investigates programme aired an investigation of a number of deficiencies within the taxi industry in Ireland. The programme showed 2 cars being presented for an NCT inspection and failing these tests. The reporter was then shown offering a payment to an intermediary to ensure the cars passed the re-test NCT inspection. This called into question the integrity of the individual NCTS vehicle inspectors concerned, as well as the management systems within ACTS to detect and deal with such issues.

In response to the programme, ACTS carried out an internal investigation, following which the vehicle inspectors involved were dismissed. ACTS also implemented a number of initiatives to investigate and address the specific allegations as well as to strengthen processes and controls to deter, prevent and detect future incidences of potential fraud or inappropriate activity. These initiatives remain current and continue to be monitored and reviewed on an ongoing basis. The allegations of fraudulent vehicle tester activity raised by the RTE programme continue to be the subject of an investigation by An Garda Síochána.

Overall Performance

2011 was the second year of operation since ACTS took over responsibility for delivering the NCTS. Overall, the performance of the NCTS in 2011 achieved the required standard in relation to all key performance measures and no financial performance adjustments have applied. One derogation, in respect of the performance measure for sending notifications, was granted for Quarter 2, due to a relief event which was outside of the control of ACTS.

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 2011 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 92.8% which is an increase on 2010 (92.04%). Once again the service has exceeded the standard of 90% as defined in the Project Agreement.

Table 2.0 Operational Audit Scores for 2011

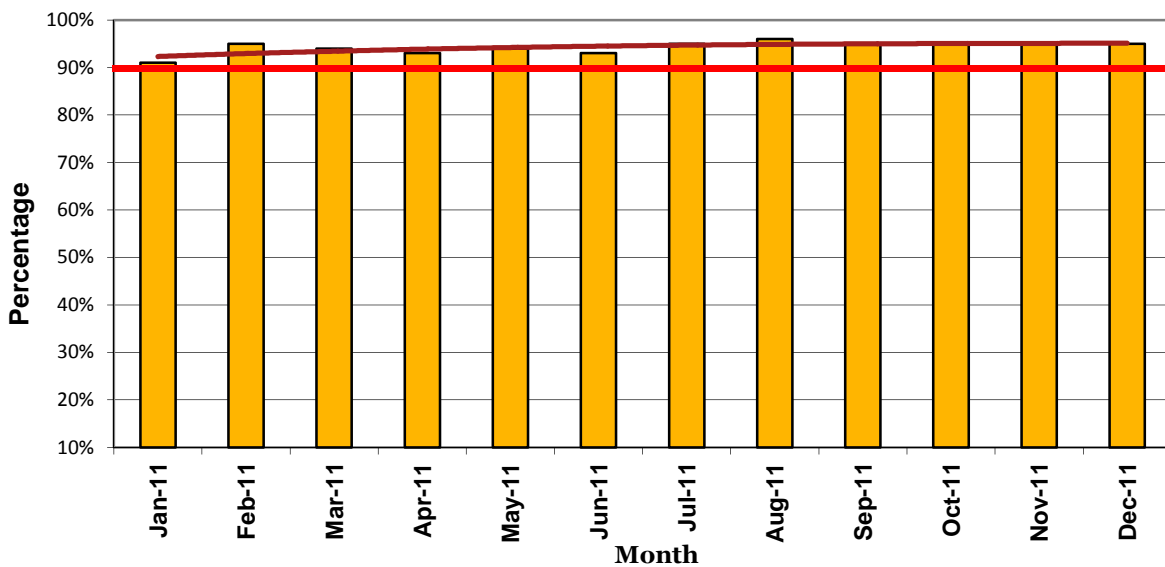
Weighting	Area	2011
465	Headquarters Specific Criteria:	93.7%
535	Test Centres Specific Criteria:	92.0%
1,000	Total weighted score	92.8%

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 2011 was 94%, compared with 87% for 2010.

Chart 2.0 Percentage of calls answered within 15secs per month



Annual figures for call centre performance showed that the company received approximately 1.83 million calls, which is a decrease of approximately 120,000 when compared with 2010. In particular, call volumes decreased by 5.2% in the first six months relative to 2011 i.e. 1,030,203 compared to 1,086,312, reflecting the general improvement in meeting peak .

