



# URBAN TRANSPORT GROUP

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Consultation Response

## Public transport ticketing schemes block exemption

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## **1. Please confirm the capacity in which you are responding to this Call for Inputs.**

(a) If you are responding as a business:

(i) Please confirm which industry (or industries) you operate in, including (if applicable) the type of any transport service that you supply. If you supply more than one type of transport service, please list each of these.

1.1. Public transport body.

(ii) Please indicate in which nation (or nations) of the UK you operate (England, Scotland, Wales or Northern Ireland).

1.2. England.

(iii) Please indicate whether you are a small (<50 employees), or medium (50 to 249 employees) or large (250+ employees business (and if the latter give a broad indication of the number of employees you employ

1.3. Small.

(b) If you are submitting a response to this Call for Inputs as an adviser or other third party, please confirm which industry (or industries) you consider are particularly relevant to this Call for Inputs.

1.4. The Urban Transport Group (UTG) is the UK's network of transport authorities. This response is on behalf of our full members, which make up the largest city regions in England (Greater Manchester Combined Authority, Liverpool City Region, West Yorkshire Combined Authority, South Yorkshire Mayoral Combined Authority, Nexus, West Midlands Combined Authority, Transport for London).

## **2. Whether you are making a submission as a business in industry, an advisor, or otherwise, please provide any observations you have on the size of business that, in your experience, typically makes use of the PTTSBE.**

2.1. Businesses of all sizes make use of the PTTSBE across our member areas.

## **3. Have you entered into or are you aware of a public transport operator entering into ticketing schemes which have benefitted from the PTTSBE? If so:**

(a) Do the ticketing schemes cover a single mode of transport or multiple modes of transport. If possible, please provide examples.

3.1. UTG members use the block exemption to provide a range of single mode and multiple mode tickets.



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- 3.2. For example, although some multi-operator bus tickets can now be provided through an Enhanced Partnership (EP) or a franchise, all multi-modal tickets, such as the MCard bus and rail products in West Yorkshire, or the bus, rail, metro and ferry products in the Northeast, still rely on the block exemption for their provision.

**(b) If there were no PTTSBE, and the operators involved needed to carry out a self-assessment of the application of the Chapter I prohibition to ticketing schemes, to what extent would they be discouraged from entering into such ticketing schemes?**

- 3.3. All members of UTG have successful multi-operator or multi-modal tickets available. The Block Exemption has been essential in enabling the development and retention of these products.
- 3.4. In our 2010 response on the “Public Transport Ticketing Schemes Block Exemption Review (OFT), we agreed with the OFT’s view that “individual operators are unlikely to have an incentive to join (MTC) schemes in the absence of a block exemption due to concerns that the agreement could risk infringing competition law with the associated risk of exposure to enforcement action under the Act, including financial penalties”. This continues to be the case, with the Block Exemption providing operators with a clear route to agreeing multi-operator ticketing schemes both with local transport authorities and other operators.
- 3.5. Requiring analysis of whether such schemes and agreements are individually exempt would be materially more difficult for operators to determine, and therefore the Block Exemption makes the barrier to agreement of such arrangements materially lower.

**(c) Please provide estimates for any additional costs operators would incur, in the absence of the PTTSBE, to carry out the relevant competition law self-assessment. If it is not possible to provide a quantified estimate of additional costs, please estimate the cost in terms of time and/or estimate the increased complexity of carrying out the relevant competition law self-assessment (including, for example, whether external advice might be needed)**

- 3.6. UTG are not in a position to answer this question.

#### **4. Have developments since 2015 in the involvement of LTAs affected the extent to which transport operators rely on the PTTSBE? If so:**

**(a) Which development has affected transport operators’ reliance on the PTTSBE (for example, implementation of an EP in England by an LTA)? Please specify where the development has taken place (England, Scotland, Wales or Northern Ireland).**

- 4.1. The changes since 2015 have enabled authorities to use new legislation to develop multi-operator bus tickets. This has reduced the reliance on PTTSBE where an EP is in place.
- 4.2. However, the new legislation is not applicable to multi-modal tickets, where modes of transport outside of the EP are brought into a ticketing agreement. Many of our members provide a range of multi-modal tickets to enable passengers to make journeys around the transport networks.



