

From: **Wise, Stephen** <Stephen.Wise@reading.gov.uk>
To: **advocacy** <advocacy@cma.gov.uk>; **Maddocks, Chris** <chris.maddocks@reading.gov.uk>; **Turner, James** <James.Turner@reading.gov.uk>; **Transport** <Transport@reading.gov.uk>
Subject: RE: Consultation on Reading Borough Council's proposed Enhanced Partnership (EP) Plan and Scheme
Date: 15.03.2022 14:54:37 (+01:00)

Dear Paul

Thank you for your official consultation response below. We are looking into the issues you raise and considering the implications for the competition test. We are consulting with colleagues with more experience and knowledge of the issues raised but have been advised that a key person is on leave currently until 25th March. We will look to make a full response to you after then if that is ok.

Regards
Stephen Wise
Senior Transport Planner
Reading Borough Council

From: advocacy <advocacy@cma.gov.uk>
Sent: 04 March 2022 11:25
To: Wise, Stephen <Stephen.Wise@reading.gov.uk>; Maddocks, Chris <chris.maddocks@reading.gov.uk>; Turner, James <James.Turner@reading.gov.uk>; Transport <Transport@reading.gov.uk>
Subject: RE: Consultation on Reading Borough Council's proposed Enhanced Partnership (EP) Plan and Scheme

This is an EXTERNAL EMAIL. STOP. THINK before you CLICK links or OPEN attachments.

Classification: **Official**

Good morning,

Thank you for keeping us informed on your Enhanced Partnership (EP) plans. As you will appreciate, given the number of partnership documents we are receiving we are reviewing all relevant documents that are provided to the CMA by authorities but we will not be providing detailed individual feedback. We have however set out some high-level points from our review of an initial tranche of documents. We have in this response asked for some further information relating to an element of the Reading EP (first bullet below).

The CMA has a statutory function within the Transport Act 2000 (as amended). Should the CMA consider that a partnership agreement does not meet the 'Competition Test', the CMA may open an investigation. The Act recognises that while an agreement might have a significant adverse effect on competition it may still pass the Test if it is a proportion means to delivering improvements to bus services. The act does not require the CMA to provide an opinion on whether the partnership proposals meet the requirements of the Test.

Any comments provided in the course of the CMA's review should not be interpreted to provide legal assurances that there will be no adverse impact for competition or that a proposed agreement is compliant with competition law. We ask that EP plans and documents, reflect this position (by avoiding references that imply that EP plans have been cleared by the CMA).

In response to the specific materials you have shared, we would highlight the below feedback points (which should be considered in addition to the overall feedback points that follow):

- We note the intended actions to introduce flat fares *"There are some short hop fares in Reading that are competitively priced but at different levels for different operators and we want to simplify*

these fares to be consistent across all bus services” (and specific references on routes between Reading town and University of Reading). We would express caution over an intention to set a single price that operators must adhere to given the potential impacts on competition. It would be helpful for us to better understand the intention and context of this part of the EP (eg is the intention to specify pricing across operators?; does this cover routes that are currently competed on?; has there been consideration of the competition implications?). Would you be able to provide some more detail over email, or if more appropriate on a call?

- We note the council owned operator, and considerable market share, of Reading Buses – any decisions taken by the council should be taken at appropriate distance from the operator and the council should adhere to the principle of competitive neutrality (public sector trading operations should not enjoy a commercial advantage solely because of their ownership by or association with government)

From the draft EP plans we have reviewed so far, we can share the following overall feedback points:

- To fully satisfy themselves, authorities should consider the state of competition under the counterfactual (ie absent the EP) and how it will be impacted by new requirements on operators. Appropriate transition periods may mitigate some of these impacts. The use of non-prescriptive/outcome based objectives may give greater flexibility to operators to deliver your objectives, but it is for the authority in partnership with operators to consider the policy objectives that are to be delivered.
- Some EPs include proposals for encouraging flexible business models, like Demand Responsive Transport, though the level of thinking and evidence base that has gone into those business models across the EP plans varies. We would encourage you to explore existing trials of these models and learn from best practice in other authorities, where it exists.
- The removal of single operator tickets will have a potentially significant impact on the incentives of operators to compete against each other. We encourage careful consultation with operators, so that operators who are uncertain about the legal risks of offering multi-operator tickets are not excluded. We would recommend seeking legal advice to ensure that any scheme is compliant with competition law as the CMA as the UK’s lead competition enforcement agency cannot provide this.
- If you have plans for introducing refund guarantees on certain routes, again we would encourage careful consultation with operators, so new schemes do not create the unintended consequence of providers not wanting to service routes or enter the market.
- Where an authority wishes to require buses to adopt a standard livery or branding scheme we would recommend that operator brands should be clearly visible, particularly where operators are competing on overlapping routes. Care should be given to the impact on operators of cross-border routes.
- Where governance arrangements do not include individual representation for each bus operator, we advise that there is some form of shared representation (or similar arrangement) for smaller operators that might otherwise be excluded. Where larger operators have greater representation in governance arrangements, this should be defined by contestable criteria (eg total mileage) rather than fixed, named operators.
- Should you include exemptions, these should be clearly defined with objective criteria to give confidence the exemptions will be applied appropriately.

We would be happy to provide informal advice on any of the above points as plans develop – and you can message us directly at advocacy@cma.gov.uk

Thank you,
Paul

Paul Barnes (he/him) | Principal Adviser | Advocacy, Nations & External Relations | Competition & Markets Authority |

From: advocacy

Sent: 28 February 2022 10:19

To: Wise, Stephen <Stephen.Wise@reading.gov.uk> ; Maddocks, Chris <chris.maddocks@reading.gov.uk>

> ; Turner, James < James.Turner@reading.gov.uk > ; Transport < Transport@reading.gov.uk >

Subject: RE: Consultation on Reading Borough Council's proposed Enhanced Partnership (EP) Plan and Scheme

Classification: **Official**

Good morning,

Thank you for keeping us informed on your Enhanced Partnership (EP) plans – this is to confirm safe receipt of the material.

As you will appreciate, given the number of partnership documents we are receiving, we are reviewing all relevant documents that are provided to the CMA by authorities, but we will not be providing detailed individual feedback for all plans. We aim to share high-level points after our review of an initial tranche of documents.

Any comments or correspondence provided in the course of the CMA's review should not be interpreted to provide legal assurances that there will be no adverse impact for competition or that a proposed agreement is compliant with competition law. We ask that EP plans and documents, reflect this position (by avoiding references that imply that EP plans have been cleared by the CMA).

Thank you,
Paul

Paul Barnes (*he/him*) | Principal Adviser | Advocacy, Nations & External Relations | Competition & Markets Authority |

From: Wise, Stephen < Stephen.Wise@reading.gov.uk >

Sent: 18 February 2022 13:09

To: Maddocks, Chris < chris.maddocks@reading.gov.uk > ; Turner, James < James.Turner@reading.gov.uk > ; Transport < Transport@reading.gov.uk >

Subject: Consultation on Reading Borough Council's proposed Enhanced Partnership (EP) Plan and Scheme

Dear Consultees

As part of its preparation for the establishment of an Enhanced Partnership with local bus service operators in Reading Borough I am sending out details of the EP Plan and EP Scheme together with a copy of a letter sent to bus operators in January. As Reading Borough Council has not received sufficient objections to delay implementation of the EP Plan and EP Scheme we are proceeding to the consultation stage. This is open for two weeks ending on Friday 4th March. If you have any queries or comments regarding the attached documents or around the development of Reading's Bus Service Improvement Plan please do not hesitate to get in touch.

Regards

Stephen Wise

Senior Transport Planner
Reading Borough Council

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