Internet booking transactions accounted for approximately 25% of transactions during the year which was an increase on 20% in 2010. During 2011, 44% of Full tests were confirmed by SMS, compared to 55% in 2010 and 28% in 2009.

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 8.1 days from the time of request. This is a big improvement on 2010 where the average was 32.9 days and is within the service level standard of 14 days required for the service 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 5.0 days.

NCT is required to keep average waiting times at test centres below 30 minutes, when vehicles are presented for testing. The overall average waiting time was 3.4 minutes which was slightly lower than the average waiting time of 3.5 minutes in 2010. 463 vehicles were kept waiting longer than 1 hour compared with 506 vehicles in 2010.

Staffing and HR

Overall staffing levels which include headquarter staff, test centre and call centre personnel, decreased from 588 in December 2010 to 579 in December 2011. The number of vehicle inspectors and team leaders decreased during 2011, from 407 in January to 388 in December, reflecting the seasonal fluctuation in demand. The call centre headcount fell during the year, from 80 in January to 75 in December as efficiency with new systems improved and call volumes decreased.

Recruitment programmes for vehicle inspectors were ongoing throughout 2011 and approximately 22 additional vehicle inspectors were recruited in December 2011 in anticipation of increased seasonal demand in the first half of 2012.

Annual training of all vehicle inspectors took place in February 2011. This training covered elements of the test process and test equipment and an assessment of each inspector was conducted. Further training was provided throughout the year as new vehicle inspectors were recruited and inducted. In addition, specific training courses were provided, including first aid training, Vehicle Registration Tax (VRT) admin training and transition training, as well as training for call centre staff.

Information Systems and Management Information Processes

ACTS introduced a new information system in January 2010. This 'dashboard' system is an integrated application which is used for all elements of the car testing including telephone, web and other bookings, test administration and reporting. In 2011, a number of additional features were added to this system, including the deployment of provisional appointment booking systems to enhance the efficiency of booking allocations into the dashboard system. A number of anti fraud measures were also introduced and integrated with the dashboard systems, including image capture and quality review functionalities. In addition, new hardware and supporting software were introduced at new test lanes deployed during the year.

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. However, the levels of satisfaction for 'Comfort of waiting area' and 'Cleanliness of waiting area' fell from 66% in 2010 to 61% in 2011 and 84% in 2010 to 76% in 2011 respectively.

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 2011 was 83.7, compared with a score of 82.6 in 2010. 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 1,564 vehicle tests were observed while they were being tested. A further 360 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 9.61 out of 10 for 2011 compared with 9.68 out of 10 for 2010. 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 in the second half of the year. 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 2011 some 1,564 vehicle tests were observed by the SSC teams.

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 3/4 tests, on 2/3 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 2011

2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of Test Centres	18	24	22	19	35	36	41	24	19	21	39	29	327
No. of Test Lanes	40	58	44	42	70	60	55	48	42	40	62	51	612
No. of Vehicle Inspectors observed	79	106	90	89	147	102	96	78	75	75	129	100	1,166
No. of Vehicles	82	107	94	91	201	137	122	100	95	87	268	180	1,564

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 1,564 observations were made:

- There were 3.2% (37) incidences of vehicle inspectors scoring zero due to failing to identify a 'major' item or at least 6 'minor' items, compared with 2.8% (29) incidents in 2009 and 2.1% (21) in 2010;
- Three vehicle inspectors scored 3 (omitted 5 minor items), compared with one in 2010 and four in 2009;
- Seventeen vehicle inspectors scored 6 (omitted up to 4 minor faults), compared with eleven in 2010 and one in 2009;
- One vehicle inspector omitted up to 2 faults (score 9), compared with five in 2010 and none in 2009; and
- 95.0% of vehicle inspectors audited scored maximum points, compared with 2010 and 2009 outcomes of 95.6% and 97.4% respectively.

