

**GREATER MANCHESTER INTEGRATED TRANSPORT AUTHORITY**

**REPORT FOR INFORMATION / RESOLUTION**

**COMMITTEE:** AUTHORITY

**DATE:** 12 FEBRUARY 2010

**SUBJECT:** COMPETITION COMMISSION INQUIRY INTO LOCAL  
BUS SERVICES

**REPORT OF:** CLERK OF THE AUTHORITY

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**PURPOSE OF REPORT**

To inform members that the Competition Commission has been asked by the Office of Fair Trading (OFT) to conduct an investigation into the local bus market in the UK.

**RECOMMENDATIONS**

Members are recommended to:

- 1) Note and comment as appropriate on the report;
- 2) Agree that the Authority should respond to the Competition Commission request for submissions, and delegate authority for agreeing this response to the Clerk of the Authority and the Interim Chief Executive of GMPTE, in consultation with the Chair and Vice Chair of the Authority and the Leader of the Opposition.

**BACKGROUND DOCUMENTS**

Competition Commission core inquiry documents.

Office of Fair Trading Study into bus services, Policy Committee, 11 September 2009.

Local Bus Services; report on the market study and proposed reference to make a market investigation reference, OFT, August 2009.

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## **1. Introduction**

1.1 Following its investigation into the local bus market in the UK in 2009, the Office of Fair Trading (OFT) concluded that neither the commercial nor the supported parts of the markets appear to be working as well as it should be for bus passengers or the taxpayer.

1.2 After consulting on their findings in the Autumn, to which the Authority responded, the OFT have confirmed that they remained of the view,

“that the evidence suggests, in many areas, current competitive pressures may be insufficient to achieve best value outcomes for both bus users and tax payers.”

1.3 Therefore the OFT has referred the matter to the Competition Commission, an independent body which will carry out a further thorough investigation.

## **2. Competition Commission investigation.**

2.1 The Competition Commission will now carry out its own comprehensive investigation into the bus market in the UK (excepting the regulated markets in London and Northern Ireland). The terms of reference are to see if any features of the local bus market prevent, restrict or distort competition and, if so, what action (remedies) might be taken to remedy these.

2.2 A panel of six members have been appointed to its inquiry group. On 4 February a timetable for their enquiries (Appendix 1) along with a Statement of Issues was published. The Statement of Issues outlines the key questions that will be addressed in the investigation, and is also intended to help frame the initial submissions from interested parties.

2.3 This inquiry and any resulting remedies have the potential to radically alter the nature of the bus industry nationally and locally, and potentially reshape the manner in which bus services are provided. This could clearly result in significant consequences for the Authority. Therefore it will be important that the Authority and Executive plays a full role throughout this enquiry, firstly to ensure that the Competition Commission Panel is properly and fully informed about the nature of bus services in Greater Manchester, itself a substantial part of the bus market, from a public interest perspective. Secondly, engaging early and constructively in the investigation process can help ensure that we will be then well positioned to help inform discussions should the issue of remedies arise.

### **3. Next steps**

- 3.1 If, as a result of its investigations, the Competition Commission conclude that the current situation prevents, restricts or distorts competition, then it will work to determine and implement appropriate remedies. A wide range of remedies is available to the Competition Commission in market investigations. If it decides that remedies are required, it will consult with relevant parties on the choice and form of these measures and then set out the decision on remedies in its final report. Following publication of this report (scheduled for next June), it will then work with relevant parties to prepare undertakings or orders that give effect to any requirements, if necessary.
- 3.2 The Competition Commission is required to report by 6 January 2012, although the Panel have stated their intention to complete the investigation and publish a final report within 18 months.

## Appendix 1



### LOCAL BUS SERVICES MARKET INQUIRY

#### Administrative timetable\*

\*Published on 4 February 2010, as required by [Rule 6](#) of the *Competition Commission Rules of Procedure*. Any revisions made to the timetable will be published on this website.

7 January 2010	Reference made by the Office of Fair Trading
January–May	Gather information, issue questionnaires, hearings with third parties
Early February	Publish statement of issues
March–April	Site visits
June–July	Hearings with main parties
Early September	Deadline for all parties' responses/submissions required before provisional findings
October	Notify provisional findings and (if required) possible remedies
End of November	Deadline for all parties' responses/submissions on provisional findings
November– January 2011	Remedies hearing(s) (if required)
March–April	Provisional decision on remedies (if required)
April–May	Deadline for all parties' responses/submissions on the provisional decision on remedies
Early May	Final deadline for all parties' responses
End of June	Publish report†

†The Competition Commission is required to report on the reference by 6 January 2012.