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RSA

***National Car Testing
Service (NCTS)***

2017 Annual Review

Final Report

Údarás Um Shábháilteacht Ar Bhóithre
Road Safety Authority

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This report was developed by Deloitte for the Road Safety Authority ("RSA") to inform on operations of the National Car Testing Service ("NCTS"). The analysis presented herein are based on provided inputs from Applus Car Testing Service Ltd. (ACTS) and the Automobile Association (AA).

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The matters raised in this report are only those which came to our attention during the preparation of this report, and are not necessarily a comprehensive statement of all matters that exist, or all actions that might be taken. This report is made solely to the RSA. We do not accept or assume responsibility to anyone other than the RSA.

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, 2010/48/EU, and 2014/45/EU.

The National Car Test (NCT) was introduced in Ireland in January 2000 as part of an EU Directive that makes car testing compulsory in all member states. 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. Throughout 2017 the NCT was conducted at 47 purpose built test centres nationwide.

Applus Car Testing Service Ltd (ACTS), a member of the Applus+ Group, operate the National Car Testing Service (NCTS) in Ireland, having been appointed following a competitive tendering process in 2008.

ACTS operates the NCTS 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 26 June 2020.

The performance of ACTS is monitored in line with agreed and documented performance standards which have been set out in the Project Agreement. The performance of ACTS is monitored on behalf of the RSA by the Supervisory Services Contractor (SSC) Deloitte, and the Technical Services Partner (TSP) the Automobile Association.

This report reviews the operation and performance of ACTS during 2017 as follows:

- ❖ **Section 2** – Operational audit – ACTS performance in the area of operational audit during 2017.
- ❖ **Section 3** – Observed test inspections – ACTS performance in the area of observed test inspections throughout 2017.
- ❖ **Section 4** – Customer satisfaction – ACTS performance in the area of customer satisfaction during 2017.
- ❖ **Section 5** – Complaints & appeals - Complaints levels in 2017.
- ❖ **Section 6** – Performance management – ACTS performance against project agreement Key Performance Indicators (KPIs) in 2017.
- ❖ **Section 7** – Financial matters – ACTS financial performance in 2017.
- ❖ **Section 8** – Summary comments.

Overview of service

In 2017 activity levels across the service were lower than those seen in 2016 as can be seen in the table below.

Table 1.1: NCTS test volumes 2015 – 2017

	2015	2016	2017
Full test	1,492,179	1,465,702	1,355,546
Lane re-test	494,357	497,163	448,387
Non lane re-test	273,319	262,335	239,950
Total	2,259,855	2,225,200	2,043,883

A monthly analysis of the throughput of vehicles and pass / fail rates for the NCT in the period 2016 – 2017 is presented in **figure 1.1** below.

The axis on the left details the throughput of vehicles, the axis on the right details pass rates.

Figure 1.1: 2015 – 2017 throughput and pass rates

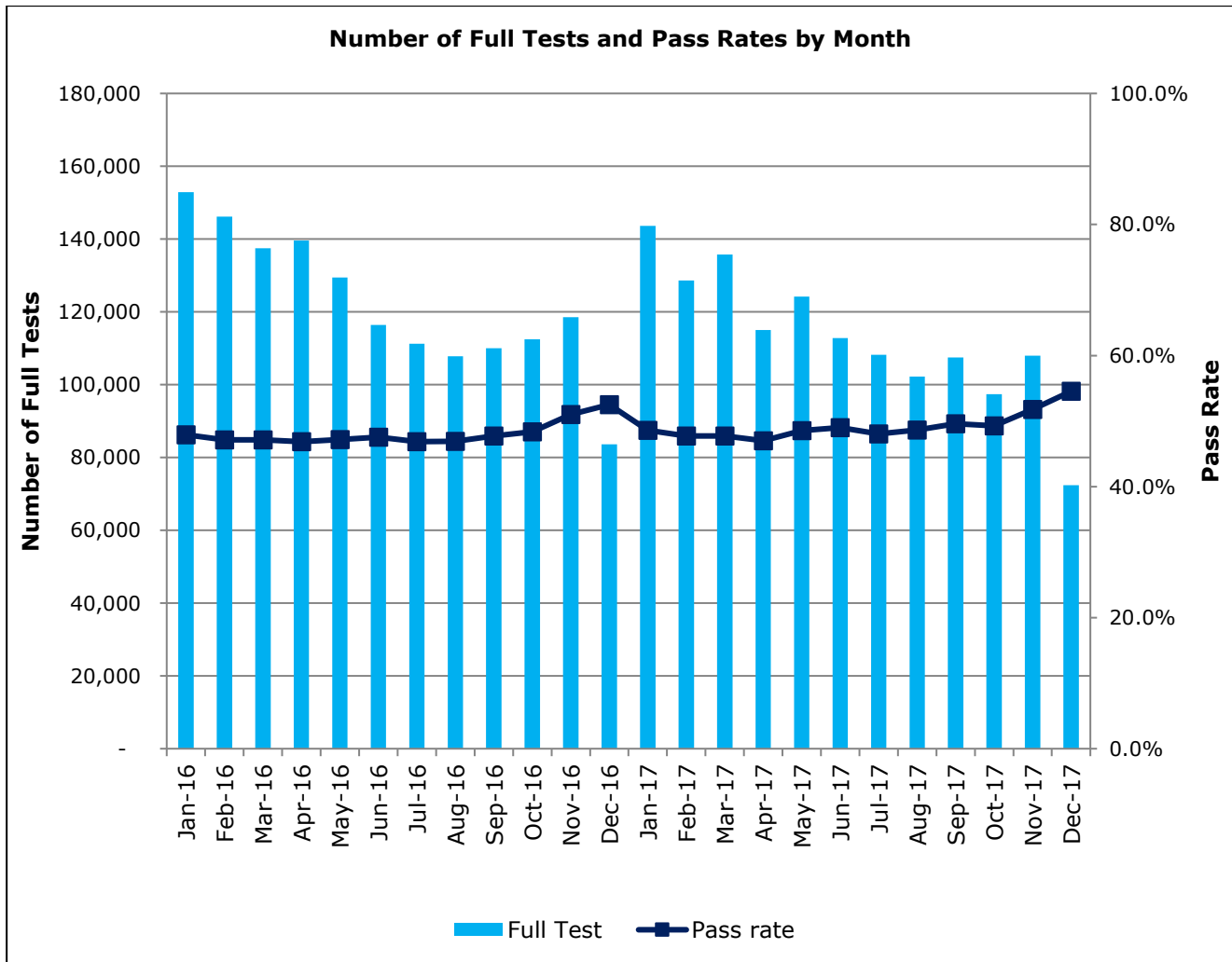


Table 1.2 below sets out a high-level annual summary of NCT activity levels and test outcomes for 2017.

	Pass	Pass advisory	No ID	Fail / refusal	Visual fail	Fail / dangerous	Visual fail dangerous	Total
Full tests	465,962 34.37%	191,827 14.15%	9,219 0.68%	460,413 33.97%	222,938 16.45%	4,500 0.33%	687 0.05%	1,355,546 100%
Lane re-test	261,949 58.42%	126,513 28.20%	1,212 0.27%	45,077 10.05%	12,723 2.84%	834 0.19%	79 0.02%	448,387 100%
Non lane re-test	151,424 63.11%	87,178 36.33%	31 0.01%	- 0.00%	1,292 0.54%	- 0.00%	25 0.01%	239,950 100%

Table 1.3 below sets out a summary of NCT activity levels and test outcomes on a NCT test centre basis for 2017.

