



## **Consultation**

**on**

## **KPIs for Travel Trade Licensing section of Commission for Aviation Regulation**

Commission Paper 6/2017

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Commission for Aviation Regulation

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### 1. Introduction

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- 1.1 In this paper, the Commission for Aviation Regulation is consulting on the Key Performance Indicators that should apply to the Travel Trade Licensing Division of the Commission.
- 1.2 A Key Performance Indicator is a measurable value that demonstrates how effectively a company is achieving key business objectives. The setting of KPIs that reflect accurately the work that is done by the Travel Trade Licensing Division allows both the Commission and its stakeholders evaluate how well we are performing.
- 1.3 In this paper we outline our proposals for revised KPIs that we plan to adopt and ask for your views on our proposals or any alternatives that you think would be a better yardstick to measure our performance.
- 1.4 There will be a twelve week consultation period and the closing date for receipt of submissions is **Friday, 15<sup>th</sup> September 2017**.

### 2. Licensing Process

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- 2.1 The Commission for Aviation Regulation is responsible for licensing Tour Operators and Travel Agents trading, or wishing to trade, in the State in accordance with current legislation.
- 2.2 We have five main tasks under the broad heading of travel trade licensing; (a) issue licences, (b) administer a bonding scheme, (c) process claims in the event of a Travel Agent or Tour Operator going out of business, (d) monitor the financial business and organisational capabilities of licence holders as per section 6.3 of the 1982 Transport & Tour Operators Act and (e) investigate alleged illegal trading.
- 2.3 Travel Agents and Tour Operators apply every year for a licence and each licence is valid for, at most, one year. The Commission issues repeat licences in two rounds each year; a spring round and an autumn round. Licences are issued from the 1<sup>st</sup> May and the 1<sup>st</sup> November.
- 2.4 Companies applying for a licence, whether for the first time or on a repeat basis, are required to submit an application to the Commission no later than 77 days (the normal fee deadline date) before the date that licences are issued for submission at normal fee. In other words, if someone wants a licence from 1<sup>st</sup> May, a completed application needs to be submitted in mid-February and those wishing for a licence on 1<sup>st</sup> November have a mid-August deadline date. This does not take into account outstanding financial statements not yet due or unsatisfactory/incorrectly answered applications. Applications submitted later incur increased fees.
- 2.5 In all cases a full application must be provided to the Commission by the deadline date in order for the application to be judged as received on time. A full application consists of an application form fully completed, a signed declaration sheet stating that the information in the application is correct, projections and financial statements (as required) and the correct fee. If an application is received after this deadline, or the information provided is not complete, there is no guarantee that the licence can be issued on the correct date. The start date for a thorough review of the application does not occur until all necessary information has been provided.
- 2.6 Once an application has been reviewed and the Commission decides that a licence can be issued, a Decision in Principle letter is sent to the applicant. This letter sets out details of the bond to be supplied by the applicant and, occasionally, requests for specified pieces of additional information. An example of this type of information is a request to provide proof

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of a change of directors. The Decision in Principle letter also sets out financial reporting requirements specific to the applicant which will be included as part of the licence terms and conditions.

- 2.7 The final step in the process is that the applicant fully responds to the Decision in Principle letter and puts a bond in place. At this stage a licence will be issued.

### 3. Key Performance Indicators

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- 3.1 We introduced Key Performance Indicators in 2011 and in each year thereafter we reported on our performance in our annual reports. The first measure relates to how often we let applicants know, within a week, that their application is incomplete and that additional information is required. The second measure looks at the percentage of applicants that are sent a Decision in Principle letter within one month of receipt of their completed application. The third measure is the percentage of applications that receive a licence within two weeks of providing a bond and the final one looks at how many travel agents or tour operators we visit in a year. The table shows our performance for the period 2011-2015.

Travel Trade Licensing	2015	2014	2013	2012	2011
Licence applicants notified of missing documents within a week	39%	82%	28%	57%	98%
Licence applicants receiving a decision in principle within a month	70%	87%	64%	46%	81%
Licences issued within two weeks of all documents being received	84%	93%	92%	100%	85%
Number of licensees' premises visited	27	27	31	42	13

*Table 1: Travel Trade Licensing Performance Indicators 2011-2015*

- 3.2 The first KPI (licence applicants notified of missing documents within a week) looks at the timeliness with which we inform applicants that we need some additional information once we have started the review process. The question to be answered is, of the total number of applicants we requested further information from, what percentage were contacted within one week of starting our review? Our performance under this KPI is closely linked to the submission pattern of applications and the quality of the information provided by companies. These factors can change significantly from year to year. In addition, and perhaps more importantly, this KPI does **not** take into consideration the time we take before commencing the review process. We are proposing to amend this KPI to make it more customer focused by concentrating on our performance in responding to applicants when they first make a submission to the Commission.
- 3.3 Licence applicants receiving a Decision in Principle letter within a month is calculated based on the number of such letters issued within one month of the date of receipt of the fully completed application. This is reasonable and we are not proposing any change here.
- 3.4 Licences are issued when all necessary documents have being received and generally occurs once the applicant has provided a bond. Two weeks is a reasonable period to issue licences and we do not propose to amend this KPI.