Table 3.1 Vehicle Inspector performance rating for 2011

Category	Score	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Very Good (0 faults omitted)	10	79	103	84	77	142	96	91	69	72	72	126	97	1,108
Good (<=2 faults omitted)	9	0	0	0	0	1	0	0	0	0	0	0	0	1
Adequate (<=4 faults omitted)	6	0	1	0	1	2	4	3	4	0	1	0	1	17
Poor (5 minor items omitted)	3	0	1	2	0	0	0	0	0	0	0	0	0	3
Unacceptable (any major item or 6 minor items omitted)	0	0	1	4	11	2	2	2	5	3	2	3	2	37
Check Test Totals		79	106	90	89	147	102	96	78	75	75	129	100	1166

Overall the quality of testing observed has been very good with 95.0% scoring top marks. An average score of 9.61 out of 10 was achieved overall, representing a good performance for the quality of work carried out by the vehicle inspectors.

3.2% of vehicle inspectors were rated poor or unacceptable which is an increase on the 2.8% for 2010. 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. 37 instances of poor performance were recorded during 2011 and usually related to matters of detail such as;

- Safety equipment not being worn;
- Tyre pressure not checked in accordance with the procedures;
- 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;
- Incorrect usage of testing equipment;
- Failure to notice the middle rear brake light was not working;
- Breaching health and safety working practice; and
- Failure to identify VINs during tests.

The supervised test inspections for 2011 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.

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

Independent check tests

360 vehicles were checked independently by the SSC during the year and achieved an average score of 9.47 out of 10 which is slightly below the average score of 9.95 for 2010. These were drawn, at random, from tests completed immediately prior to unannounced visits. For the 360 vehicles checked independently, 6 instances of incorrect test results were identified compared with 2 in 2010.

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 2011 survey represents the 12th 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 2011, 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 2010 version and contained all the questions asked over the previous five years of monitoring.

Analysis

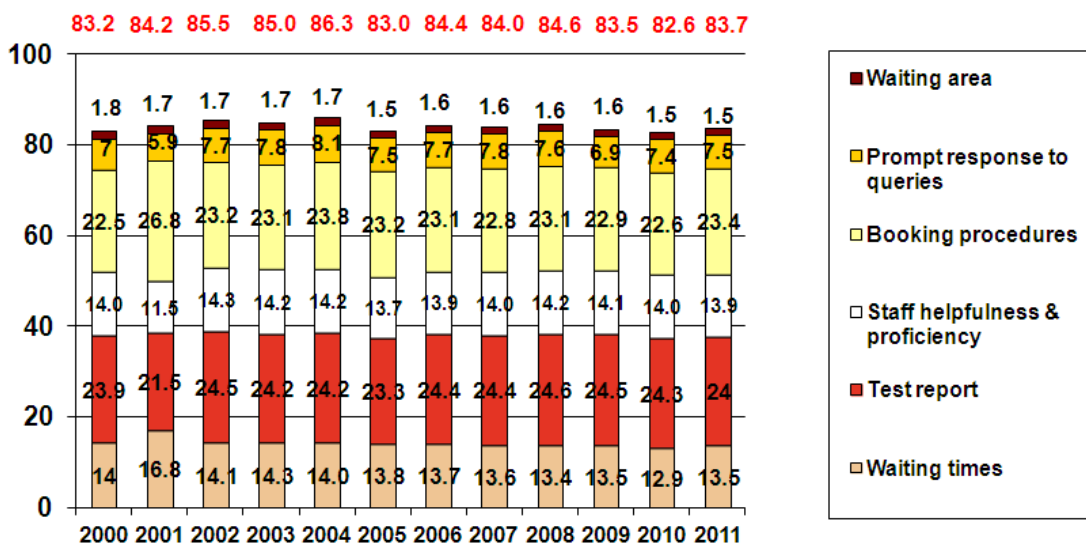
The questionnaires were analysed using the SPSS computer statistical package, the standard statistical package designed for the purposes of market research.

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 2011 showed an increase of 1.1 on 2010 to give a score of 83.7, comfortably above the score of 80 set out in the customer charter. The increased CPI for 2011 in comparison with 2010 can be attributed to increased ratings for several of the aspects of service, particularly booking procedures, which increased the index by 0.8 points alone.