Test centre	Pass		No ID		Fail		Fail dangerous		Total
	No.	%	No.	%	No.	%	No.	%	
Abbeyfeale	8,292	55.20%	118	0.79%	6,564	43.70%	47	0.31%	15,021
Arklow	12,185	46.46%	153	0.58%	13,791	52.58%	99	0.38%	26,228
Athlone	7,629	44.45%	150	0.87%	9,298	54.17%	87	0.51%	17,164
Ballina	7,671	46.08%	115	0.69%	8,757	52.60%	105	0.63%	16,648
Ballinasloe	7,963	53.34%	85	0.57%	6,853	45.91%	27	0.18%	14,928
Cahir	12,926	46.17%	156	0.56%	14,793	52.83%	124	0.44%	27,999
Cahirciveen	1,665	51.80%	30	0.93%	1,503	46.76%	16	0.50%	3,214
Carlow	11,567	45.05%	171	0.67%	13,822	53.84%	114	0.44%	25,674
Carndonagh	3,415	50.33%	45	0.66%	3,299	48.62%	26	0.38%	6,785
Carrick-on-Shannon	5,948	47.37%	64	0.51%	6,518	51.91%	27	0.22%	12,557
Castlerea	6,298	45.06%	93	0.67%	7,535	53.91%	51	0.36%	13,977
Cavan	6,244	42.45%	104	0.71%	8,313	56.52%	47	0.32%	14,708
Charleville	8,804	53.06%	127	0.77%	7,590	45.74%	71	0.43%	16,592
Clifden	1,709	40.88%	29	0.69%	2,434	58.22%	9	0.22%	4,181
Cork-Blarney	20,977	48.50%	313	0.72%	21,835	50.49%	125	0.29%	43,250
Cork-Little Island	34,871	51.87%	467	0.69%	31,676	47.11%	220	0.33%	67,234
Deansgrange	51,470	55.28%	853	0.92%	40,470	43.47%	309	0.33%	93,102
Derrybeg	2,416	44.63%	37	0.68%	2,954	54.57%	6	0.11%	5,413
Donegal	4,903	46.03%	78	0.73%	5,617	52.74%	53	0.50%	10,651
Drogheda	17,447	49.93%	198	0.57%	17,125	49.01%	171	0.49%	34,941
Dundalk	9,715	46.41%	152	0.73%	10,957	52.35%	108	0.52%	20,932
Ennis	13,662	46.18%	225	0.76%	15,555	52.58%	141	0.48%	29,583
Enniscorthy	16,444	47.18%	188	0.54%	17,993	51.62%	229	0.66%	34,854

Test centre	Pass		No ID		Fail		Fail dangerous		Total
	No.	%	No.	%	No.	%	No.	%	
Fonthill	39,883	44.44%	593	0.66%	48,895	54.48%	381	0.42%	89,752
Galway	25,751	47.68%	404	0.75%	27,670	51.23%	185	0.34%	54,010
Greenhills (Exit 11,M50)	28,313	46.25%	504	0.82%	32,209	52.62%	185	0.30%	61,211
Kells	14,939	47.91%	199	0.64%	15,881	50.93%	163	0.52%	31,182
Kilkenny	14,581	56.62%	124	0.48%	10,937	42.47%	110	0.43%	25,752
Killarney	9,976	53.69%	118	0.64%	8,434	45.39%	53	0.29%	18,581
Letterkenny	9,546	46.69%	144	0.70%	10,685	52.26%	70	0.34%	20,445
Limerick	24,763	49.10%	346	0.69%	25,175	49.92%	149	0.30%	50,433
Longford	5,671	42.33%	70	0.52%	7,614	56.83%	42	0.31%	13,397
Macroom	8,312	53.00%	81	0.52%	7,216	46.01%	75	0.48%	15,684
Monaghan	4,815	37.54%	89	0.69%	7,876	61.40%	47	0.37%	12,827
Mullingar	8,322	44.37%	138	0.74%	10,202	54.40%	93	0.50%	18,755
Naas	20,743	47.07%	235	0.53%	22,898	51.95%	197	0.45%	44,073
Nenagh	11,064	49.42%	128	0.57%	11,106	49.61%	89	0.40%	22,387
Northpoint 1 (Exit 4, M50)	28,029	46.44%	386	0.64%	31,760	52.62%	185	0.31%	60,360
Northpoint 2 (Exit 4, M50)	41,827	47.02%	577	0.65%	46,284	52.03%	272	0.31%	88,960
Portlaoise	13,002	54.23%	109	0.45%	10,762	44.89%	101	0.42%	23,974
Skibbereen	7,831	49.62%	88	0.56%	7,801	49.43%	63	0.40%	15,783
Sligo	8,727	46.36%	136	0.72%	9,897	52.57%	65	0.35%	18,825
Tralee	11,177	52.37%	160	0.75%	9,953	46.64%	51	0.24%	21,341
Tullamore	10,116	51.13%	100	0.51%	9,509	48.06%	61	0.31%	19,786
Waterford	18,619	51.33%	319	0.88%	17,116	47.19%	218	0.60%	36,272
Westport	10,075	49.01%	117	0.57%	10,310	50.16%	53	0.26%	20,555
Youghal	7,486	48.10%	103	0.66%	7,909	50.81%	67	0.43%	15,565
Total	657,789	48.53%	9,219	0.68%	683,351	50.41%	5,187	0.38%	1,355,546

Top Component / Vehicle Failure Items

We set out hereunder the top failure items recorded in 2017 by:

1. Component / area – top five failure items;
2. Visual fail items – top five failure items; and
3. Equipment items – top five equipment failure items.