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- 3.5 The number of licensees' premises visited are published each year but are not expressed as a KPI. We propose to change this metric to include a specific KPI.

### 4. Proposal

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- 4.1 The Commission feels that now is an appropriate time to review the KPIs that we use and to seek the views of our stakeholders in adopting a revised set of KPIs that will reflect more accurately the work that the Travel Trade Division carry out. We are proposing to amend two of the KPIs, keep two as they are and introduce one new one. We also propose to publish some additional information to provide interested parties with a better understanding of our work.
- 4.2 In relation to background information, we propose to report on the number of completed applications submitted by the normal fee deadline date (defined in section 2.4 and 2.5 above). In theory applications with all the necessary information should be provided to the Commission by that date to give us sufficient time to assess these submissions and issue licences. This will be expressed as a percentage and calculated by dividing the number of fully completed applications submitted on time by the total number of applicants in the round. For example, if there are 100 applications in total and 60 submitted on time, the figure is 60%. This percentage will give a flavour of the level of additional work we undertake with applicants to ensure they provide all necessary information to allow us to review their request for a licence.
- 4.3 The second figure to be reported will be the number of total applications that we request further information from (for example, if their application is inconsistent or inaccurate). The process for requesting such information is called "clarification". This will be expressed as a percentage and calculated by dividing the total number applications (fully completed and submitted on time) but where we request additional information when we undertake our review by the total number of fully completed application submitted on time. For example, if 60 applications are submitted on time and 30 receive requests for additional information, the figure is 50%. This percentage will give an indication of the additional time required to complete the review process.

#### KPI 1: Respond to applicants within one week of initial contact.

- 4.4 As noted in 3.3, we are of the view that KPI 1 should be amended to better measure our performance in responding to applicants when they first apply for a licence. We propose that this KPI will be calculated as the percentage of applicants that we inform that (a) their application is incomplete or (b) their application is ready for review within one week of initial receipt of the application. This is a revised version of our current KPI.

#### KPI 2: Decision in Principle letter issued within one month of completed application submission date.

- 4.5 The Decision in Principle letter sets out any requirement that the applicant needs to fulfil in order to receive a licence. It advises the applicant on the bond amount required and any financial reporting requirements. This is an important letter for applicants. This KPI is calculated by dividing the number of completed applications that receive a Decision in Principle letter within one month by the total number of applicants that receive such a letter. This is the same as our current KPI and we propose to make no changes to its calculation.

#### KPI3: Licence issued within two weeks of Bond/all documents received.

- 4.6 Once an applicant fully complies with any requirements set out in the Decision in Principle letter we are in a position to issue a licence and this is the last step in the licensing process.

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This KPI is calculated by dividing the total number of licences issued within two weeks of all necessary information being provided by the total number of licences issued. This is the same as our current KPI and we propose to make no changes to its calculation.

### KPI 4: Annual accounts examined within six weeks of receipt.

- 4.7 As part of our review and monitoring processes we examine applicants' annual accounts (and sometimes management accounts) and take corrective action where we have concerns. Therefore it is important that accounts are received when they fall due and that we review these accounts in a timely manner. This KPI is calculated by dividing the total number of accounts reviewed within six weeks by the total number of accounts received. This is a new KPI that we currently do not measure.

### KPI 5: Number of licensees' premises visited.

- 4.8 The Commission currently licenses approximately 270 licence holders and, in most years, has visited more than 10% per annum. We propose to change this metric to a KPI where we visit 10% of licensees per annum.

## 5. Responding to the Consultation

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- 5.1 The Commission requests the views of interested parties on the revised KPIs and also asks for proposals for any additions or alternatives that could be considered.
- 5.2 We may correspond with interested parties who make submissions, seeking clarification or explanation of their submissions. Such correspondence will not be an invitation to make further submissions.
- 5.3 Respondents should be aware that we are subject to the provisions of the Freedom of Information legislation. Ordinarily we place all submissions received on our website. We may include the information contained in submissions in reports and elsewhere as required. If a submission contains confidential material, it should be clearly marked as confidential and a redacted version suitable for publication should also be provided.
- 5.4 We do not ordinarily edit submissions. Any party making a submission has sole responsibility for its contents and indemnifies us in relation to any loss or damage of whatever nature and howsoever arising suffered by us as a result of publishing or disseminating the information contained within the submission.
- 5.5 Responses should be titled "Consultation on KPIs for Travel Trade Licensing Division" and sent:  
By email to: [Traveltrade@aviationreg.ie](mailto:Traveltrade@aviationreg.ie) (Preferable); or  
By post to: Commission for Aviation Regulation, 3rd Floor, Alexandra House, Earlsfort Terrace, Dublin, D02 W773
- 5.6 The closing date for receipt of submissions is **Friday, 15<sup>th</sup> September 2017**.