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 2011 (%)	Overall satisfaction 2010 (%)
Information on booking procedures	1002	28	56	84	77
How straightforward it was to confirm test	1007	21	73	93	89
Helpfulness of staff when confirming test	854	20	72	93	91
Length of time had to wait for test appointment	1002	25	48	73	51
Length of time taken to respond to telephone queries	485	26	62	88	86
Length of time taken to respond to written queries	92	24	52	76	81
Registration and payment procedures at test centre	999	24	64	88	88
Helpfulness of reception staff	1002	23	62	85	87
Length of time had to wait at test centre	998	30	48	78	86
Cleanliness of waiting area	992	29	46	76	84
Comfort of waiting area	984	31	30	61	66
Helpfulness of staff member who carried out test	963	25	63	87	89
Ability to carry out test professionally	907	23	66	90	92
Ability to answer questions on test result	719	24	61	85	88
Test report itself	990	25	57	82	84
Length of time had to wait for re-test	266	24	56	81	86

Five areas of service have seen improvements from 2010 based on overall satisfaction scores (noting however, that there is a +/- 3% margin of error on the results given the sample size used). These are :

- Information on booking procedures (84% vs 77%)
- How straightforward it was to confirm a test (93% vs. 89%);
- Helpfulness of staff when confirming test (93% vs. 91%);
- Length of time customers had to wait for a test appointment (73% vs. 51%);
- Length of time taken to respond to telephone queries (88% vs. 86%);

The largest improvement was in respect of the time customers had to wait for a test, reflecting the considerable improvement in matching capacity with demand in 2011 compared with 2010.

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The comfort of waiting area was the lowest scoring aspect of service at 61% overall satisfaction. The length of time to wait at the test centre and the cleanliness of the waiting area had the biggest falls in satisfaction scores. This has resulted in ACTS initiating a refurbishment programme for waiting areas, running into 2012.

In total, ten aspects had a lower overall satisfaction this period than in 2010 (again noting that there is a +/- 3% margin of error on the results, given the sample size used):

- Length of time taken to respond to written queries (76% vs. 81%);
- Ability to carry out test professionally (90% vs 92%).
- Helpfulness of reception staff (85% vs. 87%);
- Length of time had to wait for retest (81% vs. 86%);
- Length of time had to wait at test centre (78% vs. 86%);
- Cleanliness of waiting area (76% vs. 84%);
- Comfort of waiting area (61% vs. 66%);
- Helpfulness of staff member who carried out test (87% vs 89%);
- Ability to answer questions on test result (85% vs 88%); and
- Test report itself (82% vs 84%).

One aspect maintained the same satisfaction levels as in 2010: 'Registration and payment procedures at test centre' (88%).

Satisfaction with the overall service received from NCTS in 2011 received a score of 85% which is an improved score from 2010 but somewhat lower than the four years prior to 2010.

For the first time since 2008 the perception of value for money has increased with 56% rating the service as 'very good' or 'quite good' value for money (versus 52% in 2010 and 54% in 2009). However, there was a slightly smaller number of respondents (29% in 2011 versus 32% in 2010 and 30% in 2009) falling into the neutral 'neither/nor' category.

When asked why they felt NCTS offered perceived poor value for money, 42% of respondents stated that the NCTS test 'costs too much', a significant drop in comparison to 60% of respondents in 2010.

Conclusion

Overall, satisfaction with the services provided by NCTS remains high, with 85% of respondents stating that they were either 'very' or 'quite' satisfied. This is above the 2010 result of 84%. As usual, contentment was highest amongst those owners whose car passed its test first time around (89%), compared to those whose car had failed the test first time (80%).

The 'comfort of waiting area' was the most dissatisfactory aspect of the service with an index of 61. This was a drop in score of 5.0 from 2010 and has resulted in the implementation of a refurbishment programme for waiting areas.

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.

