

# Speech: Changes and challenges facing UK bus industry

## **Introduction – change**

Good morning.

It's a real pleasure to return to the UK Bus Summit today.

I'm grateful to Professor Begg and the team at Transport Times for asking me back.

It doesn't feel anything like a year since I was last here.

And yet when you look back to January 2016, it seems like a different world altogether.

David Cameron was in an apparently unassailable position as Prime Minister.

After leading his party to victory at the 2015 general election, he was looking forward to securing Britain's future EU membership in the upcoming referendum.

Hilary Clinton was hot favourite to become the next US President, while Donald Trump was still 6 months away from even receiving the Republican nomination.

And Leicester City were on their way to a Premiership title.

If 2016 taught us anything, it was to expect change.

The world is changing.

Britain is changing.

And we have to be ready for change in this industry too.

## **Challenge of growth**

Because buses face a huge challenge.

How to grow?

The argument in favour of bus travel is as strong as it's ever been.

No other form of transport can carry large numbers of people quickly, affordably and cleanly in already congested cities and towns.

That's why buses are still providing 4.5 billion passenger journeys a year.

Getting children to school.

Commuters to work.

And connecting communities with jobs and services.

That's why they're our most popular type of public transport.

More bus passengers mean fewer cars on the road.

Fewer cars mean more space for buses on congested city streets.

Which means faster and better journeys.

And in turn, that will attract more customer demand.

The bus isn't just a highly effective form of transport.

It's integral to the success of our economy.

To keeping our high streets thriving.

And to cutting pollution.

But last year bus passengers in England continued to decline.

And private bus operators saw patronage fall for the first time in 6 years.

So I see it as our shared goal to reverse that trend.

## **Successes**

I've been hugely impressed with the strides many operators are making to attract new passengers and make the experience of bus travel more attractive.

Over 90% of buses are now accessible.

It should be 100%.

Many have free wifi, CCTV and USB charging points.

And since I last stood here major operators have begun the roll out of contactless bank card payment in earnest.

Arriva, First Group, Go-Ahead, National Express and Stagecoach have committed to this.

Which will bring contactless payment to every bus outside London by 2022, with many areas benefiting sooner.

The benefits of smart ticketing, whether on contactless cards, smart cards or otherwise, are clear.

They make journeys across modes easier and speed up journey times.

There are now at least 700,000 smart cards in use outside London and they will only get more and more popular.

So thank you to everyone who is supporting the ticketing revolution.

## **Bill**

But we also need to innovate in other areas if we're going to achieve our objectives.

Chief among them is extending the range of options to improve bus services where improvement is needed.

How we organise the operation of buses throughout the country.

A year ago I spoke about how the [Bus Services Bill](#) would help local authorities and bus operators enter into partnerships.

Allowing them to agree their own standards for services to help attract new passengers.

I spoke, too, about retaining the most valuable parts of the quality contract process.

So we can give Mayors and local authorities the choice to use new powers to franchise bus services in their areas.

And I said the Bill would address passengers' needs for better information.

Well, the Bill contains all of these things.

However, the journey of the Bill through Parliament has been longer than anticipated.

That was inevitable considering the other pressures on Parliamentary time over the past 6 months.

But although we came up against opposition in the House of Lords,

And although changes were made to the Bill as a result.

I can reassure you that I will be working hard to ensure that the Bill will return largely in its original form.

And it will do what we always intended it to do.

Increase passenger numbers, improve services, and deliver on our devolution deals.

Not by forcing any one approach on the industry, but by creating new options and opportunities.

And I'm also expecting the Bill's timetable to remain on track.

Article 50 has taken parliamentary time, but we are committed to getting the Bill through Parliament before the Mayoral elections.

## **Partnership and open data**

At its heart are partnerships – between local authorities and bus operators – which are the bedrock on which a successful bus strategy for the future will be built.

The thing about bus services is that everyone should share the same objective.

Put bluntly, “more bums on seats”.

That’s how local authorities can cut congestion, support businesses and improve air quality.

And it’s how operators can improve their bottom line – if you’ll excuse the pun.

New enhanced partnerships will allow local authorities and bus operators to agree their own standards for services in their area.

From branding and emission standards to ticketing.

Every enhanced partnership will have a plan which sets out the improvements that the authority and operators will make.

To make bus travel more attractive.

To identify the problems that are preventing more people from travelling by bus.

And through partnership commitments – to do something about them.

Partnerships offer major benefits for rural communities too.

So the Bill allows better integration between local bus services and other modes of transport.

It will also make more information available to passengers through the open data provisions.

I want bus passengers to have the same access to journey planning and real time information as rail passengers.

And the same as those travelling in London.

So the provisions will require bus operators to make data about routes, fares and the operation of bus services open and accessible.