Figure 1.2: Top five – component / area failure items – 2017

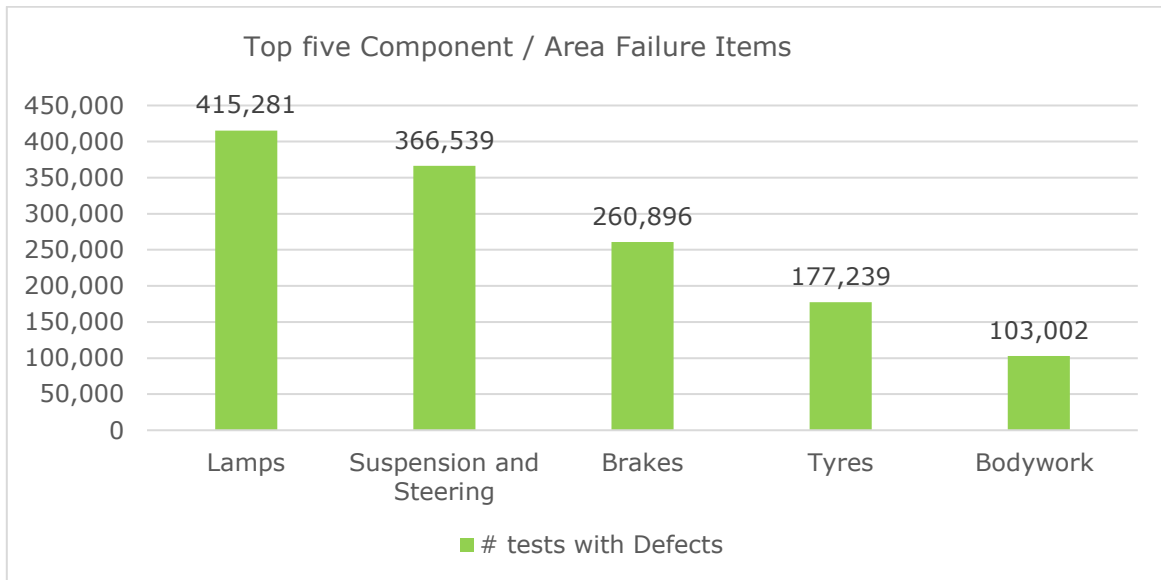


Figure 1.3: Top five – visual failure items – 2017

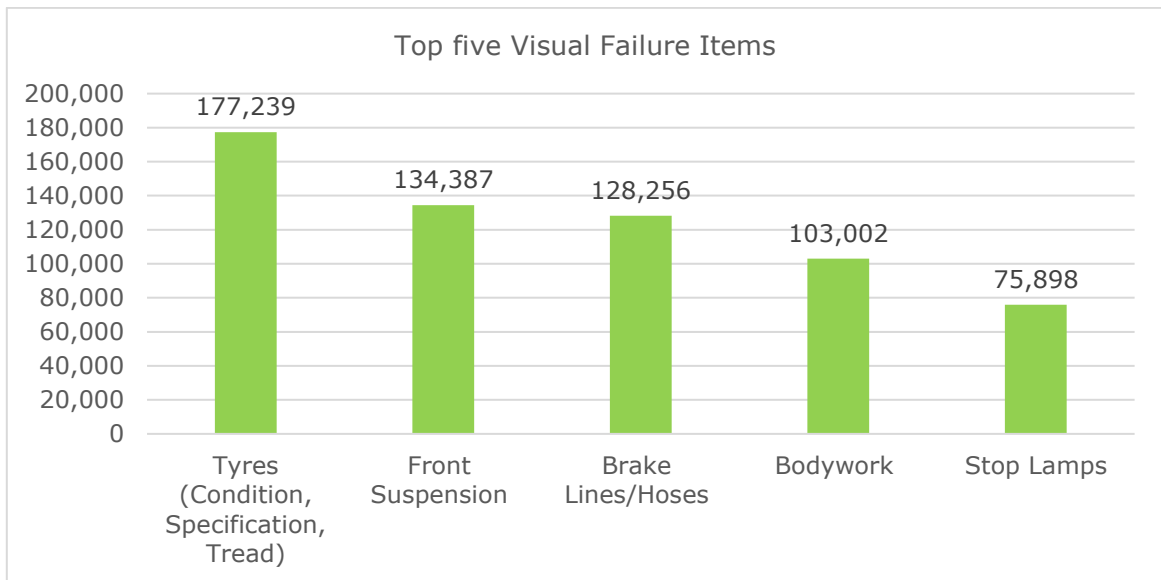
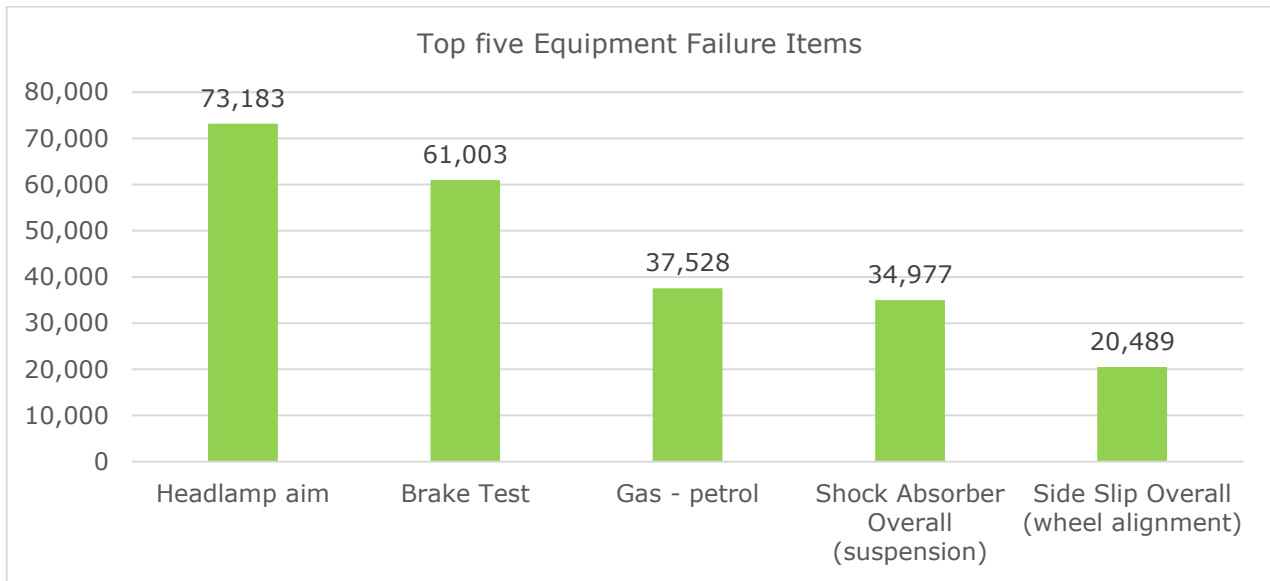


Figure 1.4: Top five equipment failure items – 2017



Customer Satisfaction – Customer Performance Index (CPI)

The project agreement sets out a minimum CPI score of 80% which ACTS must achieve throughout the period of the contract.

In 2017, ACTS achieved a CPI of 89.2% which was an increase of 4.8% on 2016. Please see **Section 4** (customer satisfaction) for further details in this regard.

Complaints

The project agreement sets out a maximum threshold level for complaints of 0.20% of all tests carried out.

In 2017, ACTS received 1,163 complaints, which is a complaints level of 0.06%. This represents a decrease of 91 complaints from the 1,254 received in 2016, a decrease of 7.26%.

Overall Performance

Overall, in 2017 ACTS achieved the required standard in relation to all key performance measures and no financial adjustments have been applied. Please see **Section 6** (performance management) of this report for more detail in this regard.

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

2. Operational audit

Background & Methodology

The project agreement sets out a minimum standard of 90%, which must be achieved by ACTS in the operational audit.

Operational audits are performed on a quarterly basis. The work programme for the operational audit assesses ACTS performance against a number of pre-determined aspects of NCTS operations across the following areas:

1. Customer Services and Facilities;
2. People Processes and Technology; and
3. Observed and Independent testing.

Areas of necessary improvement are communicated by the SSC to the RSA, and ACTS..

Responsibility

The operational audit is performed by the SSC and the TSP with a breakdown as set out below:

1. Headquarters component – performed by the SSC; and
2. Test centre component – performed by the TSP.

Table 2.1 below shows the results of the high-level operational audit scores achieved in the period 2015 – 2017.

The overall performance score for 2017 was 94.1% which is a decrease on 2016 (97.0%). ACTS has achieved the contractual standard in relation to the operational audit for 2017.