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4.3. It should also not be assumed that all multi-operator tickets are within an EP, and even where they are that they have moved over to using new legislation rather than the PTTSBE.

4.4. It should also be noted that the PTTSBE would continue to play an important role if an EP was to end, or if an operator was to pull out of an EP but wish to remain in a ticketing agreement.

**(b) Has transport operators' reliance on the PTTSBE been affected in relation to modes of transport, other than buses**

4.5. Ticketing schemes that involve modes other than bus are still reliant on the PTTSBE to be implemented. As these modes are not part of a bus Enhanced Partnership or Franchise, they are not able to use the new legislation. Therefore, any multi-operator product will continue to use the PTTSBE.

**5. Do you anticipate that any other developments will affect transport operators' reliance on the PTTSBE in the coming years (for example, the introduction of new powers to LTAs in Scotland)? If so, please specify where the further development will take place (England, Scotland, Wales or Northern Ireland), what types of transport or what categories of ticketing schemes they may affect and when transport operators' reliance on the PTTSBE is expected to be affected.**

5.1. We do not. We expect the PTTSBE to continue to play an important role in the provision of multi-operator and multi-modal tickets.

5.2. At this time, it is also unclear as to impact of any new powers in Scotland could be, so we cannot comment on how this will impact on the reliance on the PTTSBE.

**6. Does the PTTSBE continue to have a role? If so, please explain the role the PTTSBE continues to serve and, if possible, how long you think it will continue to have this role.**

6.1. Yes, PTTSBE will continue to have a role for all modes of transport. Although many bus only multi-operator tickets will be covered within EP and eventually franchise schemes, multi-modal tickets will not. For this reason, we do not see a date where the PTTSBE will cease to have a role.

6.2. For example, in the North East, Nexus provide a range of multi-modal bus, metro, rail and ferry tickets, which play a vital role in the local transport network. Each of these tickets sits outside of the EP so still requires the PTTBE to be offered legally.

6.3. There is also the possibility that an EP could end, or that an operator would pull out of an EP but still wish to remain part of a multi-operator ticket. In both of these situations the PTTSBE would be vital in continuing to provide multi-operator products for the customer.

6.4. If at any point in the future, any area covered by an EP scheme is included in a bus franchising scheme, the relevant requirements set out in the EP scheme would cease to



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apply to areas covered by the franchising scheme. This further strengthens the needs for the PTTSBE to remain.

- 6.5. Although EPs and franchising are the current model of bus delivery it should not be assumed that this will always be the case and that transport authorities can rely on this mechanism to provide a range of tickets.
- 6.6. We are also unsure of any implications to cross-boundary services, and the impact of any possible removal of the PTTSBE. This could be particularly relevant with regards to cross-boundary services either between areas with separate EPs, or where one area is franchised.

**7. If, in response to question 6, you have specified that you do not think the PTTSBE continues to have a role, please explain whether this is for all modes of transport to which it applies. If the PTTSBE remains relevant for some modes of transport, please specify these.**

- 7.1. No answer

**8. What are the main benefits for consumers (if any) of ticketing schemes covered by the PTTSBE? If possible, please provide examples.**

- 8.1. The key benefit of a multi-operator or multi-modal ticket is that they allow customers who require the services of multiple different bus operators or modes to purchase a single ticket for their journey, usually with a price premium attached to it.
- 8.2. This prevents the customer from having to pay twice and makes the bus or public transport more attractive in comparison to other modes.
- 8.3. The other important feature of integrated ticketing schemes is that they can remove part of the intrinsic complexity in making multi-modal or multi-operator journeys. Multiple authors state that there is a non-negligible transaction cost involved in making complex journeys. By removing much of this complexity, integrated tickets can effectively reduce the overall cost (including monetary and non-monetary components) of making a trip. We would argue that, even if integrated schemes were to lead to higher prices in some cases, the reduction in transaction costs is likely to outweigh the change in price.

