

Public Transport Ticketing Schemes Block Exemption Review

CMA's recommendation



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1. Summary

- 1.1 The purpose of this document is to make a recommendation to the Secretary of State for Business and Trade (the Secretary of State) as to whether there is a continuing need for the Public Transport Ticketing Schemes Block Exemption (PTTSBE),¹ with or without further amendments, or whether it should be allowed to expire at the end of its current term on 28 February 2026.
- 1.2 On 20 September 2024, the Competition and Markets Authority (CMA) published a [consultation document](#) pursuant to section 8(4) of the Competition Act 1998 (the Act).² In the consultation document, the CMA sought views on its proposed recommendation to the Secretary of State to extend the PTTSBE without fixed duration under section 8(3) of the CA98. This consultation (the Consultation) ran until 25 October 2024, and the CMA received a total of ten responses.
- 1.3 Stakeholders were broadly supportive of the CMA's proposed recommendation, including the CMA's proposals for modification of the PTTSBE. We are very grateful for the useful contributions from respondents. The responses to the Consultation will be published on the relevant CMA webpage in due course.
- 1.4 Having carefully considered the various issues, the CMA is recommending that the Secretary of State vary the existing PTTSBE so that it will continue without a fixed duration. Although the CMA does not consider it necessary to introduce fundamental changes to the PTTSBE, the CMA recommends that the PTTSBE be varied in certain other limited respects.

¹ [The Competition Act 1998 \(Public Transport Ticketing Schemes Block Exemption\) Order 2001](#), as amended by: [The Public Transport Ticketing Schemes Block Exemption \(Amendment\) Order 2005](#); [The Public Transport Ticketing Schemes Block Exemption \(Amendment\) Order 2011](#); [The Enterprise and Regulatory Reform Act 2013 \(No. 2\) Order 2014](#); and, [The Public Transport Ticketing Schemes Block Exemption \(Amendment\) Order 2016](#).

² Section 8(4) of the CA98 applies the procedure in section 8(1) to recommendations of the CMA under section 8(3). Therefore, before making a recommendation under section 8(3), the CMA must publish details of its proposed recommendation in such a way as it thinks most suitable for bringing it to the attention of those likely to be affected; and consider any representations about it which are made to it.

2. Introduction

- 2.1 The PTTSE automatically exempts certain types of agreements establishing public transport ticketing schemes ('ticketing schemes') from certain aspects of competition law insofar as they meet certain conditions set out in the PTTSE. It was introduced on the basis that certain ticketing schemes between public transport operators, which may also include local authorities, were likely to meet the four conditions for exemption from the Chapter I prohibition.
- 2.2 The Competition Act 1998 (CA98) prohibits anticompetitive agreements between businesses (known as the Chapter I prohibition).³ The prohibition applies to agreements and concerted practices between undertakings and to decisions by associations of undertakings (eg trade associations), which have as their object or effect the prevention, restriction or distortion of competition within the UK and which may affect trade within the UK.
- 2.3 However, section 9(1) of the CA98 (the section 9 exemption) provides that an agreement is exempt from the Chapter I prohibition if it:
- (a) contributes to
 - (i) improving production or distribution, or
 - (ii) promoting technical or economic progress;
 - (b) while allowing consumers a fair share of the resulting benefit; and
 - (c) does not
 - (i) impose on the undertakings concerned restrictions which are not indispensable to the attainment of those objectives; or
 - (ii) afford the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the products in question.
- 2.4 An agreement may be individually recognised by a competition authority or a court as meeting the conditions for the section 9 exemption. In addition, certain types of agreement will be automatically exempt if they meet conditions set out in a 'block exemption' regulation or order applicable to that category of agreements.

³ The Chapter I prohibition is set out in section 2 of the CA98.

- 2.5 Block exemptions have several benefits for businesses. First, they provide legal certainty to businesses as they enable them to know in advance how to ensure that their agreements comply with competition law. Second, they avoid placing on businesses the burden of individually scrutinising a large number of agreements that are likely to satisfy the requirements for exemption under the section 9 exemption. Third, the existence of a block exemption also ensures consistency of approach by providing a common framework for businesses to assess their agreements against the Chapter I prohibition.
- 2.6 Block exemptions also bring about efficiencies by removing the need for the CMA to scrutinise agreements likely to be benign, thereby enabling it to concentrate its resources on other matters that are more likely to give rise to significant competition concerns. In this regard, the various conditions in block exemptions are designed to ensure that exempted agreements will not give rise to significant competition concerns.
- 2.7 In its review of the PTTSBE (formally launched in February 2024) the CMA has carefully assessed and considered the written submissions received throughout the review. Before opening the Consultation, the CMA had gathered views from stakeholders on the operation of the PTTSBE. This included a call for inputs⁴ and meetings with a number of key representative organisations connected to the public transport industry.⁵ We have taken those views into account in addition to those received in response to the Consultation. Furthermore, the review has also included desktop research and revisiting the reviews carried out by the CMA in 2015 and its predecessor, the Office of Fair Trading (OFT), between 2003 and 2010, and the Post Implementation Review undertaken by the Department for Business, Energy and Industrial Strategy (BEIS) in 2022. Based on the assessment of the PTTSBE that has been carried out, the CMA is recommending that the Secretary of State vary the PTTSBE so that it will continue without a fixed duration.
- 2.8 In the light of our recommendation, we are also proposing to revise the CMA's 2016 guidance on the PTTSBE, Public transport ticketing schemes block exemption guidance (CMA53)⁶ (the Guidance Document) to take account of any changes we make to the PTTSBE as well as legislative changes in relation to public transport ticketing, product developments from the rise of

⁴ [Public Transport Ticketing Schemes Block Exemption: call for inputs.](#)

⁵ These include: Confederation of Passenger Transport, First Bus, the Oxford Bus Company and the Rail Delivery Group. We have also met various Government departments and agencies, including the Department for Transport, the Local Government Association, Transport Scotland and Transport for Wales.

⁶ [Public transport ticketing schemes block exemption guidance: CMA53.](#)

smart and contactless tickets and other issues that have arisen in the course of the review such as in relation to third party retailers. Following the publication of this final recommendation, the CMA envisages preparing a revised Guidance Document to accompany the PTTSBE and will consult on a draft version of such guidance in due course.⁷

⁷ Subject to the CMA's recommendation being accepted by the Secretary of State.

3. Recent developments and the PTTSBE

Recent developments

- 3.1 Since the PTTSBE's renewal in 2016, the CMA has identified several developments in the provision of local bus services that may have an impact on the role of the PTTSBE (as discussed below).
- 3.2 As the implementation of Enhanced Partnerships (EPs), Bus Services Improvement Partnerships (BSIPs) and franchising schemes is at an advanced stage, it has been considered by the CMA in its assessment of the PTTSBE.
- 3.3 Since consulting on its proposed recommendation, the CMA is aware that the UK Government has passed the [Passenger Railway Services \(Public Ownership\) Act](#) and has introduced the [Bus Services Bill](#) which will give local authorities greater control over local bus services. While the changes proposed by these developments remain at an early stage of development with their possible impact on the PTTSBE unclear, the CMA is not at this stage aware of any aspect of these two pieces of legislation that would require it to depart from the position adopted in its proposed recommendation that the PTTSBE should continue. The CMA understands that further changes to bus and rail services are likely to be implemented in the future.⁸

England

- 3.4 In England, the Bus Services Act 2017 provided Local Transport Authorities (LTAs)⁹ with new powers to improve local bus services through franchising schemes and new types of partnership schemes with operators, such as Enhanced Partnerships.
- 3.5 Under franchising schemes, LTAs determine the network of services which are provided and offer contracts for specific routes, parts of the network or the network as a whole. Franchising powers are currently only available to

⁸ For example, following the 2024 General Election, the King's Speech explained that the UK Government would bring forward legislation to improve the railways, including establishing a new arm's length public body "Great British Railways".

⁹ In England, an LTA is a county council, a council of a non-metropolitan district (comprised in an area for which there is no county council), an Integrated Transport Authority, a combined authority, or a combined county authority established under section 9(1) of the Levelling-up and Regeneration Act 2023. See section 108(4) of the Transport Act 2000.

Mayoral Combined Authorities¹⁰ but can be provided to LTAs through secondary legislation (with the possibility that such secondary legislation may be made in the future).¹¹

- 3.6 An EP is a statutory arrangement in which the LTA can specify certain requirements, for example, requirements as to the frequency or timing of certain services or other requirements as to the standard of services to be provided and requirements as to the pricing of multi-operator ticketing.¹² EPs are distinct from franchising schemes because services continue to be operated by commercial bus operators, but under requirements to meet the standards set by the LTA. When introducing an EP, LTAs are subject to a bespoke transport-specific competition test in place of the Chapter I prohibition.¹³
- 3.7 Once an LTA has established an EP, a bus operator must give an undertaking that it will comply with the standards of service set by that EP as a condition for being registered as a provider of local bus services.¹⁴ However, EPs do not exclude the commercial initiative of operators to decide what services to offer. For example, operators remain free to determine how they change their respective timetables to meet a frequency limitation imposed by an EP and how they work with other operators (for instance, through coordinating their timetables) to comply with such a limitation.
- 3.8 In England, 76 (out of 79) LTAs have made and published EPs, and three Mayoral Combined Authorities have chosen to implement franchising schemes (Greater Manchester, Liverpool City Region and West Yorkshire). In addition, Cambridgeshire and Peterborough Mayoral Combined Authority has launched a bus franchising consultation and South Yorkshire and West Midlands Mayoral Combined Authorities are currently considering implementing a franchising scheme.

