

Dear Sirs

Thank you for the opportunity to comment on the renewal of the Public Transport Ticketing Schemes Block Exemption.

You may be aware that Bath and North East Somerset Council has extensive experience in developing both statutory and voluntary ticketing schemes that work within the constraints of the Ticketing Block Exemption. This enabled us to make a significant contribution to the guidance published by the Department for Transport on multi operator ticketing: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/141874/multi-operator-ticketing-guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/141874/multi-operator-ticketing-guidance.pdf). We believe we are therefore well placed to comment on the conditions of the Block Exemption.

In this respect we would draw to your attention our concerns over Article 15 and 16 of the Block Exemption that require revenue to lie where it falls for a multi-operator individual ticket.

This condition effectively limits the opportunity for inter-operator ticketing to those circumstances where two (or more) operators market a very similar portfolio of tickets. I would suggest that where competition exists between a large network operator and a small operator, the small operator is unlikely to have the same portfolio offer of time based season tickets as a large operator. In these circumstances the multi-operator individual ticket offer to passengers is likely to be restricted to day or return tickets, when in fact there may be benefits to passengers from allowing a greater degree of cross-transfer.

We can point to a clear example of this in Bath & North East Somerset. There is a long standing Qualifying Agreement between two operators (First and Abus) on the corridor for services between Bristol and Keynsham. This agreement effectively provides a co-ordinated timetable of services between the two operators. This was supplemented by a Multi-Operator Individual Ticketing Agreement between the operators allowing holders of First day tickets (First do not offer returns) and Abus return tickets to travel on either operator's services for the return leg of their journey. This agreement is in accord with the Block Exemption in that both operators retained all the revenue from the sale of their own tickets.

It became clear that this co-ordinated timetable and inter-operator ticketing was inadequate to deal with peak requirements, particularly at school times, when large numbers of First season ticket holders would have to wait for services run by that operator.

The alternative resolutions to this would be

- For First to operate more services to meet an intermittent peak demand, with consequences of higher costs and potentially increased fares to match; or
- For Abus to accept First season tickets, which would be financially unviable for the smaller operator

Bath and North East Somerset Council therefore worked with both operators to develop an enhanced Multi-Operator Individual Ticket Agreement, allowing acceptance of First season tickets on Abus services, but with a compensating payment made by First to Abus. This is clearly not in line with Article 15 of the Block Exemption, but the agreement was approved and certified by B&NES using the provisions of the "Competition Test – Functions and Agreements relating to buses" at Part 2 of Schedule

10 of the Transport Act 2000 (as amended), whereby the Chapter 1 prohibition of the Competition Act 1998 is disapplied by Paragraph 20 of the Competition Test.

The Competition Test process is cumbersome and little used; possibly in part because the legislation published online is not updated to incorporate the amendments introduced in the Local Transport Act 2008. In consequence there is an inevitable reluctance from operators and councils to explore options that go beyond the basis of the Ticketing Block Exemption. On the basis of our experience we consider that there are likely to be many circumstances where the conditions of Article 15 of the Block exemption are too restrictive, and that operators should be encouraged to look more widely at inter-operator ticketing arrangements that deliver benefits for passengers.

We would therefore welcome the removal of Articles 15 and 16 of the Public Transport Ticketing Schemes Block Exemption.

Yours sincerely

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