

**Decision Session**  
**– Executive Member for City Strategy**

5 October 2010

Report of the Director of City Strategy

**City of York’s Response to Office of Fair Trading Consultation Document “Public Transport Ticketing Schemes Block Exemption Review”**

**Summary**

1. This report presents the City of York’s response to the above consultation, issued by the Office of Fair Trading (OFT) in July 2010 which invited responses from interested parties to be submitted on or before 20<sup>th</sup> October 2010.

**Recommendations**

2. The Executive Member is asked to comment on the draft response before it is finalised and sent to the Office of Fair Trading.

Reason:

To ensure the views of City of York Council are considered by the OFT in preparing their recommendations to the Secretary of State for Business, Innovation and Skills (the Secretary of State) to extend the duration of the Public Transport Ticketing Schemes Block Exemption (the PTTS Block Exemption) for a further five years beyond the current date of expiry.

**Background**

3. The consultation document seeks views on whether the OFT should make a recommendation to the Secretary of State for Business, Innovation and Skills (the Secretary of State) to extend the duration of the existing Public Transport Ticketing Schemes Block Exemption (the PTTS Block Exemption). It has been published by the OFT pursuant to sections 8(1) and 8(3) of the Competition Act 1998.
4. The consultation is limited to the OFT's ability to make recommendations to the Secretary of State on the use of his powers to make or vary block exemptions under the Competition Act 1998. It does not extend to the use of any enforcement powers which the OFT and other regulators may exercise in competition law cases.

5. Geographically, the consultation extends to the entire United Kingdom.
6. The consultation is aimed at businesses, trade associations, local authorities, individuals or any other parties which may have an interest in passenger transport issues.

### **Consultation**

7. This is City of York's response to the Office of Fair Trading Consultation Document. Anyone else who wishes to contribute may provide their evidence directly to the Office of Fair Trading.

### **Options**

8. The Executive Member is requested to note and approve the content of the response and either accept or reject the response.

### **Analysis**

9. Bus services within York are provided by seven operators, although direct competition is limited to just three corridors. While there is not currently any multi-operator ticketing in use in York, it is our aspiration that a multi-operator travel card be introduced in the near future. We are concerned that the operators providing bus services in York are reticent to enter into such a scheme, not least for fear of falling foul of the Competition Act.
10. We believe that ticketing arrangements for bus services should be exempted in full from the Competition Act. This is because, unlike most retail industries, buses are viewed by the public as a mode rather than a brand. Therefore, the choice made by the consumer is to what mode they will use rather than which company and any brand loyalty equally applies only to the mode. People decide that they will use 'the bus' rather than 'the car' in order to make a journey. We do not believe that many people say that they will 'use the First' or 'use the Stagecoach' rather than 'use the Audi' or 'use the Ford'.
11. It is our view that the deciding factors when making such a choice are first, speed of journey and secondly, ease of use. Because journey time is perceived as the most important factor, people will take the first bus to arrive, regardless of operator, even if they know that another company may offer a slightly cheaper fare. However, the existing regulations then conspire against the bus as users, having made the initial decision to take the first bus to arrive, are often then penalised by being forced to purchase a single ticket as they know not with whom they will make any return journey. It is our experience that many do not even notice the name of the company with whom they travel and, therefore, only where a single operator holds a monopoly does the option to purchase a return or multi-journey ticket bear consideration. One of the most common complaints made to this authority is that legislation requires fares, and thus journeys, to be 'operator specific'.

12. The consultation questionnaire is provided in Annex A and City of York's response in Annex B.

### Corporate Priorities

13. Responding to this consultation contributes to being a 'Sustainable City' and an 'Inclusive City'.

### Implications

- a. **Financial** – There are no implications.
- b. **Human Resources (HR)** - There are no implications.
- c. **Equalities** - There are no implications.
- d. **Legal** – There are no implications.
- e. **Crime and Disorder** - There are no implications.
- f. **Information Technology (IT)** - There are no implications.
- g. **Property** - There are no implications.

### Risk Management

14. No new risks are introduced by responding to this consultation.

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Report Approved



Date 5<sup>th</sup> October 2010

### Specialist Implications Officers - None

Wards Affected:

All

For further information please contact the author of the report

### Annexes

A: OFT Office of Fair Trading Consultation Document "Public Transport Ticketing Schemes Block Exemption Review" (in view of its length this Annex is published online only but a hard copy can be made available by contacting the Democracy Officer, contact details on agenda front sheet)

B: CYC Response to above consultation