¹⁰ A 'Mayoral Combined Authority' is a combined authority for which the Secretary of State has made an order providing that there is to be a mayor; see section 107A of Local Democracy, Economic Development and Construction Act 2009.

¹¹ Section 123A of the Transport Act 2000. We note that the section 1 of the Bus Services Bill proposes to amend section 123A of the Transport Act 2000 to make it easier for local transport authorities in England to introduce franchising schemes.

¹² Section 138C of the Transport Act 2000.

¹³ Section 153 of and Schedule 10 to the Transport Act 2000. Paragraphs 8.25 to 8.60 of the Department for Transport's [The National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership: Guidance](#) provides guidance to LTAs on the application of the bespoke competition text.

¹⁴ The Bus Services Act 2017 amended the Transport Act 1985 to include this condition; see section 6D of the amended Transport Act 1985.

Scotland

- 3.9 In Scotland, the Transport (Scotland) Act 2019 introduced powers for LTAs in Scotland to improve the delivery of local bus services in their areas, including local services franchising and BSIPs.¹⁵
- 3.10 Local services franchising involves LTAs in Scotland putting in place an overarching franchising framework under which they can enter into separate franchise agreements with local bus operators. A proposed franchising framework must be approved by a panel convened by the traffic commissioner before an LTA can implement it.¹⁶
- 3.11 BSIPs, similar to EPs in England, are a statutory partnership in which LTAs in Scotland can specify a range of standards, such as frequencies on certain routes or maximum fare levels. BSIPs involve LTAs in Scotland formulating a plan (called a 'partnership plan') with the bus operators in their area and then deciding on how best to implement it through supporting schemes (partnership schemes). Where an LTA in Scotland introduces a BSIP, they need to satisfy a bespoke competition test.¹⁷
- 3.12 LTAs in Scotland have had powers to pursue either franchising or BSIPs since 4 December 2023¹⁸ with further substantive regulations only recently coming into force.¹⁹ Currently, only the Strathclyde Partnership for Transport has indicated that it will pursue franchising and has consulted on its Regional Bus Strategy.²⁰ There are currently no BSIPs in operation but a number of LTAs are in the process of implementing or planning to implement BSIPs.

¹⁵ In Scotland, an LTA is defined as either a council for a local government area or the Strathclyde Passenger Transport Authority. See section 82(1) of the Transport (Scotland) Act 2001.

¹⁶ Section 13J of Transport (Scotland) Act 2001.

¹⁷ Section 37 of the Transport (Scotland) Act 2001.

¹⁸ See the Schedule to [Transport \(Scotland\) Act 2019 \(Commencement No. 7\) Regulations 2023](#).

¹⁹ The following regulations came into force on 1 April 2024: [The Bus Services Improvement Partnerships and Local Services Franchises \(Provision of Information\) \(Scotland\) Regulations 2023](#) (enabling LTAs in Scotland to require bus operators to provide certain information in connection with franchising schemes and BSIP) and [The Bus Services Improvement Partnerships \(Objections\) \(Scotland\) Regulations 2024](#) (specifying the process for operators to object to BSIPs and franchising schemes). [The Bus Services Improvement Partnerships \(Multi-operator Travel Cards\) \(Scotland\) Regulations 2024](#) (which defines the term 'multi-operator travel card' for the purpose of a BSIP) came into force on 8 November 2024.

²⁰ See [Strathclyde Regional Bus Strategy](#). Strathclyde Partnership for Transport has published a [consultation report](#) on its preferred strategy to improve its bus network, which recommends that it take forward local services franchising and BSIPs.

Wales

- 3.13 In Wales, the Transport Act 2000 allows LTAs²¹ to enter into Quality Contracts Schemes (QCSs) which enable them to specify what bus services are provided in an area.²² However, there currently are no QCSs in Wales as the relevant legislative provisions have not been commenced.
- 3.14 In March 2020, the Welsh Government introduced the Bus Services (Wales) Bill that would have enabled LTAs in Wales to introduce ‘Welsh Partnership Schemes’ and ‘Welsh Franchising Schemes’.²³ The Bill was subsequently withdrawn due to the impact of Covid-19 and EU transition.²⁴ The Welsh Government has since published a white paper that recommends requiring the franchising of bus services across Wales.²⁵ In collaboration with Transport for Wales, the Welsh Government has presented a roadmap report for bus franchising. This report includes a timeline with key milestones to be achieved between 2024 and 2035, with relevant legislation expected to be passed in 2025 and franchising rolled out from 2027.²⁶

Northern Ireland

- 3.15 The CMA is not aware of any developments impacting the role of the PTTSBE in Northern Ireland.

Overview of the PTTSBE

- 3.16 The PTTSBE automatically exempts certain types of agreement establishing public transport ticketing schemes (‘ticketing schemes’) from the Chapter I prohibition insofar as they meet certain conditions set out in the PTTSBE.
- 3.17 The aim of the PTTSBE is to give companies confidence that their ticketing schemes are legal under the Chapter I prohibition without needing to self-assess against the conditions of the section 9 exemption. It was introduced on the basis that certain ticketing schemes between public transport operators, which may also include local authorities, were likely to meet the conditions of the section 9 exemption.

²¹ In Wales, an LTA is defined as a county council or county borough council in Wales. See section 108(4) of the Transport Act 2000.

²² Sections 124 to 134B of the Transport Act 2000 have only been partially commenced.

²³ For further detail of the Bill, see [Bus Services \(Wales\) Bill](#).

²⁴ See [Withdrawal of Bus Services \(Wales\) Bill](#).

²⁵ See [One network, one timetable, one ticket: planning buses as a public service for Wales](#).

²⁶ See [Press Release: Cabinet Secretary for Transport, 10 December 2024](#).

- 3.18 Broadly, a ‘ticketing scheme’ is a written agreement between public transport operators, allowing for passengers to purchase tickets that can be used on the services of more than one of the participating operators.²⁷ For the purposes of the PTTSBE, a ticketing scheme may include different modes of transport (bus, train, tram, metro, ferry and, in limited circumstances, air).²⁸
- 3.19 To fall within the scope of the PTTSBE, ticketing schemes must fall into one of five categories of scheme. Further details on the types of ticket falling in each category, including worked examples, are included in the Guidance Document.²⁹ The five types of ticketing schemes are summarised in broad terms in the following table:

| Type of scheme | Description |
|--|--|
| Through ticket (TT) | A ticket for a single or return journey on more than one operator’s services, where the operators do not compete on running services for the same part of the route. |
| Multi-operator individual ticket (MIC) | A ticket for a single or return journey on more than one operator’s services, where the operators offer competing services for the same route. |
| Multi-operator travel card (MTC) | A ticket which offers multiple journeys (at least three) on different operators’ services across a number of different routes which are not substantially the same. |
| Short-distance add-on | An MTC which is an extension to a journey on a local public transport service, where operators do not compete on running services for the same part of the route. |
| Long-distance add-on | A single operator local service ticket, an MTC or TT which is an extension to an individual long-distance journey (which is fifteen miles or more) on one or more connecting services. |

²⁷ Article 4(2) of the PTTSBE provides a precise definition of a ‘public transport ticketing scheme’ and with reference to the five categories of schemes discussed in paragraph 3.19.

²⁸ The PTTSBE applies principally to ticketing schemes for the supply of ‘local public transport services,’ which are defined by Article 3 of the PTTSBE as including bus services (except tourist services), and road, railway, tramway and inland waterway services (except where those services are long distance, chartered or tourist services). The PTTSBE also applies to ticketing schemes that allow passengers to purchase an add-on to a ticket for a ‘connecting service,’ which includes road, tramway, railway, inland waterway or air services.

²⁹ See paragraphs 3.3 to 3.21 of the Guidance Document.

- 3.20 To benefit from the PTTSBE, public transport operators must implement their agreement in line with the conditions set out in the PTTSBE.³⁰ The conditions that a ticketing scheme must satisfy differ between each of the categories.³¹ If an agreement meets the conditions of the PTTSBE, it benefits from an automatic exemption. Parties to an agreement need to satisfy themselves that the agreement meets the conditions set out in the PTTSBE and be in a position to prove this.³²
- 3.21 The PTTSBE was first introduced in 2001 and its duration has been extended several times. Most recently, the CMA reviewed the PTTSBE in 2015 and recommended to the then Secretary of State for Business, Innovation and Skills that it should be renewed for a further ten-year period until 28 February 2026.³³ The CMA also recommended the definition of MTCs be simplified and the requirement that tickets be purchased in a single transaction be removed.
- 3.22 The Secretary of State accepted the CMA's recommendation and exercised his powers under the CA98 to make an order amending the PTTSBE and extending the duration of the PTTSBE to 28 February 2026 as recommended by the CMA.

Recent developments and the PTTSBE

- 3.23 In its review, the CMA has considered the possible impact of the recent developments, outlined above, on the PTTSBE.
- 3.24 Under franchising schemes, the bus route, services, timetables and frequencies as well as any service quality standards will be determined entirely by the franchising authority. Once a scheme has been introduced, no other operators can run bus services within the area unless the authority has given its approval.³⁴ Where bus services are organised by LTAs through franchising schemes, there may be less scope for operators to enter into agreements with one another to establish ticketing schemes, as ticketing will be centrally organised by the LTA. Accordingly, the implementation of franchising schemes may affect the extent to which local bus operators rely on the PTTSBE.