## Franchises

But partnerships may not be the best solution in all areas.

New powers to franchise services will be available to combined authorities with directly elected mayors...

Just as they are in London.

And private operators will compete for contracts.

One of the most notable changes made to the Bill in the House of Lords was the opening up of franchising to all local transport authorities in England.

The government's position is clear.

We do not support that change.

Strong governance and accountability is needed to make franchising a success.

So it remains our intention that mayoral combined authorities will have automatic access to franchising powers.

Reflecting the centralised decision-making responsibility for transport they will hold.

Other local authorities will be able to access franchising powers with the Secretary of State's consent.

We want to ensure that franchising is only pursued where it makes sense to do so, where the authority has a realistic plan in place, and – most importantly – where it will benefit passengers.

## Consultation

The Bill that leaves Parliament must be fit for purpose.

Above all, that means it will help both bus operators and authorities deliver better services for passengers.

But it will only be a success if the powers it contains are easy to use – and if they are taken up.

That is why we continue to focus on the practicalities.

Working with organisations like the CPT, ALBUM and the Urban Transport Group to prepare key pieces of secondary legislation and guidance.

Your views matter.

So yesterday we [launched a consultation to gather your opinions](#) on those detailed bits of policy.

So please go to our website and let us know what you think.

## **Conclusion**

So the challenge is clear.

To unite as an industry.

Bus operators, local authorities and government.

To show that buses are just as much the mode of the future as the mode of the past.

To do that, we have designed a Bus Services Bill that will work for every area of the country.

For franchises and partnerships.

To deliver the services that passengers want.

I'm absolutely confident we can do that.

Not just because we've worked so hard on the legislation.

But because I know this is a resourceful and creative industry, which is doing so much great work around the country.

With an average 85% of passengers satisfied with services.

That's why I'm proud to be Bus Minister.

To represent the industry in government.

And it's why I look forward to working with you over the next year.

So thank you for listening.

And enjoy the rest of the day.

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**[Press release: HS2 appoints Phase Two B Development Partner and engineering and environmental consultants](#)**

From:

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Part of:

Plans to bring HS2 to Manchester and Leeds took a step forward today with the confirmation that contracts will be awarded to CH2M, Arup, an AECOM / Capita / INECO joint venture and a Mott MacDonald / WSP joint venture to help progress the design.

The appointments are a major milestone for the high speed rail project and comes after an 11 month competitive process, during which seven multi-national bidders were invited to tender for four packages of work.

CH2M will become Phase Two B Development Partner and work together with teams from Arup, AECOM / Capita / INECO and Mott MacDonald / WSP.

Together, they will provide the expert engineering and environmental support needed to take forward the development of the route north of Crewe to Manchester and from the West Midlands to Yorkshire, with a hybrid Bill – essentially the planning application for this part of the route – expected to be presented to Parliament in 2019.

The government gave the go ahead for the sections of the route, between Crewe and Manchester, and Birmingham and Leeds, via Sheffield and the East Midlands, subject to some specific route refinements which are under consultation, in November last year. The dedicated high speed lines are planned to open in 2033, providing extra capacity between the UK's largest cities, improving connectivity and reducing journey times.

**Alison Munro, HS2 Ltd Managing Director – Development, said:**

This contract awards mark an important milestone for HS2 – giving us the expert resource needed to progress the second phase of the project and bring high speed rail to Manchester and Leeds by 2033.

Our new partners bring a wealth of recent experience on some of the world's most challenging and complex infrastructure projects and I look forward to working with them to ensure that HS2 can benefit from the experience and innovation they have to offer.

The following companies will be appointed:

Phase Two B Development Partner:

Phase Two B Civils Design and Environmental Services:

- Lot 1 – CDES – Mott MacDonald / WSP joint venture
- Lot 2 – CDES – AECOM / Capita / INECO joint venture
- Lot 3 – CDES and Environmental Overview Consultant (EOC) – Arup

Contracts are expected to be signed after the 20 February 2017 with staff

joining the HS2 Ltd team soon after.

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## [News story: Deal agreed to ease restrictions on flights between the two nations](#)

The UK and India have today (9 February 2017) agreed to ease restrictions on the number of scheduled flights between the two countries, following successful talks in India this week.

Limits on flights from key Indian cities including Chennai and Kolkata have been scrapped, allowing for a greater range of flights for passengers while providing a boost to trade and tourism for the UK and India. Building new links with important trading partners is a key part of the government's plans for a Global Britain, opening up new export markets and creating jobs and economic growth.

India is a rapidly expanding and important market for aviation and the agreement signed today will allow airlines to develop new services and routes.