Table 2.1 Operational Audit Scores for 2017

Description	2017	2016	2015
Total weighted score	94.1%	97.0%	96.5%

Section A - Headquarters Review

In this section we set out details in relation to the following headquarters operational audit areas:

1. Call centre performance;
2. Waiting times for NCT bookings;
3. Staffing levels & Human Resources; and
4. Information systems & management information processes.

Call Centre

The project agreement sets a target of answering 90% of all calls offered within 15 seconds.

Figure 2.1 below sets out the monthly call centre performance for 2017. Overall, the call centre exceeded the service level for the year with 92% of calls answered within 15 seconds.

The target service level was not met in October 2017. This was largely due to the impact of Storm Ophelia which resulted in the service being closed for one day.

Call volumes decreased in 2017 as can be seen in **Figure 2.2** below. This continues a trend seen in prior years. Internet bookings increased in 2017 as can be seen in **Figure 2.3** below. This also is in line with the trend seen in prior years.

Figure 2.1: 2017 monthly call centre performance

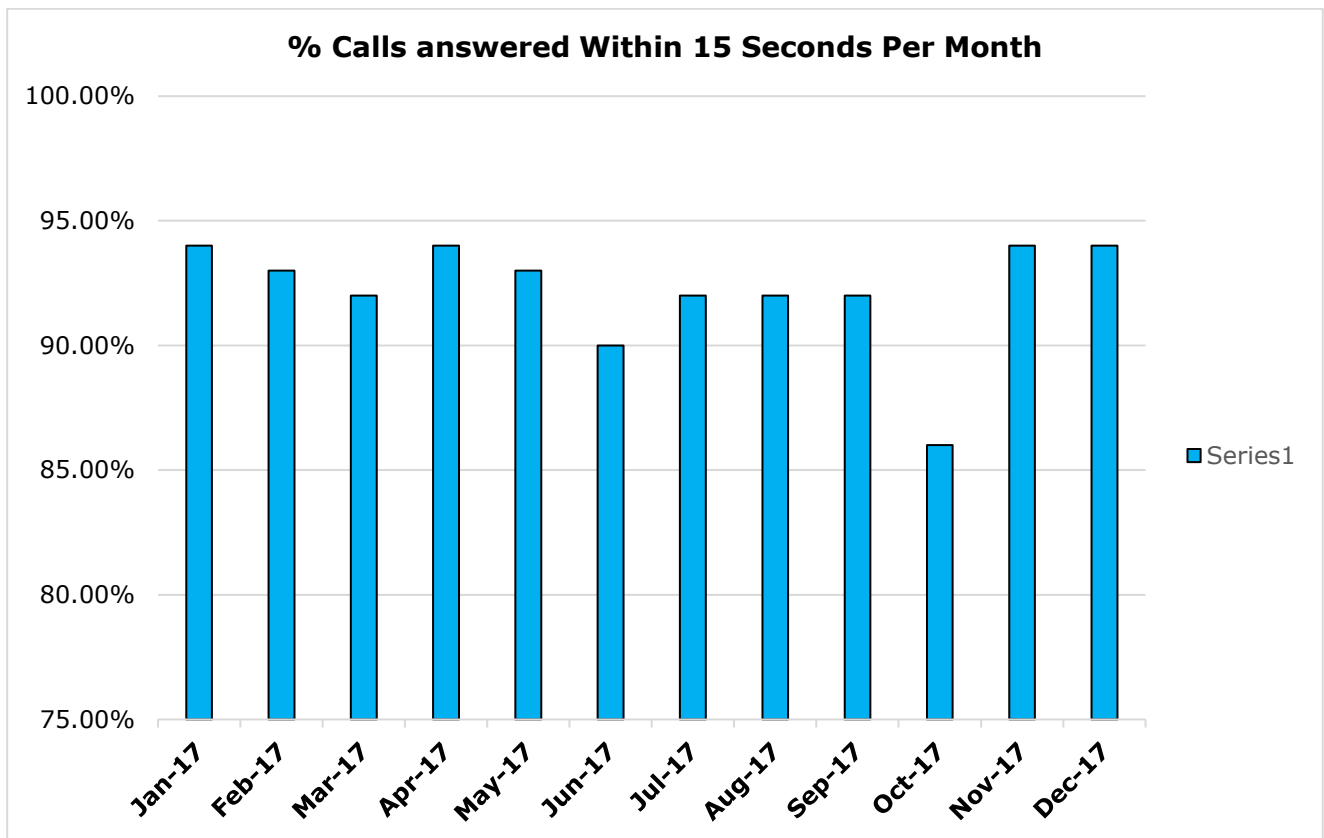


Figure 2.2: 2015 – 2017 call volumes

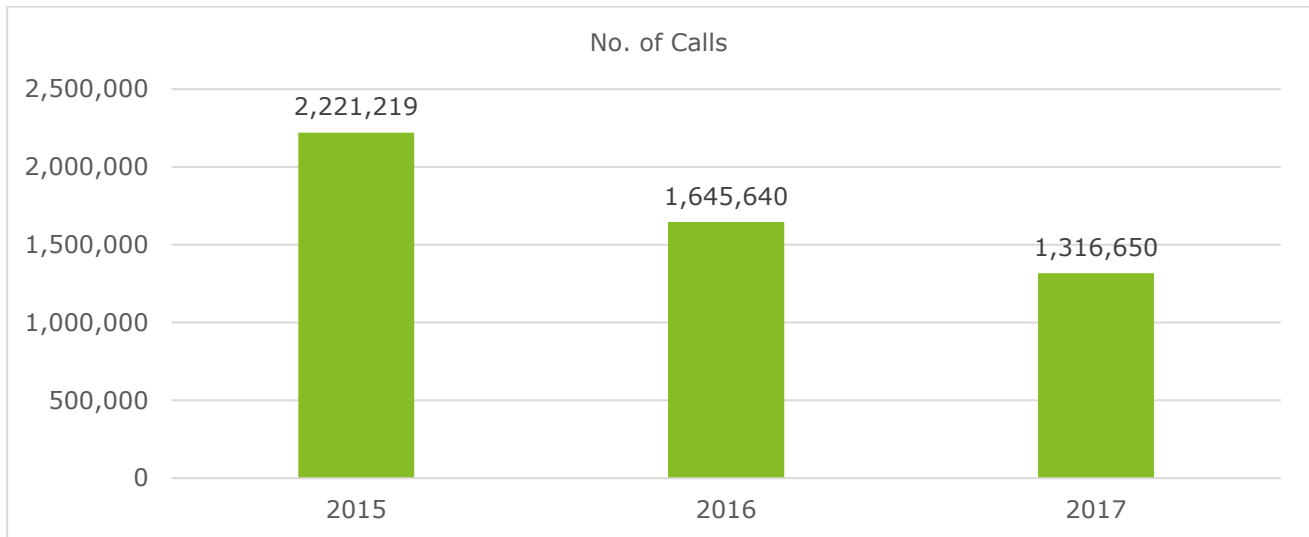
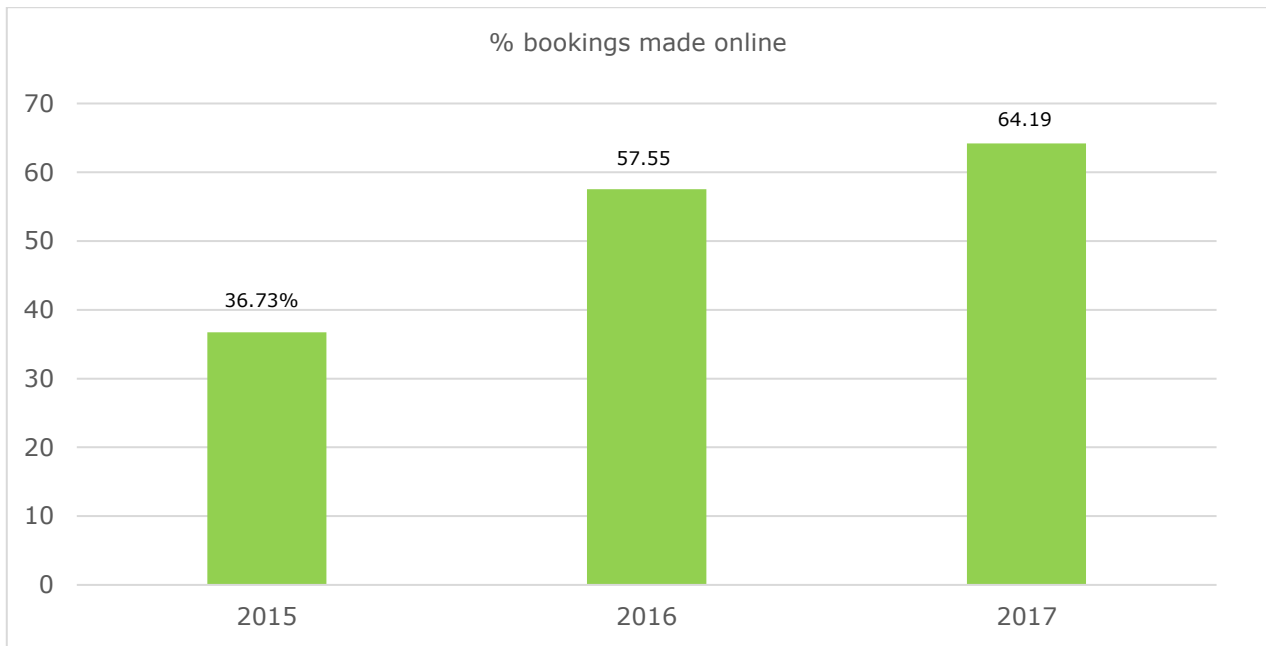