³⁰ Article 5 of the PTTSBE provides that it has effect subject to the conditions and obligations specified in Articles 6 to 17 (which set out the conditions to qualify for exemption). For further explanation, see Part 4 of the CMA's PTTSBE Guidance.

³¹ Articles 6 to 9 of the PTTSBE set out general conditions that apply to all public transport ticketing schemes and Articles 11 to 16 set out specific conditions that only apply to certain categories of ticketing schemes.

³² See paragraph 2.12 of the Guidance Document.

³³ See paragraphs 6.1 of the [Final report and recommendations to the Secretary of State](#).

³⁴ Section 123A(5) of the Transport Act 2000; 13A(4) of the Transport (Scotland) Act 2001.

- 3.25 The outcomes required by an EP or BSIP may mean that local bus operators need to enter into agreements in order to deliver those outcomes, which may include introducing ticketing schemes. For example, two or three operators on a route may need to coordinate timetables to achieve the route frequency required by the EP or BSIP. For these agreements, where they are certified by LTAs as contributing to the improvement of bus service provision, the Chapter I prohibition is disapplied, and replaced by a separate prohibition.³⁵
- 3.26 Where local bus operators enter into an agreement pursuant to an EP or BSIP, the agreement will be exempt from the separate prohibition if it satisfies a bespoke competition test.³⁶ The bespoke competition test requires that an agreement:
- (a) contributes to the attainment of one or more of the bus improvement objectives;
 - (b) does not impose restrictions which are not indispensable to the attainment of those objectives; and
 - (c) does not give the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the services in question.
- 3.27 The CMA expects ticketing schemes to be introduced under EPs and BSIPs as they roll out. Where a scheme is established by local bus operators under an EP or BSIP, they are subject to the bespoke competition test, and are not subject to the conditions of the PTTSBE.³⁷ The disapplication of the Chapter I prohibition for certain agreements under EPs or BSIPs and the bespoke competition test issue may affect the extent to which the PTTSBE continues to be relied upon by local bus operators.
- 3.28 The impact of franchising schemes, EPs and BSIPs is considered as part of the CMA's assessment of the ongoing relevance of the PTTSBE in the following section.

³⁵ For EPs, see paragraph 20 of Schedule 10 to the Transport Act 2000; for BSIPs, see paragraph 19 of the Transport (Scotland) Act 2019 (Consequential Provisions and Modifications) Order 2023.

³⁶ For EPs, see paragraph 22 of Schedule 10 to the Transport Act 2000; for BSIPs, see paragraph 21 of the Transport (Scotland) Act 2019 (Consequential Provisions and Modifications) Order 2023.

³⁷ Paragraph 3.12 of the CMA's [Bus Enhanced Partnerships: Advice for Local Transport Authorities](#) states that '[w]hilst the CMA considers that any new or existing ticketing scheme which fulfils the criteria of the [PTTSBE] will automatically pass the [bespoke competition test], ticketing schemes introduced under an EP need not abide additionally by the rules and restrictions of the [PTTSBE].'

4. Assessing whether the PTTsBE remains appropriate

Context

- 4.1 This review of the PTTsBE takes into account previous work undertaken by the CMA and OFT as well as the Post Implementation Review undertaken by BEIS in 2022. We have also been conscious during our review of the recent developments discussed above and broader Governmental transport policy.³⁸
- 4.2 For the purposes of this review, the CMA has assessed whether a sector-specific block exemption remains appropriate by reference to the following four factors:
- (a) There remains sufficient certainty that public transport ticketing schemes are agreements that are likely to be exempt from the Chapter I prohibition by meeting the conditions of the section 9 exemption.
 - (b) The category of agreements require an enhanced need for cooperation for them to be concluded and implemented in comparison with other agreements.
 - (c) There are sufficient benefits brought by a block exemption compared to self-assessment under the CA98.
 - (d) Alternative, reasonable and practicable arrangements cannot be concluded that would create the same or greater benefits to consumers or that would otherwise be more appropriate.
- 4.3 The following section considers the application of those factors in relation to public transport ticketing schemes. In considering each of these factors, we have considered the implications of the recent developments on the transport sector in general, as discussed in section 3 above.

Factor 1: Sufficient certainty on the application of the section 9 exemption

- 4.4 For the section 9 exemption to apply to a particular agreement, the following conditions must all be fulfilled:
- (a) The agreement must contribute to improving the production or distribution of products or contribute to promoting technical or

³⁸ For example, [Getting Britain Moving: Labour's Plan to Fix Britain's Railways](#).

economic progress. The attainment of these objectives will be referred to as 'efficiencies.'

- (b) Consumers must receive a fair share of the resulting benefits.
- (c) The restrictions must be indispensable to the attainment of the efficiencies.
- (d) The agreement must not afford the parties the possibility of eliminating competition in respect of a substantial part of the products concerned.

4.5 The following section sets out in *general* terms whether public transport ticketing schemes are *likely* to satisfy the conditions of the section 9 exemption. This reflects the legal basis on which the CMA may recommend to the Secretary of State that a block exemption be made.³⁹

4.6 Having set out the potential effects of public transport ticketing schemes in general terms, the CMA considers whether it has sufficient certainty, based on the available information, on the application of the section 9 exemption.

Efficiencies

4.7 In 2015, the CMA concluded that public transport ticketing schemes contribute to improving production or distribution, or promoting technical or economic progress.⁴⁰ The CMA's previous review identified that ticketing schemes covered by the PTTSBE potentially deliver the following benefits for passengers, operators and other consumers:

- (a) better quality bus services and improved transport networks;
- (b) flexibility of choice on specific routes;
- (c) increased geographical coverage of services for passengers by linking routes of operators; and
- (d) increased patronage on public transport.⁴¹

4.8 The responses to the Consultation indicated that stakeholders agreed with the CMA's provisional view that public transport ticketing schemes continue to provide the efficiencies identified above. For example, several stakeholders

³⁹ Under section 6(1) of the CA98, the CMA may recommend a block exemption if agreements which fall within a particular category of agreement are, in the opinion of the CMA, likely to be exempt agreements (meaning agreements which are exempt from the Chapter I prohibition as a result of section 9).

⁴⁰ Paragraphs 2.11 to 2.12 of the Final report and recommendations to the Secretary of State.

⁴¹ Paragraph 2.7 of the Final report and recommendations to the Secretary of State.

explained that such schemes make using public transport easier, which, in turn, increases patronage on public transport.⁴² Others indicated that these schemes improve the connectivity of transport networks to reflect the travel patterns of consumers.⁴³ Similar points were made in response to the CMA's earlier call for inputs. For example, stakeholders also identified both better quality bus services and improved transport networks as benefits of public transport ticketing schemes.⁴⁴ Some stakeholders also identified the separate benefit of flexibility of choice on specific routes.⁴⁵ While stakeholders (in response to the Consultation and the call for inputs) did not explicitly raise the other benefits identified in the CMA's previous review, there is no evidence to suggest that these benefits no longer arise under such schemes.

- 4.9 In addition, stakeholders, in response to both the Consultation and the call for inputs, suggested that public transport ticketing schemes may have environmental benefits. For instance, the York Bus Forum explained that such schemes played an important role in discouraging the use of car journeys and reducing congestion and emissions.⁴⁶ Separately, First Bus advised that the public transport ticketing schemes encourage consumers to travel by public transport which reduces emissions from other forms of transport (such as cars).⁴⁷
- 4.10 Some stakeholders also highlighted public transport ticketing schemes as particularly important for passengers that use more than one mode of transport.⁴⁸ In responding to the CMA's call for inputs, stakeholders had similarly advised that public transport ticketing schemes facilitate multi-modal travel, which EPs, BSIPs and franchising arrangements (discussed in the previous section) are unable to facilitate because they only apply to bus services.⁴⁹ Multi-modal ticketing schemes enable consumers to purchase a single ticket that is valid on different modes of transport (eg bus, rail and

⁴² *ORR response to CMA Consultation*, paragraphs 11 to 12; *York Bus Forum response to CMA Consultation*, page 1; and *Buckinghamshire Council response to CMA Consultation*, page 1.

⁴³ *National Smart Ticketing Advisory Board response to CMA Consultation*, page 3.

⁴⁴ *Network One Ticketing response to CMA's PTTSBE call for inputs*, page 4; *Oxford Bus Company response to CMA's PTTSBE call for inputs*, page 1; *TravelMaster response to CMA's PTTSBE call for inputs*, page 3; *Office of Rail and Road's response to the CMA's PTTSBE call for inputs*, paragraph 5 and 6.

⁴⁵ *Network One Ticketing response to CMA's PTTSBE call for inputs*, page 4; *First Bus response to CMA's PTTSBE call for inputs*, page 3; *Peninsula Transport Sub-National Transport Body response to CMA's PTTSBE call for inputs*, page 1.

⁴⁶ *York Bus Forum response to CMA Consultation*, page 1.

⁴⁷ *First Bus response to CMA's PTTSBE call for inputs*, page 3

⁴⁸ *Trainline response to CMA Consultation*, paragraph 5.