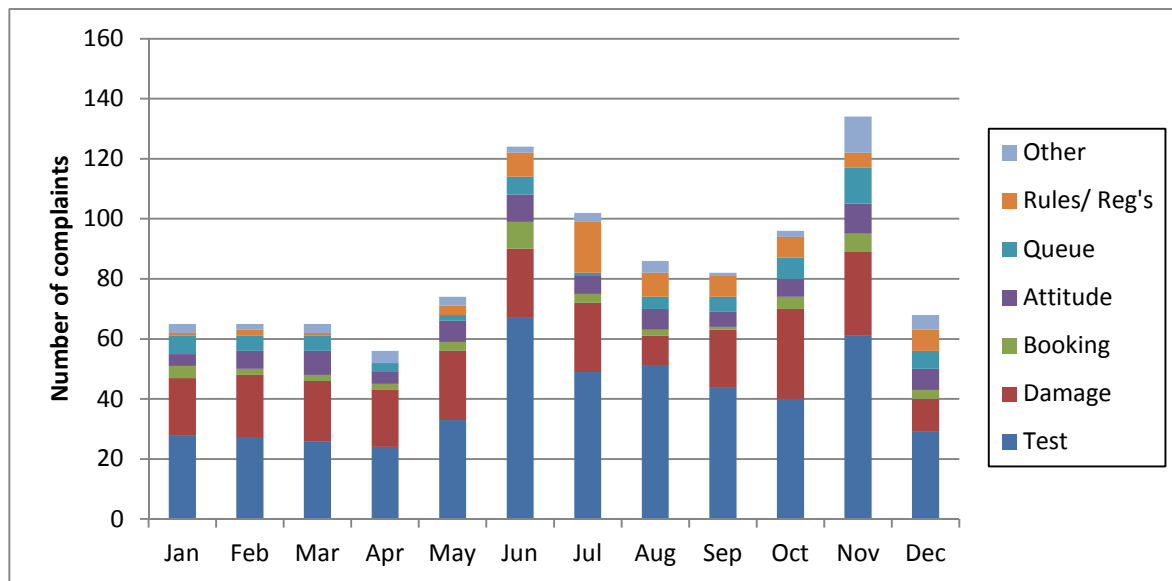
During 2011 there were 1017 customer complaints, which was an increase on the total number of complaints received in 2010 (710). The total number of complaints as a percentage of total tests taken was 0.07%. This was lower than the 2010 result (0.08%) and also well below the target set at 0.2%.

Table 5.0 Year 2011 customer complaints (by category)

Complaint category	Total
Test (conduct of test/results)	479
Damage (or loss to property)	246
Bookings (& call centre)	41
Attitude (of staff)	79
Queue (delays at test centre)	62
Rules/Regulations	66
Other	44
Total	1,017
As a % all tests Conducted	0.07%

47.1% of the complaints related to test conduct/results which is an increase from 38.9% in 2010, while 23.2% related to vehicle damage or loss of customer property. Complaints about bookings (& call centre) accounted for 4.0% which is a significant decline on the 8.5% in 2010.

Chart 5.1 Year 2011 customer complaints (by category)



Appeals

The Independent Appeals Board received 28 appeals throughout 2011, 5 appeals were upheld after investigation and 23 were rejected. The upheld appeals related specifically to the following areas;

- Advanced corrosion of brake pipes of primary structure components;
- Excessive wear of a suspension component; and
- Air bag malfunction indicator.

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 2011, 8 vehicle inspectors were dismissed in relation to integrity issues.

On 16th May 2011, the RTE Primetime Investigates programme aired an investigation of a number of deficiencies within the taxi industry in Ireland. The programme showed 2 taxis being presented for an NCT inspection and failing these tests. The reporter was then shown offering a payment to an intermediary to ensure the cars passed the re-test NCT inspection. This called into question the integrity of the individual NCTS vehicle inspectors concerned, as well as the management systems within ACTS to detect and deal with such issues.

In response to the programme, ACTS carried out an internal investigation, following which the vehicle inspectors involved were dismissed. ACTS also implemented a number of initiatives to investigate and address the specific allegations, as well as to strengthen processes and controls to deter, prevent and detect future incidences of potential fraud or inappropriate activity. These initiatives remain current and continue to be monitored and reviewed on an ongoing basis. The allegations arising from the RTE programme continue also to be the subject of an investigation by An Garda Síochána.