Figure 2.3: 2017 internet booking levels

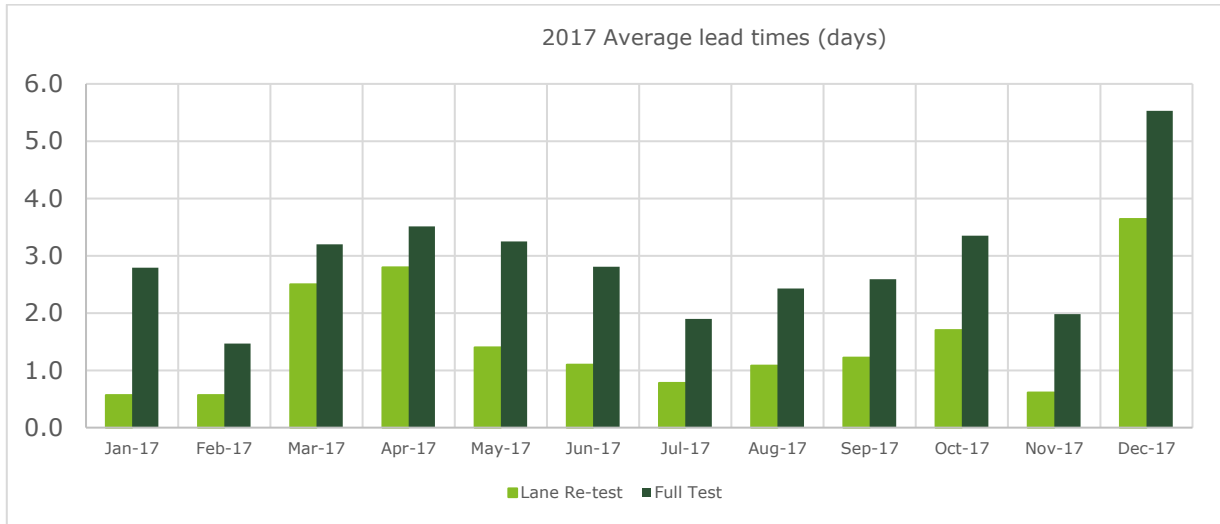


Waiting times for Bookings

The project agreement sets a target average lead time across the NCT network of 14 days with no individual NCT test centre to exceed 21 days. Lead-times for tests and retests are monitored monthly and quarterly at both a National and test centre basis. The average lead time for 2017 was 2.53 days.

Throughout 2017, the service achieved the required standard with average lead times generally remaining in the 2 – 4 day range as can be seen in **Figure 2.4** hereunder. Average lead times increased in December 2017 as a result of increased voluntary early testing and the Christmas break. This is in line with trends seen in prior years.

Figure 2.4: 2017 average lead times

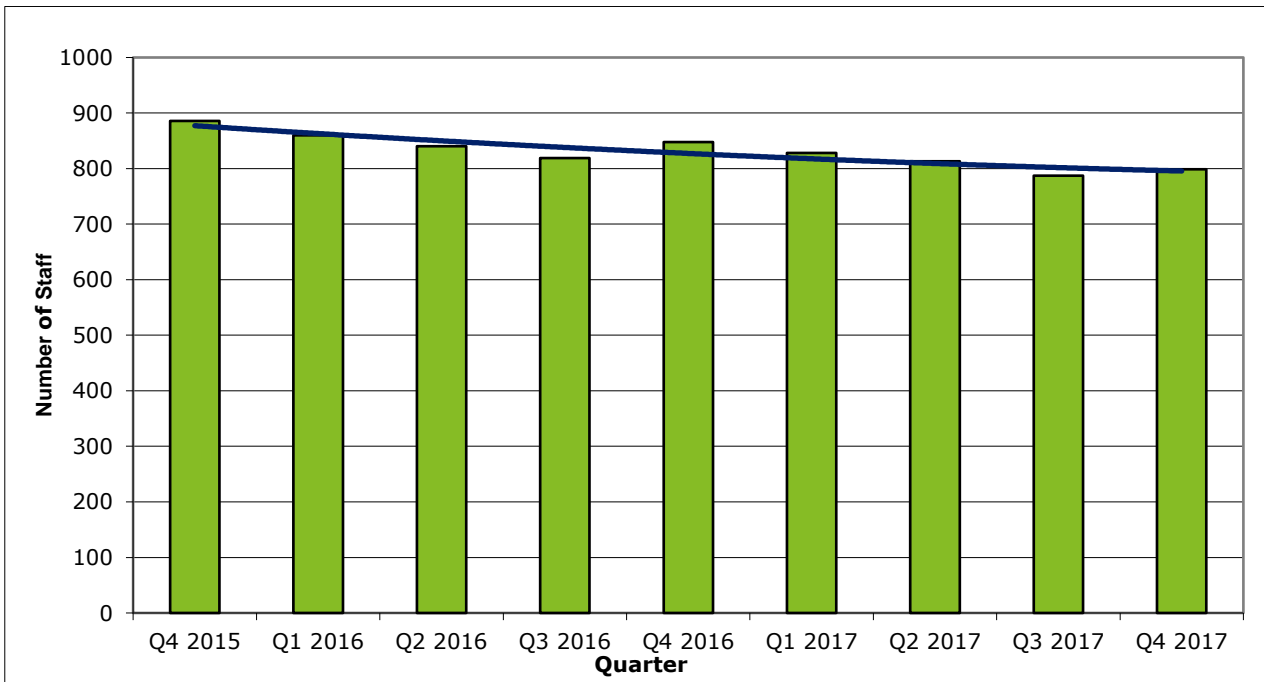


Staffing levels and Human Resources

Overall staffing levels which include: headquarters; test centre; and call centre personnel, stood at 799 Full Time Equivalents (FTEs) in December 2017.