⁴⁹ *First Bus response to CMA's PTTSBE call for inputs*, page 3.

tram).⁵⁰ In its response to the call for inputs, one stakeholder had explained that multi-modal ticketing schemes ‘overwhelmingly benefit passengers’ by providing ‘an end-to-end public transport option.’⁵¹ Separately, the CMA was advised that consumers benefit from purchasing multi-modal tickets as they are easier and more cost effective than buying individual tickets for separate modes of transport.⁵²

4.11 Based on the evidence that the CMA has reviewed, the CMA considers that public transport ticketing schemes continue to provide the efficiencies identified above. It has seen no evidence that the efficiencies provided by such schemes have been affected by the recent developments discussed in the previous section.

Consumers must receive a fair share of the resulting benefits

4.12 In 2015, the CMA concluded that the ticketing schemes covered by the PTTSBE allow consumers a fair share of the resulting benefits.⁵³

4.13 As part of its call for inputs, the CMA asked transport operators and authorities, and organisations connected to the transport industry whether consumers continue to receive a fair share of the benefits associated with public transport ticketing schemes. Stakeholders identified the following benefits of public transport ticketing schemes that consumers receive:

- (a) *Choice*: Consumers have an increased choice in terms of both the number of operators and services and form of transport they can use.⁵⁴
- (b) *Affordability*: Tickets purchased as part of public transport ticketing schemes are normally less expensive than the cost of buying multiple individual tickets.⁵⁵

⁵⁰ For example, the System One Travel scheme enables passengers to travel on services provided by buses, trams and trains throughout Greater Manchester; see *Confederation of Passenger Transport response to CMA’s PTTSBE call for inputs*, page 2.

⁵¹ *Rail Delivery Group response to CMA’s PTTSBE call for inputs*, page 3

⁵² *TravelMaster response to CMA’s PTTSBE call for inputs*, page 2.

⁵³ Paragraph 2.15 of the Final report and recommendations to the Secretary of State.

⁵⁴ *Peninsula Transport Sub-National Transport Body response to CMA’s PTTSBE call for inputs*, page 2; *Confederation of Passenger Transport response to CMA’s PTTSBE call for inputs*, page 4; *Urban Transport Group response to CMA’s PTTSBE call for inputs*, paragraph 8.3.

⁵⁵ *First Bus response to CMA’s PTTSBE call for inputs*, page 3; *TravelMaster response to CMA’s PTTSBE call for inputs*, page 2; *Urban Transport Group response to CMA’s PTTSBE call for inputs*, paragraph 8.3.

- (c) *Convenience*: Consumers can purchase a single ticket that is valid on multiple operators rather than purchasing multiple tickets for different operators.⁵⁶

- 4.14 The responses to the Consultation indicated that stakeholders agreed that the ticketing schemes covered by the PTTSBE provide consumers with a range of benefits,⁵⁷ including providing value for money,⁵⁸ offering discounted travel compared with the price that consumers would pay if they had to pay for each ticket separately,⁵⁹ and reducing the complexity for consumers when using multiple operators and/or different modes of transport.⁶⁰
- 4.15 On the basis of the evidence received, the CMA considers that consumers continue to receive a fair share of the benefits generated by the ticketing schemes covered by the PTTSBE. The CMA has seen no evidence that consumer benefits provided by such schemes have been reduced by the recent developments discussed in the previous section.

The restrictions must be indispensable to the attainment of the efficiencies

- 4.16 As noted, the PTTSBE contains general conditions that apply to all ticketing schemes, as well as specific conditions that apply to each of the different schemes. The varying conditions were put in place following the OFT's review in 2005 to ensure that the balance of the PTTSBE satisfied the need to ensure that the ticketing schemes covered by it do not impose restrictions that are not indispensable to the benefits flowing from the agreement, and the CMA's review in 2015 concluded that there was no evidence to suggest that the position had changed.
- 4.17 The CMA has not received any evidence that there have been developments that would alter its previous view that the conditions of the PTTSBE ensure that ticketing schemes do not impose restrictions that are not indispensable to the benefits that they create for consumers.

⁵⁶ *Transport Focus response to CMA's PTTSBE call for inputs*, page 1; *Office of Rail and Road's response to the CMA's PTTSBE call for inputs*, paragraph 3; *Strathclyde Partnership for Transport response to CMA's PTTSBE call for inputs*, page 3.

⁵⁷ *York Bus Forum response to CMA Consultation*, page 1; *Buckinghamshire Council response to CMA Consultation*, page 1; *Confederation of Passenger Transport response to CMA Consultation*, page 1; *Trainline response to CMA Consultation*, paragraph 5.

⁵⁸ *National Smart Ticketing Advisory Board response to CMA Consultation*, page 2; *ORR response to CMA Consultation*, paragraph 12.

⁵⁹ *First Bus response to CMA Consultation*, page 1

⁶⁰ *ORR response to CMA Consultation*, paragraph 11; *Transport Focus response to CMA consultation*, page 1.

4.18 Accordingly, the CMA's conclusion is that relevant ticketing schemes are likely to meet the indispensability condition.

The agreement must not afford the parties the possibility of eliminating competition in respect of a substantial part of the products concerned

4.19 As noted, the PTTSBE contains conditions that are designed to ensure that ticketing schemes within the scope of the PTTSBE do not eliminate competition in respect of a substantial part of the services in question, in particular that the schemes must be open to all operators, and that operators retain commercial freedom to set their own fares, services and timetabling. The PTTSBE also contains restrictions on information sharing by limiting the ability to share information to only the information that is indispensable to that scheme.

4.20 The CMA continues to have no evidence or grounds to suggest that the PTTSBE is likely to eliminate competition on a substantial part of the market for transport services.

4.21 On that basis, the CMA concludes that this condition of the Section 9 exemption is also likely to be met.

Factor 2: Enhanced need for cooperation

4.22 Previously, the CMA, in 2015, and, prior to that the OFT in 2010, concluded that ticketing schemes require an enhanced level of cooperation in comparison with other sectors of the economy.⁶¹ In those reviews, it was considered that consumers highly value the integration of the ticketing network as that enables them to travel more easily throughout the ticketing area (despite using the services of multiple operators) and often at lower cost than if they had to purchase multiple single tickets from different operators. The view was taken that such ticketing schemes would not be feasible without agreements between transport operators.

4.23 In response to the call for inputs and in bilateral engagement with relevant industry participants, several stakeholders confirmed the need for transport operators to work together to offer ticketing schemes that provide consumers with integrated ticketing products. These stakeholders considered the PTTSBE essential in ensuring that transport operators can continue to

⁶¹ Paragraphs 2.24 to 2.26 of the Final report and recommendations to the Secretary of State; paragraphs 4.28 to 4.30 of [Public Transport Ticketing Schemes Block Exemption Review: Proposal to recommend that the duration of the Block Exemption is extended](#) (2010).

promote and work jointly on ticketing schemes for the benefit of consumers.⁶² In response to the Consultation, the CMA did not receive any further information regarding the need for transport operators to work together to offer ticketing schemes.

- 4.24 On the basis of the above, the CMA considers that ticketing schemes covered by the PTTSBE have an enhanced need for cooperation for them to be concluded and implemented.

Factor 3: Sufficient benefits brought by a block exemption compared to self-assessment under the CA98

- 4.25 In the absence of the PTTSBE, parties to public transport ticketing schemes would need to self-assess compliance with the CA98 and ensure that they met the conditions of the section 9 exemption. The CMA has considered whether there are sufficient benefits to justify maintaining the PTTSBE compared to public transport operators instead needing to assess their schemes individually against the conditions of the section 9 exemption.
- 4.26 The advantages of the PTTSBE for public transport ticketing schemes result from:
- (a) the *overall* benefits produced by any public transport ticketing schemes which – absent the PTTSBE – public transport operators would not have entered into; and
 - (b) for those public transport ticketing schemes which public transport operators would still have entered into absent the PTTSBE, any reductions in public transport operators' competition law compliance costs that would have been facilitated by the PTTSBE.
- 4.27 Therefore, the CMA has considered whether letting the PTTSBE expire would result in either or both:
- (a) public transport operators *terminating* the public transport ticketing schemes to which they are currently party, or deciding not to enter into future schemes; and/or

⁶² CMA meeting with Oxford Bus Company, 22 May 2024; CMA meeting with Urban Transport Group, 11 June 2024; Peninsula Transport Sub-National Transport Body response to CMA's PTTSBE call for inputs, page 1; Strathclyde Partnership for Transport response to CMA's PTTSBE call for inputs, page 2; TravelMaster response to CMA's PTTSBE call for inputs, page 2.

- (b) significant additional costs for public transport operators to carry out self-assessments of their schemes.

- 4.28 In response to the Consultation, stakeholders indicated that the cost of self-assessment (as a result of obtaining independent professional advice) and the uncertainty of acting without the PTTSBE would be a barrier for small/medium operators to remain within existing schemes⁶³ and could discourage operators from entering into ticketing schemes, especially where such schemes are minimally profitable or involve smaller operators.⁶⁴ Stakeholders advised that a reduction in ticketing schemes would negatively impact passengers as a result of high ticket prices and fewer options.⁶⁵
- 4.29 These are similar to the views that had been expressed by stakeholders in response to the call for inputs.⁶⁶ It was explained to the CMA that discontinuing the PTTSBE would lead to schemes being terminated or public transport operators deciding not to enter future schemes.⁶⁷ Stakeholders also explained that expiration of the PTTSBE would likely affect smaller schemes to a greater extent because operators party to such schemes would be less capable of or confident undertaking self-assessment.⁶⁸
- 4.30 While some stakeholders advised that implementation of EPs, BSIPs and franchising arrangements may have an impact on the extent to which the PTTSBE is relied upon for certain bus-only ticketing schemes, they explained that the implementation of such arrangements is at an early stage and that the PTTSBE would continue to be relied upon by transport operators for pre-existing schemes.⁶⁹ In particular, one stakeholder advised, in the context of recent development in Scotland, that it is ‘too early’ to consider any reduction

⁶³ *National Smart Ticketing Advisory Board response to CMA Consultation*, page 2; *York Bus Forum response to CMA Consultation*, page 2; *First Bus response to CMA Consultation*, pages 1 to 2; *Strathclyde Partnership for Transport response to CMA consultation*, page 1; *Buckinghamshire Council response to CMA Consultation*, page 1.

