



## **Decision**

**on**

## **KPI's for Travel Trade Licensing section of Commission for Aviation Regulation**

Commission Paper CP4/2018

21<sup>st</sup> February 2018

Commission for Aviation Regulation

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## 1. Executive Summary

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- 1.1 On 23 June 2017, the Commission published consultation paper CP6/2017 outlining proposed changes to its Key Performance Indicators.<sup>1</sup> One party responded to the consultation: Limerick Travel Ltd. The Response is published on our website. The Commission has considered the submission received, and extends its thanks to the party who made the submission which assisted us in arriving at a decision on the process.
- 1.2 In line with our proposal, the Commission has decided to adopt the following Key Performance Indicators:-
- a) KPI 1: Respond to applicants within one week of initial contact.
  - b) KPI 2: Decision in Principle letter issued one month of completed application submission date.
  - c) KPI 3: Licence issued within two weeks of Bond/all documents received.
  - d) KPI 4: Annual accounts examined within six weeks of receipt.
  - e) KPI 5: Percentage of licensees' premises visited per annum.
- 1.3 Section 2 provides background to this decision. Section 3 sets out our proposal. Section 4 summarises the submission received and Section 5 outlines our decision.

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<sup>1</sup><https://www.aviationreg.ie/fileupload/Travel%20Trade%20KPI%20Consultation%20Paper.pdf>

## 2. Background

2.1 As set out in CP6/2017 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*

- 2.2 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.
- 2.3 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.
- 2.4 Licences are issued when all necessary documents have been received and generally occurs once the applicant has provided a bond.
- 2.5 Increase the number of licence holder premises visited by the team.

### 3. Proposal

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- 3.1 The Commission has reviewed the KPIs that we use and in CP6/2017 sought 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. In that paper we proposed to amend two of the KPIs, keep two as they are and introduce one new one.

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

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.

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 have not changed the calculation.

KPI 3: Licence issued within two weeks of Bond/all documents received.

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 have not changed the calculation.

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

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.

KPI 5: Number of licensees' premises visited.

The Commission currently licenses approximately 260 licence holders and, in most years, has visited more than 10% per annum. We have changed this metric to a KPI where we aim to visit 20% of licensees per annum.

We also propose to publish additional information as follows:-

- 3.2 In relation to background information, we propose to report on the number of completed applications submitted by the normal fee deadline date. 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.
- 3.3 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.

## 4. Submission Received

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4.1 Limerick Travel Group gave the following responses:-.

- It would be helpful if the window for applications were widened to help processing.
- There is a serious gap in the visit to premises. Meeting Agents face to face is a good measure of getting first-hand knowledge of what's happening out on the ground.
- There should be regular general meetings with Agents to listen to their views, particularly as we operate in a fast changing market-place.
- The large number of operators trading via the internet and often totally outside the Licencing regime undermines the good name of our trade. CAR needs to focus more in this area – Illegal Trading.

### **Commissions Response to Submission received:-**

- 4.2 We will consider the window for applications when reviewing our processes.
- 4.3 We have already identified that we need to increase the level of visits to premises. We have implemented a structured visit plan for 2018 onwards.
- 4.4 We have carried out general meetings, countrywide in relation to the Package Travel Directive in recent times and have found them to be very worthwhile. We will be conducting more meetings with industry this year.
- 4.5 We agree that illegal trading is an issue for the trade and plans to focus more on this area in 2018.

## 5. Decision

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- 5.1 We have decided to amend two of the KPIs, keep two as they are and introduced one new one. This decision is in line with our proposal, with one exception; we have increased the target on visits to 20% of license holders.

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

- 5.2 We have decided to amend this KPI. It 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.

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

- 5.3 We have decided not to change this KPI. 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.

KPI 3: Licence issued within two weeks of Bond/all documents received.

- 5.4 We have decided not to change this KPI. It 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. 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 licencing process.

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

We have decided to introduce this new KPI. 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.

KPI 5: Number of licensees' premises visited.

- 5.5 We have decided to amend this KPI. The Commission currently licenses approximately 260 licence holders and, in most years, has visited more than 10% per annum. We have changed this metric to a KPI where we aim to visit 20% of licensees per annum.
- 5.6 The Commission will publish the KPI's in its Annual Report which will be available on its website <https://www.aviationreg.ie>.