Aviation Minister Lord Ahmad of Wimbledon said:

India is one of our closest allies and key trading partners and this new agreement will only serve to strengthen this crucial relationship. We are unlocking new trade and tourism opportunities which will boost our economies, create new jobs and open up new business links. This is great news for both the UK and India and is yet another sign that we are open for business and ready to build and strengthen our trade links.

With about 2.5 million passengers flying direct between the UK and India each year, and 88 scheduled services per week in each direction between the two countries, the agreement today will open up even more routes and opportunities.

Indian Civil Aviation Minister Pusapati Ashok Gajapathi Raju said:

The increase in number of flights between the UK and India is encouraging news for our businesses and tourists. We already enjoy strong ties with the UK and we welcome such continued association which in the long run will not only encourage business activity, but also people-to-people contact. I am sure that this agreement



will bring direct and indirect benefits to many sectors of the economies of our two countries.

Tourism from India makes an important contribution to the UK economy. In 2015, there were 422,000 visits from India to the UK, bringing more than £433 million to the economy.

The agreement was formally signed during a [visit to India by Lord Ahmad](#), where he led a delegation of British companies for the 2017 CAPA India Aviation Summit. The Cabinet Minister of Civil Aviation, Pusapati Ashok Gajapathi Raju, signed on behalf of India.

Meeting with the Cabinet Minister for Civil Aviation Mr Pusapati Ashok Gajapathi Raju, Minister of State at the Ministry of Civil Aviation Mr Jayant Sinha, and India's leading airlines, UK Aviation Minister Lord Ahmad encouraged Indian businesses to partner with UK aerospace companies to capitalise Britain's world-class aviation expertise.

The final decision on additional flights between the UK and India is a commercial one for airlines.

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## **Speech: Celebrating the aviation ties between India and the UK**

### **Introduction**

It's an honour to speak to the Indian aviation community today (8 February 2017).

And I'm grateful for your warm welcome.

I've come to India as a representative of the British government, and with a clear purpose.

To meet the Indian government, Indian airlines, and the aerospace industry, and in so doing to strengthen the ties between our countries.

As the UK's Minister for Aviation, I have something of a natural advantage in achieving that purpose.

Because what makes the aviation industry so special is that it is – by definition – an industry founded on international ties.

On the links between distant places.

On the common enterprise between peoples.

And it's an industry with a goal: to bring those peoples together, for trade or for pleasure.

There are few greater examples of this than the links aviation provides between India and the UK.

British Airways has been flying to India for over 90 years.

And when Air India established its first ever international route, in 1948, it was to London.

Now three and a half million people travel between our two countries by air every year.

More people fly from the UK to India than from almost any other country.

And the 1.5-million-strong Indian diaspora in the UK – of which I count myself a member – is kept in contact with friends and family half a world away by the unceasing passage of Indian and UK airliners between our airports.

## **Era of expansion**

There are also great parallels between our respective industries.

Both have begun a new era of expansion.

It is a thrill for me come to this country at the most exciting time in Indian aviation history.

To see for myself its rate of growth and global reach.

The number of Indian airlines has more than doubled in 10 years.

Last month, the aviation market in this country hit 13 consecutive months of passenger growth.

And you are on track by 2030 to become the largest aviation market in the world.

In the UK, too, aviation is growing, and set to grow much further still.

Each record year of passenger numbers is broken by the next.

New routes to new destinations are added almost every month.

## **Heathrow**

And in October we took a long overdue decision – to support the construction of a [third runway at Heathrow airport](#).

Those of you who have flown to Heathrow – perhaps even flown there in the pilot's seat – will know how busy that airport is.

In fact, it is the busiest two-runway airport anywhere on earth.

Heathrow's popularity helps make the UK the best connected country in Europe.

But for many years the airport has been operating at full capacity.

Without action, space for flights to and from new destinations – including India – will be severely constrained.

So our recommendation is that Heathrow be allowed to construct a world-class new runway, and the planning process is already underway.

An expanded Heathrow would make possible an extra 260,000 aircraft movements a year, or 16 million additional long-haul seats.

And it would compete against hubs such as Amsterdam, Paris and Frankfurt.

## **Aviation strategy**

This decision is important enough that it justifies a fresh examination of how the government works with the aviation sector.

So over the next 2 years, we are going to draw up a new aviation strategy.

It will determine how the government can support the industry's continued future success.

We are exploring:

- the effect of aviation on the environment
- how aviation can best serve its customers
- how we can support regional growth and connectivity
- how to increase trade through aviation
- the importance of aviation employment and skills
- innovation, and the transformative potential of big data

In so many of these areas I increasingly see that our two countries have much common experience.

In skills for instance.

The Rajiv Gandhi National Aviation University, which the Indian government is establishing, is a brilliant idea.