⁶⁴ *ORR response to CMA consultation*, paragraph 8.

⁶⁵ *York Bus Forum response to CMA Consultation*, page 2; *Strathclyde Partnership for Transport*, page 2.

⁶⁶ *First Bus response to CMA’s PTTSBE call for inputs*, page 2; *CMA meeting with Rail Delivery Group*, 17 June 2024.

⁶⁷ *Oxford Bus Company response to CMA’s PTTSBE call for inputs*, page 1; *Rail Delivery Group response to CMA’s PTTSBE call for inputs*, page 2; *Transport Focus response to CMA’s PTTSBE call for inputs*, page 2; *Urban Transport Group response to CMA’s PTTSBE call for inputs*, paragraphs 3.4 to 3.5.

⁶⁸ *TravelMaster response to CMA’s PTTSBE call for inputs*, page 2.

⁶⁹ *National Smart Ticketing Advisory Board response to CMA Consultation*, pages 1 to 2. In its meeting with the CMA, the Urban Transport Group suggested that usage of the PTTSBE may be reduced by the implementation of EPs and franchising arrangements in England, although it would still remain relevant and necessary; *CMA meeting with Urban Transport Group*, 11 June 2024. In its response to the CMA, the Strathclyde Partnership for Transport explained that ‘[t]he introduction of new powers in Scotland could have impacts on PTTSBE. However, as yet, there is no experience to draw upon since the new powers have not yet been used’; see *Strathclyde Partnership for Transport response to CMA’s PTTSBE call for inputs*, page 2.

in the PTTSBE and that its impact on relevant schemes would depend on the nature of any future franchising arrangements.⁷⁰ The CMA notes that the Department for Transport, in its consultation response, noted that the PTTSBE is likely to remain vital for ticketing schemes that pre-date the introduction of EPs and franchising schemes.⁷¹

- 4.31 Most stakeholders were clear that the PTTSBE is needed to facilitate multi-modal ticketing schemes. As explained above, a multi-modal scheme is one that allows passengers to purchase tickets that are valid on multiple modes of transportation (eg train and bus services). Despite the introduction of EPs, BSIPs and franchising arrangements, many stakeholders told us that the PTTSBE would continue to be relied upon by transport operators providing multi-modal ticketing schemes.⁷² One stakeholder described the PTTSBE as ‘critical’ for multi-modal ticketing schemes and explained that ‘[u]nless the EP powers were increased to cover all transport modes...there is no reason that the PTTSBE should not continue in perpetuity’.⁷³ Another stakeholder advised that ‘it is unlikely that [multi-modal] schemes would come to fruition [without the PTTSBE] as the effort and risk of navigating them through the self-assessment process in relation to the Chapter I prohibition would outweigh their commercial benefit’.⁷⁴
- 4.32 Stakeholders also identified cross-boundary ticketing schemes as another instance where there is a continued need for the PTTSBE.⁷⁵ A cross-boundary scheme is a scheme agreed between transport operators that applies across the boundaries of two or more LTA areas.⁷⁶ One stakeholder explained that enabling consumers to travel across LTA boundaries was particularly important in rural areas.⁷⁷ Another stakeholder noted that the

⁷⁰ *National Smart Ticketing Advisory Board response to CMA Consultation*, page 1.

⁷¹ *Department for Transport response to CMA consultation*, pages 1 to 2.

⁷² *ORR response to CMA consultation*, paragraph 5; *National Smart Ticketing Advisory Board response to CMA Consultation*, pages 1 to 2; *First Bus response to CMA Consultation*, page 1; *Strathclyde Partnership for Transport response to CMA consultation*, page 1; *First Bus response to CMA’s PTTSBE call for inputs*, page 3; *TravelMaster response to CMA’s PTTSBE call for inputs*, page 2; *Urban Transport Group response to CMA’s PTTSBE call for inputs*, paragraph 4.2; *West Yorkshire Ticketing Company response to CMA’s PTTSBE call for inputs*, page 1.

⁷³ *TravelMaster response to CMA’s PTTSBE call for inputs*, page 2.

⁷⁴ *Rail Delivery Group response to CMA’s PTTSBE call for inputs*, page 2.

⁷⁵ *ORR response to CMA consultation*, paragraph 5; *National Smart Ticketing Advisory Board response to CMA Consultation*, pages 1 to 2; *First Bus response to CMA Consultation*, page 1; *Strathclyde Partnership for Transport response to CMA consultation*, page 1.

⁷⁶ Examples of cross-boundary ticketing schemes include the [Reading All-Bus](#) scheme, which extends into Wokingham, West Berkshire and Oxfordshire, and the [PlusBus](#) scheme, which enables customers to add bus and tram tickets to their train ticket.

⁷⁷ *Peninsula Transport Sub-National Transport Body response to CMA’s PTTSBE call for inputs*, page 1.

PTTSBE was particularly relevant to cross-boundary ticketing schemes.⁷⁸ Several stakeholders explained that (even in circumstances where EPs, BSIPs and franchising arrangements have been implemented) transport operators will still need to rely on the PTTSBE when offering such cross-boundary schemes.⁷⁹ A separate stakeholder also explained that although two or more LTAs could jointly implement a cross-boundary ticketing scheme, under an EP (or BSIP), this would be difficult to achieve in practice because it would require a high degree of coordination between LTAs which are likely to have different priorities.⁸⁰ The same stakeholder has confirmed they are unaware of any LTAs jointly implementing a cross-boundary ticketing scheme.

- 4.33 Some stakeholders advised that LTAs may decide not to use EPs or BSIPs to establish new bus ticketing schemes.⁸¹ As explained to the CMA, this may be because establishing such schemes is considered too costly and/or the complexity associated with such schemes means that it is easier to implement ticketing schemes by relying on the PTTSBE. These stakeholders considered that the PTTSBE would continue to be relied upon by transport operators establishing ticketing schemes outside the scope of an EP or BSIP.
- 4.34 While one stakeholder suggested that it would still consider entering into ticketing schemes in the absence of the PTTSBE because it had relevant expertise to undertake self-assessment, it also explained that the operators of smaller schemes serving lower numbers of customers would be less able to undertake self-assessment without additional support.⁸² The same stakeholder advised that the additional costs of self-assessment, where it was pursued, would need to be passed on to consumers in the form of higher ticket prices, which may in many instances remove the consumer benefit of reduced ticket prices.⁸³
- 4.35 In light of the above, the CMA considers that transport operators will continue to enter into public transport ticketing schemes outside of EPs/BSIPs and franchising arrangements and that there is a real risk that, without the

⁷⁸ *Urban Transport Group response to CMA's PTTSBE call for inputs*, paragraph 6.6.

⁷⁹ On cross-boundary schemes, First Bus explained to the CMA that schemes, such as PlusBus, that operate across local authority boundaries would still rely on the PTTSBE notwithstanding the implementation of EPs, BSIPs or franchising arrangements; *CMA meeting with First Bus and Confederation of Passenger Transport*, 11 June 2024. See also *Confederation of Passenger Transport response to CMA's PTTSBE call for inputs*, page 4.

⁸⁰ *CMA meeting with Oxford Bus Company*, 22 May 2024.

⁸¹ *CMA meeting with Oxford Bus Company*, 22 May 2024; *Urban Transport Group response to CMA's PTTSBE call for inputs*, paragraph 6.5.

⁸² *TravelMaster response to CMA's PTTSBE call for inputs*, page 1. As an example of a smaller scheme, TravelMaster gave the example of the [Derbyshire Wayfarer](#) ticketing scheme which retails a significantly lower number of tickets in comparison to TravelMaster's ticketing scheme.

⁸³ *TravelMaster response to CMA's PTTSBE call for inputs*, page 1.

PTTSBE, at least some public transport operators would withdraw from existing public transport ticketing schemes or would be reluctant to join future schemes. In particular, stakeholders have indicated that, in many cases, operators were unlikely to be willing to join ticketing schemes in the absence of the PTTSBE due to the additional costs associated with self-assessment, and concerns that the agreement could risk infringing competition law with the associated risk of exposure to enforcement action under the CA98.

- 4.36 Transport operators and representative organisations connected to the public transport industry have informed the CMA that the PTTSBE is an invaluable tool that enables a degree of enhanced cooperation. Responses to the Consultation and the earlier call for inputs strongly suggested that operators would be reluctant to undertake a self-assessment of multi-operator and multi-modal ticketing schemes and other schemes not covered by new legislative arrangements (such as cross-boundary schemes) for compliance with the CA98. The general view expressed by respondents was that if a scheme does not fall within the PTTSBE, then the lack of legal certainty and the costs associated with self-assessment of compliance with section 2 or exemption under section 9 would be too great to justify, notwithstanding the potential benefits (for the operator and consumers). Where operators continued to participate in ticketing schemes in the absence of the PTTSBE, the CMA was also advised that the costs of self-assessment would likely be passed onto consumers through higher ticket prices.

