

**MCA Consultation on the Public Transport Block Exemption Scheme
Response by Strathclyde Partnership for Transport
24 May 2024**

Questions for stakeholders

Stakeholder information

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

(a) If you are responding as a business: **SPT is the Regional Transport Partnership for the west of Scotland with responsibilities including the operation of the Glasgow Subway, supporting socially necessary bus services, promoting and administering integrated ticketing schemes, supporting and investing in transport infrastructure and rolling out the Regional Transport Strategy.**

(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. **Regional Transport Partnership, operator of the Glasgow Subway, funding provider of socially necessary transport bus and Demand Responsive Bus Services, administrator for integrated ticketing including the ZoneCard multi modal transport scheme.**

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

(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). **Large c. 480 employees**

(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. **n/a**

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. **n/a**

Reliance on the PTTSBE

We would like to understand the types of stakeholders responding to this Call for Inputs, and the types of business which use the PTTSBE.

We would like to understand the extent to which the PTTSBE is relied upon, and the value of the PTTSBE for the businesses which rely on it.

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. **SPT offers bespoke zoned area tickets for the subway and on the local rail network (Roundabout) as well as a leisure based ticket for sightseeing and the Subway. We also administer the region wide Zonocard multi-modal ticket on behalf of the operators.**

(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? **It is likely that operators would be discouraged from entering into a joint ticketing scheme given the competitive nature of the bus market. Operators may take the view that their market share could, in some instances, be expanded if they did not participate in some of the ticketing**

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offers as per above. However, given that the operators have a direct ownership in the product this has enabled consensus to emerge in most aspects of the schemes. SPT as operator of the Subway would have to consider the risk associated with self-assessing instead of applying the PTTBSE, and it is likely that other operators would need to act similarly.

(c) Please provide estimates for any additional costs operators would incur, in the absence of the PTTBSE, 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). **Not qualified to assess such costs but it is reasonable to assume these may be prohibitive to SPT and other organisations due to the need for specialist legal advice.**

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

(a) Which development has affected transport operators' reliance on the PTTBSE (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). **This would relate to experience of the Bus Services Act 2017 which applies in England as such we do not have experience of its impact.**

(b) Has transport operators' reliance on the PTTBSE been affected in relation to modes of transport, other than buses? **As per (a) above**

5. Do you anticipate that any other developments will affect transport operators' reliance on the PTTBSE 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 and when transport operators' reliance on the PTTBSE is expected to be affected. In particular, Local Transport Authorities (LTAs) now have greater involvement in the organisation of bus services compared to when the CMA completed its previous review in 2015. We would like to understand the impact of these changes on reliance placed on the PTTBSE by operators, including the extent to which they may have made the PTTBSE redundant. affect and when transport operators' reliance on the PTTBSE is expected to be affected.

The introduction of new powers in Scotland could have impacts on PTTBSE. However, as yet, there is no experience to draw upon since the new powers have not yet been used. Franchising could have a significant impact but given that some services – particularly non-commercial and socially necessary services - are already procured via competitive contractual arrangement there are already in place examples of how such a wider franchised network could operate as regards ticketing arrangements.

6. Does the PTTBSE continue to have a role? If so, please explain the role the PTTBSE continues to serve and, if possible, how long you think it will continue to have this role. If the new powers in the Transport Scotland Act 2019 are brought into use this will likely result in a diminution of PTTBSE. However, it will be essential to retain PTTBSE to ensure that those areas of the UK which are not subject to franchising or EP / BSIP now or in the future continue to be able to promote and work jointly on ticketing schemes for the benefit of the travelling public. PTTBSE would continue to have relevance for a multi-modal arrangement such as ZoneCard.

7. If, in response to question 6, you have specified that you do not think the PTTBSE continues to have a role, please explain whether this is for all modes of transport to which it applies. If the PTTBSE remains relevant for some modes of transport, please specify these. It will be diminished but there might be a role for it in some instances. There might, for example, be issues surrounding multi-modal tickets covering rail as well as bus and other modes. While bus franchising might diminish the effectiveness and purpose of PTTBSE

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from a bus industry perspective, consideration will need to be given as to how this would impact on multi modal ticketing schemes and the future applicability of PTTBSE in these circumstances.