As per prior years ACTS commenced a recruitment campaign in late 2017 in anticipation of increased seasonal demand in the first half of 2018. ACTS staffing levels throughout the period 2015 – 2017 are shown hereunder in **Figure 2.5**.

Figure 2.5: Q4 2015 – Q4 2017 ACTS staff levels



Annual training of all vehicle inspectors took place in Q3 2017. This training covered elements of the test process and test equipment, and an assessment of each inspector was conducted. Further training was provided throughout the year as new vehicle inspectors were recruited and inducted.

In addition, specific training courses were provided, including occupational first aid training, and Health and Safety training, as well as training for call centre staff. New recruit and requalification training provided by ACTS is assessed and accredited by an external training body.

Information Systems and Management Information Processes

The ACTS 'dashboard' system is an integrated application which is used for all elements of car testing including telephone, web and other bookings, test administration and reporting.

Section B - Test Centre Review

In this section we set out details in relation to the following test centre operational audit areas:

1. Premises;
2. Test equipment & IT; and
3. Observed tests.

Independent inspections take place at each test centre, on an unannounced basis. In total 773 such inspections took place in 2017. Overall, the NCT test centres achieved the standard required as measured through the operational audits.

During these inspections, the condition of the premises and the availability and quality of the test centre equipment was checked, as well as the attitude and presentation of staff. Vehicle inspectors' performance was also monitored and graded (see **Section 3**).

Premises

The service is required to be delivered from premises that are accessible to customers and fit for purpose. This is assessed via a number of methods:

1. By the TSP during on-site inspections of test centres; and
2. Via feedback from NCT customers during mystery shopping and customer satisfaction surveys (see **Section 4**).

TSP inspections revealed that, in general, ACTS maintained the fabric of the premises to the expected standard during the year.

Test Equipment & Information Technology

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 areas for improvement drawn to the attention of management.

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 TSP engineers accompanying NCT regional technical staff during Q2 2017.

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 the TSP carried out 768 visits to NCT test centres, and audited 3,739 vehicles. This is discussed further in **Section 3**.

3. Observed test inspections

Methodology

The methodology for independently observing test inspections is based on a random selection of test centres and vehicle inspectors for unannounced inspection visits. Additional targeted inspections take place at test centres throughout the year.

Vehicle inspectors (VIs) are observed carrying out full tests, with TSP 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 2017 TSP inspections covered:

- ❖ 100% of NCTS test centres in the network;
- ❖ 100% of test lanes in the network; and
- ❖ 97% of VIs.

Further details of the outcome of these inspections is set out hereunder.

During 2017 some 3,739 vehicle vehicles were audited by the TSP team. A further 773 independent checks were undertaken during the year. The overall number of independent and observed tests increased in 2017.

Table 3.1 table sets out a summary of the number of test centres, test lanes, vehicle inspectors and vehicle tests were observed. On average, vehicle inspectors were observed carrying out 6 to 7 tests throughout the year.

Table 3.1: TSP inspection details 2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Individual Centres audited	46	42	40	35	44	43	44	41	42	41	39	36	493
No. of visits in period	77	63	57	41	75	69	66	56	61	69	76	58	768
Vehicles audited	441	366	342	296	452	399	373	365	337	351	352	289	4,363
VIs audited	264	205	195	169	226	198	188	182	188	172	223	181	2,391
Lanes audited	100	88	90	81	96	87	90	87	85	90	85	78	1,057
Independent checks	77	63	57	41	80	69	66	56	61	69	76	58	773
Independent re-checks	1	4	2	3	4	3	2	7	2	5	4	3	40
Total	1,006	831	783	666	977	868	829	794	776	797	855	703	9,885

It should be noted that, for the 2017 NCTS annual report details relating to *VIs audited* sets out the number of times VIs were audited in 2017. In 2017 VIs were audited on 4,363 occasions. A breakdown of the test result outcomes is set out in **table 3.2** overleaf:

Table 3.2 Vehicle Inspector Performance Rating for 2017

Category	Score	Q1	Q2	Q3	Q4	Total
Very Good (0 faults omitted)	10	1,074	1,108	1,041	977	4,200
Good (<=2 faults omitted)	9	0	0	0	0	0
Adequate (<=4 faults omitted)	6	24	10	11	5	50
Poor (5 minor items omitted)	3	0	0	0	0	0
Unacceptable (any major item or 6 minor items omitted)	0	44	29	21	10	104
C.N.A (Could Not Assess)	-	7	0	2	0	9
Total		1,149	1,147	1075	992	4,363

On the 104 instances where a VI was rated poor or unacceptable, this was brought to the attention of the following parties:

- ❖ The VI in question;
- ❖ The test centre team / shift lead; and
- ❖ ACTS senior management.

Some of the matters which gave rise to a poor or unacceptable rating in 2017 included:

- Tyres, damaged incorrect specification or over six years old;
- Damaged suspension spring or torsion bar;
- Damaged brake lines;
- Presence of corrosion;
- Damaged rubber boots (CV or steering gaiter);
- Presence of moisture / water in light units; and
- Absence of locking devices.

Independent check tests

773 vehicles were fully checked independently by the TSP during the year. These were drawn, at random, from tests completed immediately prior to unannounced visits.

Test accuracy

The project agreement sets out a minimum score of 99% for test accuracy which ACTS must achieve throughout the period of the contract.

In 2017, 41 pass / fail decisions were overturned as a result of failure items being omitted, or included in error, during observed or independent tests.

The test accuracy for 2017 was 99.1% - this is within the threshold. ACTS test accuracy performance in the period 2012 – 2017 is set out in **table 3.3** hereunder:

Table 3.3: Average independent VI score 2012 – 2017

Year	2012	2013	2014	2015	2016	2017
Test accuracy (%)	99.1	99.1	99.1	99.5	99.0	99.1

4. Customer satisfaction

The project agreement sets out a minimum score of 80% which ACTS must achieve throughout the period of the contract.

In 2017 customer satisfaction levels in relation to the NCTS were captured and measured, via a telephone survey, from 1,028 vehicle owners whose car had been tested throughout the year. Feedback received is collated and, using pre-agreed weightings, used to determine the Customer Performance Index (CPI).