Factor 4: Alternatives not available

- 4.37 As discussed in the previous section, in many cases franchising arrangements or ticketing schemes introduced under either an EP or BSIP are not suitable alternatives to the PTTSBE. In particular, stakeholders have advised that the PTTSBE is still required to facilitate cooperation between transport operators for multi-modal schemes, as well as other schemes that are not possible under EPs, BSIPs or franchising arrangements, and that the PTTSBE is considered to be valuable for facilitating cross-boundary ticketing schemes.⁸⁴
- 4.38 Our conclusion is therefore that there are currently no alternative, reasonable and practicable arrangements to facilitate ticketing schemes not covered by franchising arrangements, an EP or BSIP that could deliver the same or

⁸⁴ ORR response to CMA consultation, paragraph 5; National Smart Ticketing Advisory Board response to CMA Consultation, pages 1 to 2; First Bus response to CMA Consultation, page 1; Strathclyde Partnership for Transport response to CMA consultation, page 1; CMA meeting with First Bus and Confederation of Passenger Transport, 11 June 2024.

greater benefits to passengers, or which would otherwise be more appropriate.

General recommendation

- 4.39 The CMA's view, based on the evidence gathered in its review, is that the PTTSBE continues to satisfy the four factors we have applied for considering whether a block exemption is necessary. The CMA considers that the PTTSBE remains a relevant and useful tool for businesses that provides legal certainty compared to a situation where businesses would have to rely solely on self-assessment. The CMA considers that the PTTSBE will support the operation of ticketing schemes that would otherwise not be undertaken or that might otherwise cease operation.
- 4.40 The CMA's recommendation reflects the broad consensus in the responses to the Consultation and earlier call for inputs, and the evidence we reviewed that the PTTSBE is a relevant and useful tool for businesses that increases legal certainty compared to a situation where businesses would have to rely solely on self-assessment. The CMA therefore recommends that the Secretary of State vary the existing PTTSBE so that it will continue without a fixed duration. In the Consultation, the CMA noted that an alternative to amending the existing PTTSBE to extend the duration would be for the Secretary of State to adopt a new consolidated Order. Having considered this matter further with the Department for Business and Trade, the CMA considers that an extension of the existing PTTSBE by varying its duration is preferable and in line with the approach adopted in previous CMA reviews.
- 4.41 In reaching its recommendation, the CMA has considered the impact of recent developments in local transport services (described at paragraphs 3.1 to 3.14 above). Notwithstanding such developments, the CMA considers that the PTTSBE continues to play an important and significant role in giving transport operators the confidence to engage in cooperation in public transport ticketing, which has benefits for consumers in the form of better and wider service provision, increased consumer choice and lower prices. As noted in the Department for Transport's consultation response, the PTTSBE provides comfort to operators that they will not breach competition law in developing ticketing schemes and encourages their adoption.⁸⁵ In particular, even in those parts of the UK where EPs, BSIPs and franchising arrangements for local bus services have been implemented, operators currently appear to continue to rely on the PTTSBE to some extent for schemes that operate

⁸⁵ *Department for Transport response to CMA consultation, page 2.*

outside of those arrangements. Furthermore, the PTTSBE appears to be relevant for other ticketing schemes, including, cross-boundary and multi-modal schemes.

5. The PTTSBE: Does it need to be varied?

5.1 In addition to assessing whether there is a continuing need for the PTTSBE, the CMA's review has also considered whether there is a case for varying any of its provisions. Some stakeholders identified areas where they believed that the PTTSBE might be varied to improve or clarify its operation or scope. We consider these potential amendments to the PTTSBE below.

Definition of 'ticket'

5.2 The PTTSBE defines a 'ticket' in Article 3 as 'evidence of a contractual right to travel.' The Guidance Document sets out that the CMA considers the current definition to cover smart tickets, including electronic tickets and situations where the ticket product is not determined until later, and that the exact form of the entitlement to travel is irrelevant to the application of the PTTSBE conditions.⁸⁶

5.3 In response to the call for inputs, several stakeholders highlighted that smart ticketing is now used widely, with physical tickets no longer being issued for certain schemes. They questioned whether contactless payment methods in multi-operator ticketing schemes are covered by the PTTSBE.⁸⁷ In particular, it was explained that there was uncertainty as to the coverage of the PTTSBE where consumers only have their bank statement as proof of their contractual right to travel.⁸⁸ A separate issue raised by some stakeholders was whether the current definition of 'ticket' should cover multi-operator tickets purchased through a Mobility-as-a-Service (MaaS) platform.⁸⁹ In general terms, a MaaS platform is a service that integrates various forms of transport services into a single platform which is accessible to consumers on a digital application.⁹⁰ This enables a consumer to purchase multi-modal packages and may cover transport modes that are not covered by the PTTSBE (for example, car-sharing, car rental, e-scooters and bike-sharing).

5.4 In its proposed recommendation, the CMA expressed the view that the current definition of 'ticket' would cover schemes where a consumer only has a bank

⁸⁶ Paragraphs 3.5 and 3.6 of the Guidance Document.

⁸⁷ *Confederation of Passenger Transport response to CMA's PTTSBE call for inputs*, page 6; *First Bus response to CMA's PTTSBE call for inputs*, page 5; *Urban Transport Group response to CMA's PTTSBE call for inputs*, paragraph 13.1.

⁸⁸ *CMA meeting with First Bus and Confederation of Passenger Transport*, 11 June 2024.

⁸⁹ *TravelMaster response to CMA's PTTSBE call for inputs*, page 3; *West Yorkshire Ticketing Company response to CMA's PTTSBE call for inputs*, page 2; *Strathclyde Partnership for Transport response to CMA's PTTSBE call for inputs*, page 4.

⁹⁰ Department for Transport, [Guidance: Mobility as a Service: code of practice](#), 30 August 2023.

statement as proof of their ticket where that evidences a contractual right to travel and that no change to the definition is required at the current time. It also considered that tickets purchased via a MaaS platform where they relate to the modes of transport covered by the PTTSBE and demonstrate a contractual right to travel would fall within the current definition of a ticket. On this basis, the CMA's proposed recommendation was that the definition of 'ticket' did not require modification and that the Guidance Document should provide clarification that non-physical tickets and MaaS scenarios (where they apply to relevant modes of transport) are covered.

- 5.5 In response to the Consultation, several stakeholders agreed with the CMA's proposed recommendation and no stakeholders expressed disagreement.⁹¹ The CMA is not therefore recommending any changes to the definition of 'ticket' in the PTTSBE and envisages revising the Guidance Document to provide clarification that non-physical tickets and MaaS scenarios fall within the scope of the PTTSBE.

Zonal bus tickets

- 5.6 In response to the call for inputs, one stakeholder identified an issue with the definition of 'long distance add-on' in the PTTSBE.⁹² Long-distance add-ons allow passengers to purchase a single-operator local service ticket, MTC or TT, as an extension to a ticket on an individual long-distance route on one or more *connecting services*.⁹³ The concern with the current definition, as explained to the CMA, is that it does not allow certain zonal bus tickets to be added to a connecting rail service where that connecting rail service starts in a zonal area that is covered by the bus service.⁹⁴ It was suggested that the current definition be amended because, as presently drafted, it makes it difficult for operators to offer zonal bus tickets which cover large geographic areas as add-ons to connecting rail services.
- 5.7 The CMA, in its proposed recommendation, explained that the PTTSBE does not *per se* prevent a zonal bus ticket from being added to a connecting rail service that starts in the zonal area covered by the bus service. However, the

⁹¹ *Buckinghamshire Council response to CMA consultation, page 2; National Smart Ticketing Advisory Board response to CMA Consultation, page 3; First Bus response to CMA Consultation, page 2; Strathclyde Partnership for Transport response to CMA consultation, page 2; Trainline response to CMA Consultation, page 3.*

⁹² *First Bus response to CMA's PTTSBE call for inputs, page 5.*

⁹³ A 'connecting service' is defined in Article 3 of the PTTSBE as a service (other than a bus service, a chartered service or a tourist service) for the carriage of passengers by road, tramway, railway, inland waterway or air which is a long distance service and runs between: (a) a station or stopping place at or in the vicinity of which the relevant local public transport service stops and (b) any other place.'

⁹⁴ *CMA meeting with First Bus and Confederation of Passenger Transport, 11 June 2024.*

current definitions of TT and MTC, each referred to in the definition ‘long distance add-on,’ do not allow combinations of routes in certain circumstances:

- (a) TT: the ticket must be made on ‘complementary services’, that is services where the operators do not compete with each other over a ‘substantial part of the route’ covered by the ticket;⁹⁵ and
- (b) MTC: a ticket must relate to routes that are ‘not substantially the same’ and, in practice, not be substantially used by passengers as an MIT or TT.

5.8 The CMA further explained that the purpose of these conditions is to ensure that public transport ticketing schemes provide access to a network of *complementary* routes. As a result, a zonal bus ticket cannot be added to a connecting rail service where, for a TT, it is in competition with or, for a MTC, its route is substantially the same as, the connecting service. The Guidance Document sets out how transport operators should assess whether routes are substantially the same and whether they are in competition or not.⁹⁶ The Guidance Document explains that this is a matter for transport operators to assess by reference to whether common stops (including adjacent stops) form a substantial part of a relevant route, and/or when routes are considered substitutes by a large proportion of passengers.⁹⁷

5.9 When assessing whether routes are substantially the same and/or in competition, operators are not required by the PTTSE or by the Guidance Document to consider the zonal area covered by the bus service being added to a long distance, connecting service. Rather, two routes cannot be combined if they are in competition with one another over a substantial part of the route (for a TT), or if they are substantially the same (for an MTC). On this basis, the CMA’s proposed recommendation was that the current definition of ‘long distance add-on’ remains appropriate.