**9. To what extent do ticketing schemes covered by the PTTSBE restrict competition? For example, a ticketing scheme covered by the PTTSBE could lower operators' incentives to compete with the same intensity for passengers to use their services, whether in terms of price or quality of service. Please provide examples in your response.**

- 9.1. We do not believe that multi-operator and multi-modal tickets restrict competition. Operators are still able to set and price their own ticketing products, which are separate to the multi-operator and multi-modal tickets (which are usually priced with a premium).



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- 9.2. Many passengers make only a single mode or single operator journey, meaning that bus companies must still set prices that are attractive to the customer. This is especially true in areas of the network where two or more operators are running on the same route.
- 9.3. Multi-operator and multi-modal tickets increase the competitiveness of the market where a more complicated journey is required as they remove the requirement to pay twice due to the destinations that different operators run to. However, if operators are not providing an adequate service the passenger will still seek other ways to travel.

## **10. If you consider that ticketing schemes restrict competition, to what extent:**

### **(a) Do any benefits identified in response to question 8 compensate consumers for any such restriction of competition?**

- 10.1. Consumers who must rely on the services of more than one company or mode are the main beneficiaries of the block exemption and multi-operator/modal tickets that it enables. Multi-operator or multi-modal tickets help to enable journeys that require more than one bus operator or more than one mode by meaning that passenger does not have to pay twice.
- 10.2. Passenger journeys do not always follow the networks of a single bus operators, therefore multi-modal tickets reduce the financial penalty on a passenger due to the networks that different bus operators choose to run. This enables economically and socially important journeys to be made via public transport.

### **(b) Are these restrictions necessary in order to achieve any benefits identified in response to question 8?**

- 10.3. Yes, the restrictions in competition are required to deliver the above benefits.

## **11. 11. In relation to the definition of ‘public transport ticketing scheme’ in Article 4 of the PTTSBE:**

### **(c) Is this sufficiently clear to allow you to identify the categories of ticketing schemes that can benefit from the PTTSBE? If not, how should the definition, in your view, be clarified or amended? Please provide reasons for your answers.**

- 11.1. Yes

### **(d) Are there any other categories of ticketing schemes that are not already covered by the PTTSBE which, in your view, would be likely to meet the requirements for exemption from the Chapter I prohibition under section 9 of the CA98? If so, please describe these categories of ticketing schemes and explain why you consider that they would be likely to meet the requirements for exemption. Conditions for categories of ticketing schemes**

- 11.2. No



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**12. In relation to the conditions in Articles 6 to 16 of the PTTSBE (as applicable) that a ticketing scheme must satisfy in order to benefit from the PTTSBE:**

(a) Are the current conditions sufficiently clear?

12.1. yes

(b) Would any of the current conditions benefit from modification?

12.2. No

(c) Are there any further conditions that it would be appropriate to include, in addition to those already included in the PTTSBE?

12.3. No

(d) Are there any conditions that it would be appropriate to remove from the PTTSBE?

12.4. No

**13. Article 3 of the PTTSBE defines ‘ticket’ as ‘evidence of a contractual right to travel’. Have there been any developments in ticketing technology or products that would require a change to this definition? Please explain and, if possible, provide examples.**

13.1. There has been a rapid development in ticketing technology and the wider ticketing offer. We would like to ensure that the block exemption is compatible with and supports with wider promotion of smart ticketing products and developments such as Maas.

**14. Aside from any issues covered in your response to question 13, have there been any other developments in transport technology and products that might affect the PTTSBE and might require, in your view, a change in its terms? Please explain and, if possible, provide examples.**

14.1. No

**15. Are there new forms of technology or new modes of public transport (e.g. public bicycle or e-scooter hire schemes) which it would be beneficial to include in integrated ticketing schemes, but which are not currently in scope of the PTTSBE? If so, would it**



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## bring benefits to amend the PTTTSBE to include these new forms of technology or modes of public transport? Other considerations

15.1. The inclusion of new modes could bring further benefits to the passenger. These would need to be assessed locally as to the value that they would provide as part of a wider ticketing offer.

**16. Are there, in your view, any other considerations that the CMA should consider? For example, are there variations to the scope of the PTTTSBE that you consider would be appropriate that have not been considered in this Call for Inputs? Please provide any relevant evidence that you have to support your views.**

16.1. No