In 2017 ACTS achieved a CPI of 89.2%, which was an increase of 4.8% on 2016. However, due to recalibration and redistribution of weightings based on customers' views of the relative importance of aspects of customer service, the total CPI score is not directly comparable with previous years.

In addition, year on year comparisons are not possible across all individual criteria, as individual components were reworded ahead of the 2017 customer satisfaction interviews. This summary will reflect upon areas (regardless of weighting applied) where comparability can be made but with which caution should be placed.

Methodology & approach

The sampling methodology employed in the survey has been designed to ensure that the sample selected is representative of the population of NCT customers and is drawn from across the target population.

NCTS customers were selected, based on:

1. A proportional weighting, applied to the total population of NCT customers from the quarter, based on: the volume of tests carried out at each NCT test centre and the overall national pass rate.
2. A random selection of NCT customers from those selected in No. 1 above.

The 2017 survey was conducted on a quarterly basis with members of the general public who had their vehicle tested in the prior quarter. Research was collated by conducting post-test interviews with 1,028 customers during 2017. Interviews were administered using a structured questionnaire dealing with the level of satisfaction with a range of issues that a NCT customer would expect to encounter.

The survey is divided into six distinct areas, each of which is assigned an agreed weighting, which feeds into the overall CPI. The areas assessed are:

1. Booking procedures;
2. Waiting times;
3. Response to queries;
4. Attitude of staff;
5. Waiting area; and
6. Explanation of test report.

The CPI summarises the overall performance of ACTS into a single score which allows for each year's results to be interpreted at a glance.

2017 Customer Performance Index

The CPI for 2017 was a score of 89.2%. This reflects a very high underlying level of satisfaction with the key aspects of the service that customers deem to be most important.

Table 4.1: Hereunder provides an analysis of the CPI performance achieved in 2017:

Table 4.1: ACTS CPI performance 2017

Factor	Question	Score (%)	Average (%)	Weighting	CPI (%)
Booking procedures	Information provided on booking procedures	91.1			
	Registration and vehicle checking procedures at the test centre	91.2	91.3	0.1	9.1
	Payment procedures at the test centre	91.5			
	How straightforward it was to confirm your test	91.4			
Waiting times	The length of time you had to wait to get a test appointment	91.0			
	The length of time you had to wait at the test centre from appointment time to the test itself	89.5	90.3	0.27	24.4
	The length of time you had to wait if you had a retest	90.3			
Response to queries	The length of time it took ACTS to respond to your queries	90.9	90.9	0.05	4.5
Attitude of ACTS staff	The helpfulness of the staff you spoke to when confirming your test	90.9			
	The helpfulness of the staff on reception at the test centre	92.0	90.7	0.22	20.0
	The attitude of the member of staff who carried out the test	89.6			
	Their ability to carry out the test professionally	90.6			
Waiting area	The cleanliness and comfort of the waiting area and facilities	90.7	84.2	0.05	4.2
Explanation of test report	The test report	84.2			
	The testers ability to help you understand the test report	87.2	87.1	0.31	27.0
2017 Annual Customer Performance Index					89.2

5. Complaints & appeals

Customer Complaints

The project agreement sets out a maximum threshold of 0.2% in relation to the number of complaints that can be received. In practice this means that the number of complaints received cannot exceed 0.2% of all the vehicle tests performed.

Customer complaints are recorded under a number of agreed categories (as set out in the summary **table 5.1** below).

ACTS 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 2017 there were 1,163 customer complaints, which was a decrease of 7.20% on the total number of complaints received in 2016 (1,254).

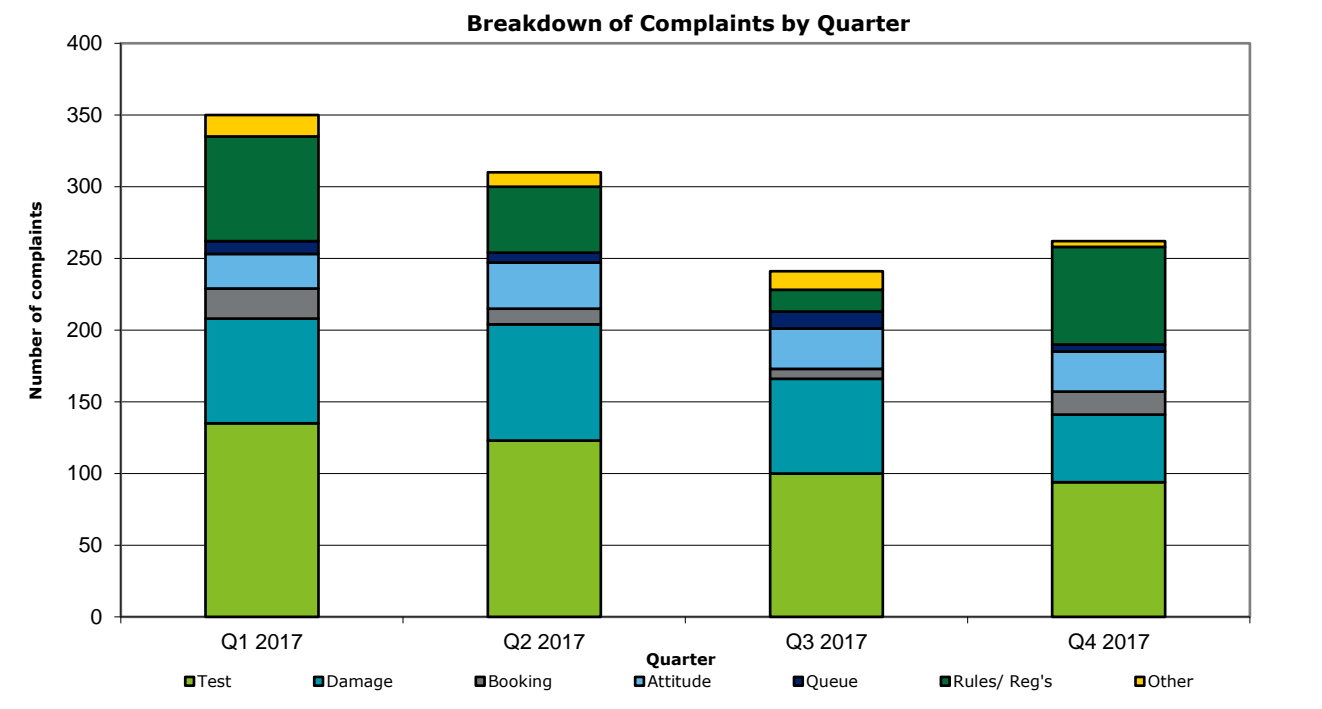
The total number of complaints as a percentage of total tests taken was 0.06%. This the same as the 2016 result (0.06%) and it was also below the target set at 0.20%.

Table 5.1 Year 2016 Customer Complaints (by category)

Complaint category	Total
Test (conduct of test/results)	452
Damage (or loss to property)	267
Bookings (& call centre)	55
Attitude (of staff)	112
Queue (delays at test centre)	12
Rules/Regulations	202
Other	42
Total	1,163
Number of vehicle tests performed	2,043,883
As a % all tests conducted	0.06%

A breakdown of the number and category of complaints received in 2017, by quarter, is set out in **figure 5.1** overleaf.

Figure 5.1: 2017 complaints by category and quarter



Independent appeals Board

Where required, the Independent Appeals Board provides an independent review service for the resolution of customer issues, for the small number of cases that require additional investigation.