Ticketing schemes: Benefits and impact on competition

8. What are the main benefits for consumers (if any) of ticketing schemes covered by the PTTBSE? If possible, please provide examples. In a competitive bus market, the ability to use multiple operators' services on similar routes benefits the passenger – albeit perhaps at an increased cost to reflect the increased convenience of such a ticketing offer. The same situation will occur where a different mode (Rail, Subway) offers parallel routing).

9. To what extent do ticketing schemes covered by the PTTBSE restrict competition? For example, a ticketing scheme covered by the PTTBSE 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. This has not been our experience and most operators will offer multi-modal tickets in parallel (and in some instances in competition) with their own suite of tickets. The benefits of integrated ticketing for passengers, in terms of effective transport planning and the wider economic, social and environmental benefits far outweigh any notional benefits of a competitive market place.

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? **Please see our response at Q.9**

(b) Are these restrictions necessary in order to achieve any benefits identified in response to question 8? **SPT would wish to see a return to effective planning and regulation of public transport promoting integrated solutions rather than the maintenance of the current arrangements for the reasons outlined in our response at Q.9.**

In the CMA's previous review of the PTTBSE in 2015, it concluded that ticketing schemes covered by the PTTBSE gave rise to efficiency gains, and that consumers received a fair share of the benefits generated by these efficiencies.

The following questions seek views on whether ticketing schemes covered by the PTTBSE continue to produce benefits outweighing their potential harmful effects on competition

Improvements to the PTTBSE

Definition of 'public transport ticketing scheme'

11. In relation to the definition of 'public transport ticketing scheme' in Article 4 of the PTTBSE:

(c) Is this sufficiently clear to allow you to identify the categories of ticketing schemes that can benefit from the PTTBSE? If not, how should the definition, in your view, be clarified or amended? Please provide reasons for your answers. **In the absence of a return to policies and legislation which supports integrated transport planning and delivery, we would suggest that the definition is sufficiently clear.**

(d) Are there any other categories of ticketing schemes that are not already covered by the PTTBSE 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. **The categories need to be updated to reflect multi-operator EMV capping, Account Based Ticketing and potential MAAS evolutions. There is also no reflection of any new modal choices (rideshare, bike hire etc) which might be included along with the traditional bus rail and ferry options.**

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Conditions for categories of ticketing schemes

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? **Yes**
- (b) Would any of the current conditions benefit from modification? **No**
- (c) Are there any further conditions that it would be appropriate to include, in addition to those already included in the PTTSBE? **Potentially an acknowledgement that technology is now far more agile than in the past as regards ticketing.**
- (d) Are there any conditions that it would be appropriate to remove from the PTTSBE? **No**

In previous reviews of the PTTSBE, changes have been introduced to improve the PTTSBE, including to ensure it remains relevant to current technology and business practice.

We would like to understand if there are changes to the PTTSBE which could improve its effectiveness, including to reflect any technological or business changes since the CMA's last review in 2015.

Developments in technology and products

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. As stated in some of the answers above the speed of developments in ticketing technology is extremely rapid. There are vulnerabilities as regards all such financially sensitive technologies and this should be a major driver of improvements to the wider ticketing offer. Consideration should be given as to whether BE is compatible with and supports the promotion of MaaS and smart ticketing products generally. As noted, the current application of competition law to the public transport network inhibits effective transport planning and delivery and the capacity of LTAs to introduce genuinely multi modal ticketing products for the benefit of the travelling public and wider public policy goals.

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. Specific to Q13 – liability as regards fraudulent use should be a major aspect of protecting operator income and importantly the user.

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 bring benefits to amend the PTTSBE to include these new forms of technology or modes of public transport? In theory the inclusion of other modes could bring benefits – particularly as regards linked and active travel journeys – particularly as part of future efforts to promote MaaS.

Other considerations

16. Are there, in your view, any other considerations that the CMA should consider? For example, are there variations to the scope of the PTTSBE 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. No

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