Conclusion

At 0.07%, the total number of complaints as a percentage of total tests taken has remained low and was below the target set at 0.2%. 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 5 years, against the standards of performance required.

Table 6.0 Year 2011 NCT achievement against Performance Standard

Performance Standard	Target	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011
Waiting times (full slots) for bookings – average less than 14 days	<14 days	13.1	13.4	N/A*	32.9	8.1
Waiting times at individual National Car Test Centres – average less than 21 days	<21 days	√	√	N/A*	X	√
Test accuracy	99.0%	99.9%	99.0%	99.7%	99.9%	99.7%
Customer satisfaction (Customer Performance Index)	80.0	84.0	84.6	83.5	82.6	83.7
Operational audit	90.0%	90.8	91.3	94.5	92.0	92.8
Notification of results		√	√	√	√	√
Notifying Owners of the requirement to have their vehicle tested	80% 4-6 weeks before the due date of the test	N/A	N/A	N/A	From 1 st July	√**

* A derogation was given against this performance standard in 2009

** 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 99.4% achieved against a target of 99%
- (b) The CPI (Customer Performance Index) for 2011 was 83.7 which was above the target of 80
- (c) Operational audit performance for 2011 was above the target of 90% at 92.8% and showed an increase on the 2010 score of 92.0%.
- (d) The standard requiring at least 80% of owners to be notified in advance was met, with the exception of quarter 2 2011 where performance was affected by base data issues which were outside of the control of ACTS. The data issues gave rise to a contractual relief event for quarter 2 with outstanding notifications issued during quarter 3.
- (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

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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 2011.

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 & Touche.

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 2011 is summarised below, showing the key financial results.

Table 7.0 Profit and Loss Account 2011 and 2010

	2011 €	2010 €	Difference €	Difference %
Turnover	49,937,228	43,189,980	6,747,248	15.6%
Cost of Sales	(33,126,000)	(29,945,000)	-3,181,000	10.6%
Gross profit	16,811,228	13,244,980	3,566,248	26.9%
Administrative expenses	(13,141,750)	(12,107,216)	-1,034,534	8.5%
Operating profit	3,669,478	1,137,764	2,531,714	222.5%
Finance income	33,861	-	33,861	-
Finance costs	(1,026,038)	(165,767)	-860,271	519.0%
Profit/(loss) before taxation	2,677,301	971,997	1,705,304	175.4%
Taxation	(389,065)	(139,235)	-249,830	179.4%
Profit/(loss) for the year	2,288,236	832,762	1,455,474	174.8%

In 2011, NCTS recorded turnover of €49.9m, an increase of €6.7m or 15.6% from the prior year. National Car Testing income formed 95.2% of total income for 2010 with the majority of the remaining income coming from VRT Import Conformance Inspection testing. There were no changes to gross test fees in 2011

ACTS recorded a profit before tax of €2.7million for 2011 representing an operating profit margin of 7.3% and a net (pre tax) margin of 5.4%. This compares with a profit before tax of €0.9m for 2010. This resulted from higher test volumes in 2011 compared with 2010.

Likewise the balance sheets for the company for the financial years ending 31 December 2011 and 31 December 2010 are summarised below, identifying the key balances and the year on year changes. These figures have been taken from the 2011 financial statements which include 2010 comparatives.

Table 7.1 Balance Sheets 2011 and 2010

	2011 €	2010 €	Difference €	Difference %
Non Current assets				
Property, plant and equipment	5,566,670	4,964,474	602,196	12.1%
Intangible assets	2,579,328	3,755,562	-1,176,234	-31.3%
Deferred tax asset	117,519	59,193	58,326	98.5%
Other non-current assets	673,931	673,931	0	0.0%
Amounts due from group undertakings	1,500,000	-	1,500,000	100.0%
	10,437,448	9,543,160	894,288	9.4%
Current Assets				
Trade and other receivables	864,903	399,764	465,139	116.4%
Cash and cash equivalents	2,202,388	2,371,573	-169,185	-7.1%
	3,067,291	2,771,337	295,954	10.7%
Total Assets	13,504,739	12,224,497	1,280,242	10.5%
Equity				
Issued capital	3,010,000	3,010,000	0	0.0%
Retained earnings	1,042,602	(1,245,634)	2,288,236	-183.7%
Total Equity	4,052,602	1,764,366	2,288,236	129.7%
Non Current Liabilities				
Amounts owed to group companies	-	1,139,931	-1,139,931	-100%
Provisions	325,000	325,000	0	0.0%
	325,000	1,464,931	-1,139,931	-77.8%
Current Liabilities				
Trade and other payables	9,127,137	8,995,200	131,937	1.5%
Total Liabilities	9,452,137	10,460,131	-1,007,994	-9.6%
Total Equity and Liabilities	13,504,739	12,224,497	1,280,242	10.5%