The Independent Appeals Board received 12 appeals throughout 2017, of which one was upheld after investigation. The upheld appeal related specifically to mileage discrepancy / odometer readings.

Test integrity issues

ACTS operate using an internal Code of Ethics. Each staff members receives refresher training each year on the company’s Code of Ethics.

On occasion, matters come to the attention of ACTS, the SSC, the TSP or the RSA, which give rise to investigations into the integrity with which testing is carried out by particular vehicle inspectors or at particular test centres.

Such matters are investigated and, where appropriate, disciplinary action may be taken against any members of staff involved. During 2017, four employees were dismissed in relation to breach of code of ethics issues. In certain circumstances, An Garda Síochána are informed.

6. Performance management

Performance Standards Achieved

Table 6.1 sets out the ACTS level of achievement over the past 6 years, against the standards of performance required.

Table 6.1 Year 2017 NCT Achievement against Performance Standard

Performance Standard	Target	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017
Waiting times (full slots) for bookings – average less than 14 days	<14 days	9.82	11.6	11.8	8.6**	4.7	2.9
Waiting times at individual National Car Test Centres – average less than 21 days	<21 days	√	√	√	√	√	√
Test accuracy	99.0%	99.1%	99.1%	99.1%	99.5%	99.0%	99.1%
Customer satisfaction (Customer Performance Index)	80	84.3	83.5	82.8	84.6	84.4	89.2
Operational audit	90.0%	95.8	96.6	97.2	96.5	97.0	94.1%
Notifying Owners of the requirement to have their vehicle tested	80% 4-6 weeks before the due date of the test	√	√	√	√*	√	√

√- Denotes satisfactory result by reference to the performance standards.

* A derogation was given against this performance standard in Quarter 1 2015.

** The method of calculation of waiting times was changed from Quarter 3 2015.

As shown in the table above:

- The average waiting time for 2017 was 2.9 days, which was within the target of 14 days.
- The test accuracy standard met the target of 99.1% for the year as a whole.
- The CPI for 2017 was 89.2, above the target of 80.
- Operational audit performance for 2017 was above the target of 90%, at 94.1%.
- The standard requiring at least 80% of owners to be notified in advance was met.

Table 6.2 sets out the performance standards and the performance adjustment criteria, as detailed in the Project Agreement.

Table 6.2 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	No
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	No
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	No
Customer satisfaction	Level of customer satisfaction with the National Car Testing service as defined by Composite Customer Satisfaction Index must equal 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	No
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	No
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	No
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	No

Performance adjustments for the current NCT 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 2017.

7. Financial matters

In this section of the report we comment on the overall financial results of ACTS. 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 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.

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 ACTS to the RSA.

The ACTS profit & loss account for the financial year ending 31 December 2017 is summarised below in **table 7.1**. These amounts have been extracted from audited ACTS financial statements for the year ended 31 December 2017.

Table 7.1: 2017 ACTS Profit & Loss Statement

	2017	2016	Difference	Difference
	€	€	€	%
Turnover	77,819,157	83,181,898	(5,362,741)	(6.45%)
Cost of Sales	(60,669,890)	(64,064,991)	3,395,101	5.30%
Gross profit	17,149,267	19,116,907	(1,967,640)	(10.29%)
Administrative expenses	(10,387,596)	(11,249,124)	861,528	7.66%
Operating profit	6,761,671	7,867,783	(1,106,112)	(14.06%)
Finance and other income	820,688	1,158,712	(338,024)	(29.17%)
Profit/(loss) before taxation	7,582,359	9,026,495	(1,444,136)	(16.00%)
Taxation	(1,121,129)	(1,486,387)	365,258	24.57%
Profit/(loss) for the year	6,461,230	7,540,108	(1,078,878)	(14.31%)

The ACTS balance sheet for the financial year ending 31 December 2017 is summarised overleaf in **table 7.2**. These amounts have been extracted from audited ACTS financial statements for the year ended 31 December 2017.

Table 7.2: ACTS Balance sheet as at 31 December 2017

	2017 €	2016 €	Difference €	Difference %
Non-Current assets				
Property, plant and equipment	3,583,877	4,774,229	(1,190,352)	(24.93%)
Intangible assets	180,168	156,831	23,337	14.88%
Deferred tax asset	0	106,349	(106,349)	(100.00%)
Amounts due from group undertakings	1,774,000	2,022,000	(248,000)	(12.27%)
	5,538,045	7,059,409	(1,521,364)	(21.55%)
Current Assets				
Trade and other receivables	24,451,507	23,836,771	614,736	2.58%
Cash and cash equivalents	445,123	2,386,919	(1,941,796)	(81.35%)
Current corporation tax asset		0		
Total current assets	24,896,630	26,223,690	(1,327,060)	(5.06%)
Total Assets	30,434,675	33,283,099	(2,848,424)	(8.56%)
Equity				
Issued capital	3,010,000	3,010,000	0	0.00%
Retained earnings	5,701,920	7,540,690	(1,838,770)	(24.38%)
Other reserve	-1,755	365	(2,120)	(580.82%)
Total Equity	8,710,165	10,551,055	(1,840,890)	(17.45%)
Non-Current Liabilities				
Provisions	325,000	325,000	0	0.00%
Defined tax liability	6,678	0	6,678	6,678.00%
	331,678	325,000	6,678	2.05%
Current Liabilities				
Trade and other payables	21,166,819	22,237,887	(1,071,068)	(4.82%)
Current corporation tax liability	226,013	169,157	56,856	33.61%
Total current liabilities	21,392,832	22,407,044	(1,014,212)	(4.53%)
Total Liabilities	21,724,510	22,732,044	(1,007,534)	(4.43%)
Total Equity and Liabilities	30,434,675	33,283,099	(2,848,424)	(8.56%)

Comments

Turnover for 2017 was €77,819,157 – this represents a decrease of €5,362,741 (6.45%) on the €83,181,898 recorded in 2016.

ACTS recorded an operating profit in the year of €6,761,671 – this represents a decrease of €1,106,112 (14.06%) on the €7,867,783 recorded in 2016.

Pre-tax profits in the year were €7,582,359 – this represents a decrease of €1,444,136 (16%) on the €9,026,495 recorded in 2016.

8. Summary comments

1. Testing activity levels in 2017 were as follows:
 - ❖ 1,355,546 full tests;
 - ❖ 448,387 lane re-tests; and
 - ❖ 239,950 non-lane re-tests.
2. ACTS met all the documented performance standards in 2017 and therefore no performance adjustments were applied.
3. Average booking lead times for 2017 was 2.5 days.
4. Test accuracy for 2017 was 99.1%.
5. The Customer Performance Index for 2017 was 89.2%.
6. The number of complaints as a percentage of all tests completed in 2017 was 0.06%.
7. ACTS operational audit performance in 2017 was 94.1%.
8. Changes introduced during 2016, meant that the service was better prepared to meet the seasonally high demand in early 2017. Further changes introduced during 2017 mean that the service should be well positioned to deal with peak demand expected in early 2018. Voluntary early testing and other measures ensured that ACTS was able to maintain a high level of available capacity throughout the year.
9. Staffing levels were maintained at a relatively constant level throughout the year.

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