5.10 In response to the Consultation, several stakeholders agreed with the CMA’s proposed recommendation and no stakeholders expressed disagreement.⁹⁸

⁹⁵ The terms ‘complementary services’ is defined in Article 3 of the PTTSE as ‘local public transport services which are not in competition with each other over a substantial part of the route covered by the ticket in question.’

⁹⁶ Paragraphs 3.25 to 3.36 of the Guidance Document.

⁹⁷ Paragraph 3.28 of the Guidance Document.

⁹⁸ *Buckinghamshire Council response to CMA consultation*, page 2; *National Smart Ticketing Advisory Board response to CMA Consultation*, page 3; *First Bus response to CMA Consultation*, page 2; *Strathclyde Partnership for Transport response to CMA consultation*, page 2.

The CMA is not therefore recommending any changes to the definition of ‘long distance add-on’ in the PTTSBE.

‘Trunk’ bus services

5.11 In response to the call for inputs, one stakeholder suggested that the PTTSBE should cover ‘trunk’ bus services.⁹⁹ The CMA understands such services to be bus services that have a route that is longer than 15 miles and can be used by:

- (a) some passengers to travel less than 15 miles from their starting point; and
- (b) other passengers to travel longer distances of 15 miles or more from their starting point.¹⁰⁰

The CMA understands that where passengers can make journeys of less than 15 miles from their starting point, this part of the route should be registered as a local service.¹⁰¹ As an example, the stakeholder identified a bus service between Peterborough and Norwich (which is over 80 miles) that is used for long distance travel but is registered as a local bus service.¹⁰² The stakeholder explained that such services can be used to provide connections for onward destinations.

5.12 The stakeholder suggested that the definition of ‘short distance add-on’ be amended to cover ‘trunk’ bus services explicitly.¹⁰³ A ‘short distance add-on’ is a ticket where an MTC (eg a zonal bus ticket) is provided as an add-on to a local public transport service (eg a bus or train service). As the definition of ‘short distance add-on’ only allows an MTC to be added to complementary local transport services, the stakeholder was unclear whether this definition would cover trunk bus services (as defined above). The thinking behind the stakeholder’s suggested change was that it would make clear that operators could offer an MTC as a short distance add-on to ‘trunk’ bus services.¹⁰⁴

5.13 The stakeholder also explained that a ‘long distance add-on’ allows for an MTC to be added to certain transport modes (such as rail and coach services) covering longer distances (15 miles or more). However, as bus services are

⁹⁹ *First Bus response to CMA’s PTTSBE call for inputs*, pages 4 to 5.

¹⁰⁰ Section 2 of the Transport Act 1985 defines ‘local services.’

¹⁰¹ See [Local Bus Service Registration Guide \(England/Wales\)](#); page 5 of [Local Bus Service Registration in Scotland](#).

¹⁰² *CMA meeting with First Bus and Confederation of Passenger Transport*, 11 June 2024.

¹⁰³ *First Bus response to CMA’s PTTSBE call for inputs*, page 5.

¹⁰⁴ *First Bus response to CMA’s PTTSBE call for inputs*, pages 4-5.

excluded from the definition of a 'long distance add-on',¹⁰⁵ transport operators are unable to offer customers such an add-on to 'trunk' bus services when being used by passengers to travel longer distances in the same way that rail or other operators can.

- 5.14 The CMA, in its proposed recommendation, explained that it considered 'trunk' bus services to be, in effect, long distance services which have some parts operating as local public transport services. Its provisional view therefore was that 'trunk' bus services should be treated as other long distance services (eg long distance rail services) and it was not aware of any reason why travel operators should be prevented from offering customers add-on tickets for such services.
- 5.15 On this basis, it proposed that the definition of 'connecting service' in Article 3 of the PTTSBE, which currently excludes all bus services, be amended to include 'trunk' bus services. This would mean that where passengers are using a 'trunk' bus service to travel longer distances (i.e. 15 miles or more from their starting point), the travel operator could offer passengers a long distance add-on (an MTC or one of the other types of tickets covered by the definition of long distance add-on). However, where passengers are using a 'trunk' bus service to make a local journey (ie less than 15 miles from their starting point), this should be treated as a local public transport service for the purposes of a 'short distance add-on' (as defined in Article 3) and, consequently, the transport operator would be able to offer that passenger a short distance add-on ticket.
- 5.16 In response to the Consultation, a number of stakeholders expressed support for the proposed amendment and no stakeholders disagreed with the proposed amendment. Three stakeholders indicated that the proposed amendment would have a moderate or significant positive impact for consumers.¹⁰⁶ One stakeholder was uncertain of the impact of the proposed amendment on either its business or consumers.¹⁰⁷
- 5.17 Based on the stakeholder responses received, the CMA considers that the proposed amendment would be likely to have a positive impact on for both transport businesses and consumers. The CMA notes in particular that one stakeholder explained that this would potentially benefit passengers with

¹⁰⁵ This is because the definition of 'connecting service' in Article 3 of the PTTSBE does not explicitly include bus services.

¹⁰⁶ *Buckinghamshire Council response to CMA consultation*, page 3; *First Bus response to CMA Consultation*, page 2; *National Smart Ticketing Advisory Board response to CMA Consultation*, page 4.

¹⁰⁷ *Strathclyde Partnership for Transport response to CMA consultation*, page 2.

additional travel options and may encourage greater public transport use.¹⁰⁸ Another stakeholder explained that ‘trunk’ bus services should be treated in the same way as rail services, otherwise they are at a competitive disadvantage.¹⁰⁹

- 5.18 On the basis of the evidence received, the CMA’s recommendation is that the definition of ‘connecting service’ in Article 3 of the PTTSBE be amended to include ‘trunk’ bus services.

Third party retailers

- 5.19 In response to the Consultation, one stakeholder, a third-party retailer (TPR), raised the issue of Train Operating Companies (TOCs) implementing multi-zonal rail ticketing schemes in a manner that prevents TPRs from retailing tickets for such schemes.¹¹⁰ The CMA understands that a “multi-zonal rail ticketing scheme” is a rail ticketing scheme that covers multiple local authority areas. As examples of such schemes, the stakeholder highlighted Transport for London’s Travelcard Agreement, Through Ticketing (non-Travelcard) Agreement and its pay-as-you-go (PAYG) schemes, the PAYG Agreement for Oyster and CPAY Agreement for contactless payments.¹¹¹ In its submission, the stakeholder stated that it and other TPRs have been denied the ability to retail tickets for the PAYG Agreement for Oyster and that TOCs were reserving to themselves the ability to retail tickets for the scheme, to the exclusion of TPRs.¹¹²
- 5.20 The stakeholder proposed that the conditions in Articles 6 and 7 of the PTTSBE should be amended to make it clear that ticketing schemes relying on the PTTSBE should not be able to exclude the retail of tickets by TPRs and other retail channels, specifically:
- (a) Article 6 should be amended to include a prohibition (unless there is an objective, transparent and non-discriminatory reason) that public transport ticketing schemes shall not, directly or indirectly, in isolation or in combination with other factors under the control of the parties have the object or effect of preventing any operator, potential operator, retailer or potential retailer from retailing tickets for that public transport ticketing scheme via any retail channel; and

¹⁰⁸ *First Bus response to CMA Consultation*, page 2.

¹⁰⁹ *National Smart Ticketing Advisory Board response to CMA Consultation*, page 4.

¹¹⁰ *Trainline response to CMA consultation*, paragraph 6.

¹¹¹ *Trainline response to CMA consultation*, paragraph 4.

¹¹² *Trainline response to CMA consultation*, paragraph 6.

- (b) Article 7 should be amended to include a prohibition that public transport ticketing schemes shall not, directly or indirectly, in isolation or in combination with other factors under the control of the parties, have the object or effect of limiting the freedom of any retailer to sell public transport ticketing scheme tickets.¹¹³

5.21 The UK Government acknowledges that TPRs can provide consumers with a number of benefits through their use of innovative technology.¹¹⁴ In its engagement, the CMA was also advised that allowing TPRs to sell tickets under the PTTSE could have several impacts on the market. These may include an improved booking experience for customers through centralised, multi-modal journey planning on a single platform,¹¹⁵ increased reach and revenue of ticketing schemes, and enhanced competition among TPRs and TOCs.¹¹⁶ Notwithstanding the possible benefits that TPRs can bring, the CMA understands that there are currently technical and commercial barriers that make it difficult for TPRs to participate in PAYG schemes and, in relation to those types of scheme, offer passengers a competitive proposition (whether that be on price, convenience or geographic scope).

5.22 It was explained to the CMA that PAYG agreements will generally specify the media that can be used to travel within a defined area (either a contactless payment device or a smartcard) and that these specifications are designed to match the existing ticketing infrastructure within that area.¹¹⁷ TPRs can either sell pre-purchased paper tickets or tickets with barcodes. When compared with contactless payment devices or smartcards, pre-purchased paper tickets are less attractive to consumers because they require consumers to both know and pre-purchase their journey in advance, which offers less flexibility than tapping in and out as necessary. In addition, the CMA was advised that the processing of paper tickets at ticket gates tends to be slower than contactless payment devices and smartcards.