I have already written to the Honourable Minister for Civil Aviation, Puspapati Ashok Gajapati Raju, on the matter.

And I'd like to look at whether this model could work in the UK too.

Then there's aviation growth and the environment.

As we both expand our aviation capacity, we'll both need to look at how we can make the best use of break-through cleaner technologies.

## **Brexit**

But, of course, the decisions we are taking for UK aviation come in the context of an even more momentous decision.

In June, the British people voted to leave the European Union.

It is a decision with far-reaching consequences – and not just for the UK and the EU, but also for India and our other international partners.

To understand the decision is to see that it was not just a vote to leave the European Union.

It was also a positive expression of our desire to raise our ambitions and look beyond the EU.

The UK has always been a profoundly internationalist country.

We are one of the most racially diverse countries in Europe.

One of the most multicultural members of the European Union.

A country that has always looked beyond Europe to the wider world.

And – whether we are talking about India, Pakistan, Bangladesh, America, Australia, Canada, New Zealand or countries in Africa – so many of us have close friends and relatives from across the world.

The vote to leave the EU was a vote to strengthen those global ties.

That's why we gave our backing to a third runway at Heathrow.

That is why we are looking to renew our aviation strategy.

And that is why I was so determined to come to India to meet the aviation community here.

Because I want us to work together, to strengthen even more those ties of trade and friendship.

We already do much business together.

In aviation alone, of the 480 aircraft in the Indian civil fleet, almost half are built by Airbus – with their most important components made in the UK.

Then there was the brilliantly successful partnership between Mumbai airport and the UK's National Air Traffic Service.

Together they substantially increased airspace at the airport, helping bring in an extra \$100 million in annual revenue.

And the trade links go far beyond just aviation.

Since the turn of the century, no G20 country has invested more in India than has the UK.

One in twenty jobs in the organised private sector in India is in a UK company.

We have heeded Prime Minister Modi's request that the world "Make in India".

We are one of the very biggest Makers in India.

We are proud of it.

And in the future we want to do much more still.

That's why our Prime Minister chose India for her first overseas trade delegation.

During that visit, £1.2 billion worth of business between UK and Indian companies was announced.

And during her visit, she joined with Prime Minister Modi in committing to build the closest possible commercial and economic relationship.

The groundwork is already being laid.

Our [Secretary of State for International Trade, Liam Fox](#), has agreed to set up a joint working group with your Honourable Minister for Trade, Nirmala Sitharaman.

It's going to look at both the future of our trade and investment links as the UK leaves the EU, and it will identify the practical steps we can take at present, too.

## **Conclusion**

In thinking of past, present and future links, I am reminded of a photograph I keep on my desk in Westminster.

It is a picture of one of the greatest of Indians: Mahatma Gandhi.

I remember something he once said, that:

If we are to make progress, we must not repeat history but make new history.

We must add to the inheritance left by our ancestors.

That thought could be a summation of everything the British government would like to achieve with India.

To build on the inheritance left by our ancestors.

We have a long and deep relationship, and much common history.

I welcome your support as we seek to build yet higher on those foundations.

In our aviation industries.

In enterprise.

In friendship.

Thank you.

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## **[News story: Manchester hospital trusts request fast track merger reference](#)**

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The CMA has opened a phase 1 investigation into the anticipated merger between 2 hospital trusts in central Manchester.

Central Manchester University Hospitals NHS Foundation Trust (CMFT) and University Hospital of South Manchester NHS Foundation Trust (UHSM) have announced they are planning to merge.

UHSM includes Wythenshawe Hospital and Withington Community Hospital, and CMFT includes Manchester Royal Eye Hospital, Manchester Royal Infirmary, Royal Manchester Children's Hospital, Altrincham Hospital, Saint Mary's Hospital, The University Dental Hospital and Trafford Hospitals.

The ability of patients and commissioning bodies to choose between hospitals gives healthcare providers incentives to improve the quality of their services for the benefit of patients.

Therefore, under the Enterprise Act 2002 and the Health and Social Care Act 2012, the Competition and Markets Authority (CMA) will now investigate the impact this merger could have on patient choice and the quality of healthcare services provided.

The CMA has also received a request from CMFT and UHSM to fast-track the

investigation, and so it is today issuing an invitation for interested parties to [comment on the request](#).

The CMA is able to accelerate the referral of a merger case to an in-depth phase 2 investigation when requested by the merging parties. If the CMA proceeds with using the fast track procedure, it would expect to make a decision on referral within the next 15 working days.

The CMA and its predecessors (Office of Fair Trading and Competition Commission) have investigated a number of hospital mergers, most recently [Ashford and St Peter's Hospitals NHS Foundation Trust and Royal Surrey County Hospital NHS Foundation Trust](#).