The value of non-current assets increased by approximately €0.9m in 2011 largely as a result of a loan of €1.5m provided to a group company during the year. The net book value of property plant & equipment increased by €0.6m while the net book value of intangible assets (computer software) decreased by €1.2m during the year.

Current assets increased by €0.3m overall, due mainly to the increase of €0.5 million in trade and other receivables to €0.9m. This was offset by a decrease in the cash balance held, to €2.2million as at 31 December 2011. Non-current liabilities fell to €0.3m as amounts owed to group companies were repaid during 2011. The provisions of €0.3m remained static for 2011 and related to leasehold dilapidation provisions. Trade and other payables have increased at 31 December

2011 to €9.1m with €4.9m of this relating to VAT and VRT payable to the Office of Revenue Commissioners. The company has remained in a net current liability position at 31 December 2010 and 31 December 2011.

Overall there has been a 129% increase in the total equity held in the company from 2010 to 2011 and this change in the equity shareholders' funds is equal to the profit of €2.3 million retained for the year.

Conclusion

2011 was the second year of operation for ACTS since taking over responsibility for NCTS in January 2010. Turnover was €49.9m for the year compared with €43.2 for 2010 and ACTS recorded an operating profit of €3.7m and profit before tax of €2.7m for 2011 representing an operating profit margin of 7.3% and a net (pre tax) profit margin of 4.6%. This compares with a profit tax of €0.97m and profit margin of 2.3% for 2010. No dividend was paid during the year.

Total equity increased by €2.3m in the year to 31 December 2011 as profit after tax added to reserves. This was accompanied by investment in tangible assets while the net book value of intangible assets decreased as accumulated amortisation exceeded additions. The company held cash and cash equivalents of €2.2m as at 31 December 2011, a decrease of €0.2m from the prior year. Non current liabilities due to group companies were repaid during the year and a loan of €1.5m was due from group companies as at 31 December 2011. The company held a net current liability position as at 31 December 2011. 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

2011 was the second 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 previous years with approximately 985,000 full tests and 464,000 lane and non-lane retests completed during 2011

The company met all performance standards during the year and no performance adjustments were applied. In particular, waiting times, which were above the required performance standard in 2010, fell to an average of 8.1 days in 2011.

The RTE Primetime Investigates programme which aired on 16th May 2011 was a significant event during the year. The allegations of fraudulent vehicle tester activity shown on the programme called into question the integrity of the individual vehicle inspectors concerned, as well as the management systems within ACTS to detect and deal with such issues. In response to this, investigations were carried out by ACTS and by An Garda Síochána. ACTS also implemented a number of initiatives to investigate and address the specific allegations as well as to strengthen processes and controls to deter, prevent and detect future incidences of potential fraud or inappropriate activity. These initiatives remain current and continue to be monitored and reviewed on an ongoing basis.

The overall staffing levels decreased across the year following seasonal patterns of demand. An additional 22 vehicle inspectors were recruited in late 2011 in anticipation of increased seasonal demand during the first half of 2012.

Customers' overall level of satisfaction with the service, as measured by the customer performance index, remained high at 83.7, which was higher than the previous year's score of 82.6. 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 92.8%, comfortably above the target of 90%.

Finally, for the company's second year of full operation, ACTS recorded turnover of €49.9 million, an operating profit of €3.7 million and a profit before taxation of just under €2.7 million. No dividend was paid during the year.