5.23 Whilst barcode tickets could potentially provide the same functionality as contactless payment or smartcards, they are frequently not suitable for PAYG ticketing schemes because they are incompatible with parts of the existing ticketing infrastructure (due to a lack of barcode scanners at ticketing gates and on buses). The geographic scope of such tickets is therefore more restricted than tickets facilitated by contactless payment or smartcards. As a

¹¹³ *Trainline response to CMA consultation*, paragraph 10.

¹¹⁴ [Getting Britain Moving: Labour's Plan to Fix Britain's Railways](#), page 23.

¹¹⁵ *CMA Meeting with Independent Rail Retailers*, 19 November 2024.

¹¹⁶ As explained to the CMA by the Office of Rail and Road.

¹¹⁷ *CMA meeting with Rail Delivery Group*, 15 November 2024.

result of their limited functionality, barcode tickets offered by TPRs as part of a PAYG scheme are likely to be of limited value to consumers. In addition, the CMA was advised that transport operators do not have relevant supporting IT systems to facilitate TPRs' participation in PAYG schemes.¹¹⁸

- 5.24 The CMA understands that there are several initiatives underway which are trialling new forms of ticketing schemes which should, if implemented, reduce both the technical and commercial barriers to TPRs retailing tickets for PAYG schemes. For example, we understand that Rail Delivery Group is collaborating with the Department for Transport on trials of a digital PAYG scheme that would use a mix of geo-location technology and barcode scans and that the intention is that TPRs and other technology suppliers will be involved in the pilot.¹¹⁹ The CMA also understands there are initiatives to develop a back-office IT system for rail fares that may make it easier for TPRs to access PAYG schemes in future.
- 5.25 The CMA has also not received any evidence of ticketing schemes relying on the PTTSBE expressly excluding TPRs (or other retail channels) from selling tickets for such schemes. The CMA has had sight of several agreements establishing ticketing schemes, none of which included exclusions of TPRs through contractual restrictions or restrictions on public transport operators engaging with TPRs.
- 5.26 The CMA's recommendation is therefore that the PTTSBE should not be amended as proposed by the TPR. The CMA has reached this conclusion on the understanding that there are technical and commercial barriers to TPRs selling tickets for PAYG schemes, which are the result of wider issues within the rail industry and unrelated to the PTTSBE. However, the CMA will give some consideration, in the context of revising the Guidance Document, as to whether to address the value that TPRs can provide to consumers and the benefits of allowing TPRs to retail tickets for multi-zonal rail ticketing schemes.

¹¹⁸ CMA meeting with Rail Delivery Group, 15 November 2024

¹¹⁹ CMA meeting with Rail Delivery Group, 15 November 2024.

Other provisions

- 5.27 Several stakeholders, in response to the call for inputs, raised the issue of whether the scope of the PTTSBE should be extended to cover other modes of transport (such as e-scooters or e-bikes) and MaaS platforms.¹²⁰
- 5.28 Other stakeholders, however, considered that the inclusion of other modes of transport services would complicate the PTTSBE¹²¹ and explained that other modes (such as e-scooters and e-bikes) are forms of personal mobility and are not currently considered to be modes of public transport.¹²² It was also suggested to the CMA that other modes of transport would need to be designated as ‘public’ before the PTTSBE could be expanded to cover them and that technical issues (such as the payment technology used by different companies) prevented other modes of transport from being included in existing ticketing schemes.¹²³
- 5.29 The CMA’s provisional recommendation was that it is too early in the development of both the new forms of transport and MaaS platforms to adopt a position on their inclusion in the PTTSBE but that it would continue to monitor trends in relation to both issues.¹²⁴ In response to the Consultation, no stakeholders expressed disagreement with the CMA’s provisional recommendation. Two stakeholders welcomed the CMA’s commitment to monitor developments on these issues.¹²⁵
- 5.30 Consistent with evidence received, the CMA’s recommendation is that it remains premature to adopt a position on the inclusion of new forms of transport and MaaS platforms in the PTTSBE. The CMA will, however, continue to monitor both issues to inform future reviews of the PTTSBE.

¹²⁰ *Urban Transport Group response to CMA’s PTTSBE call for inputs*, paragraph 15.1; *West Yorkshire Ticketing Company response to CMA’s PTTSBE call for inputs*, page 2; *Strathclyde Partnership for Transport response to CMA’s PTTSBE call for inputs*, page 4.

¹²¹ *Confederation of Passenger Transport response to CMA’s PTTSBE call for inputs*, page 6.

¹²² *Network One Ticketing response to CMA’s PTTSBE call for inputs*, page 6.

¹²³ *CMA meeting with Oxford Bus Company*, 22 May 2024.

¹²⁴ Other than the situation where a consumer purchases a ticket via a MaaS platform that relates to the modes of transport covered by the PTTSBE; see paragraph 5.4.

¹²⁵ *National Smart Ticketing Advisory Board response to CMA Consultation*, page 4; *Strathclyde Partnership for Transport response to CMA consultation*, page 3.

6. Duration of the PTTSBE

- 6.1 The PTTSBE currently has a duration of ten years and is due to expire on 26 February 2026. When the CMA carried out its review in 2015, it justified a ten-year duration, as compared to the previous five-year duration of the PTTSBE, on the basis that the extended duration would give greater legal certainty and lower the administrative burden.¹²⁶
- 6.2 Section 6(7) of the Act sets out that a block exemption order may provide that the order is to cease to have effect at the end of a specified period. It is clear that there is no obligation to provide an expiry date for an order.
- 6.3 The PTTSBE has been in force since 2001 and, as outlined above, stakeholders have explained that they continue to rely on it in order to provide ticketing schemes. The CMA's provisional recommendation was that the PTTSBE should continue without a fixed duration or, in the event that a new consolidated block exemption order be adopted, that such an order be adopted without a fixed duration. This recommendation was made on the basis that it would be more appropriate to review the PTTSBE once the impact of the recent and forthcoming developments in the transport sector, described at paragraphs 3.1 to 3.14 above, are clearer, rather than committing to a fixed timetable created by a set expiry date. This would not prevent the CMA from carrying out a review of the PTTSBE at an earlier stage if market circumstances significantly changed and, in any case, there is a statutory requirement for the Department for Business and Trade to carry out and publish a post-implementation review of any block exemption order within five years of it coming into force and then regularly thereafter on a five-year cycle.¹²⁷
- 6.4 The provisional recommendation noted that an alternative to a PTTSBE without a set expiry date would be a block exemption order with a fixed expiry date that is shorter than the previous ten-year duration to take account of the impact of recent and forthcoming developments in the sector. The CMA's provisional view was that such an approach would not offer the same level of flexibility to allow the CMA to react swiftly to emerging issues and may commit the CMA to conduct a review at a point at which post-pandemic market trends are still uncertain.
- 6.5 In response to the Consultation, three stakeholders indicated that the CMA's proposal to continue the PTTSBE without a fixed expiry date would have a

¹²⁶ Paragraph 6.1 of [Final report and recommendations to the Secretary of State](#).

¹²⁷ Section 28 of the [Small Business, Enterprise and Employment Act 2015](#).

significant positive impact on their business operations,¹²⁸ with one of those stakeholders adding the caveat that the PTTSBE should be reviewed when bus-specific legislation and guidance has been updated.¹²⁹ Another stakeholder expressed support for continuation without a fixed expiry date, subject to the requirement that the PTTSBE should be reviewed in the event of a significant market development.¹³⁰ In its response to the Consultation, the Department for Transport also expressed support for the PTTSBE to continue without a fixed duration.¹³¹ One stakeholder considered that the impact of upcoming developments (such as the development of Great British Railways) on the retail of rail ticketing schemes remains unclear and on that basis explained that the PTTSBE should continue to have a fixed expiry date.¹³² The stakeholder explained that this would allow the CMA, and market participants, to consider how changes to the retail landscape may impact the objectives and operation of the PTTSBE.¹³³

- 6.6 While there have already been various developments, particularly in the provision of local bus services, that may have an impact on the role of the PTTSBE, the CMA is aware that further developments in transport services are likely to be implemented in the future. The removal of the fixed expiry day will provide the CMA with the flexibility to review the PTTSBE once the impact of such developments is clear. In addition, the requirement for the Department for Business and Trade to carry out a review of a block exemption on a five-yearly basis will ensure that the PTTSBE continues to be reviewed regularly. Accordingly, and in alignment with the majority of consultation responses received, which supported the removal of the fixed expiry date, the CMA's recommendation is that the Secretary of State vary the existing PTTSBE so that it will continue without a fixed duration .

¹²⁸ *First Bus response to CMA consultation*, page 3; *York Bus Forum response to CMA Consultation*, page 2.

¹²⁹ *Buckinghamshire Council response to CMA consultation*, page 4.

¹³⁰ *National Smart Ticketing Advisory Board response to the CMA*, page 5.

¹³¹ *Department for Transport response to CMA consultation*, page 2.

¹³² *Trainline response to the CMA*, paragraph 11.

¹³³ *Trainline response to the CMA*, paragraph 11.

7. The CMA's final recommendation

- 7.1 For the reasons set out above, the CMA's final recommendation to the Secretary of State for Business and Trade is that the PTTSBE be varied so that it will continue without a fixed duration. We also recommend that the definition of 'connecting service' in Article 3 of the PTTSBE be amended to include 'trunk' bus services.