



New Generation Transport

Best and Final Funding Bid
September 2011





Direct Line: 0113 251 7201
Your Ref:
Our Ref: KTP/SH

8 September 2011

Bob Collins
Department for Transport
Zone 3/18
Great Minster House
76 Marsham Street
LONDON SW1P 4DR



METRO

Dear Bob

Best and Final Funding Bids

I am pleased to provide you with a copy of the Best and Final Funding Bids for the Leeds New Generation Transport (NGT) trolleybus scheme and the Rail Growth Package.

Leeds New Generation Transport Trolleybus Scheme

As you will be aware, the Leeds New Generation Transport (NGT) scheme would have significant benefits for the Leeds economy and is forecast to increase Leeds city centre annual GDP by around 3%. The scheme, which has all-party political support, would also create over 4,000 additional jobs.

Our Best and Final Funding Bid for NGT puts forward a very large local contribution of £57 million, which has almost quadrupled the local funding committed to the scheme since the original offer that was accepted at Programme Entry. The bid also sets out the potential for a further £30 million contribution to be made through Tax Increment Financing, in order to further reduce the overall cost to Government.

Our bid also sets out a compelling value for money case for NGT, with a significantly improved Benefit:Cost Ratio. This has resulted from the comprehensive modelling work undertaken to re-appraise the scheme through the new Leeds Transport Model, in close liaison with your colleagues at the DfT.

As you will appreciate we have worked extremely closely with your Department to develop NGT as a showcase bus scheme, in line with the advice we received following cancellation of the Supertram proposals in 2005. We have involved the DfT in all aspects of scheme development, from the initial review of the strategic context for rapid transit in Leeds back in 2007. We are convinced that there is an extremely strong case for NGT.

**West Yorkshire
Passenger Transport
Executive**

Wellington House
40-50 Wellington Street
Leeds LS1 2DE

Tel: 0113 251 7272
Fax: 0113 251 7333
www.wymetro.com

Director General
K T Preston OBE

Directors
J A Henkel
D A Hoggarth
A Hirst

Non Executive Directors
A Darbyshire
A Gay

Secretary & Solicitor
N Winney



Rail Growth Package

The Rail Growth Package will improve vital links between Bradford and Leeds through the provision of two new stations on a busy commuter route connecting the two cities. Between them Bradford and Leeds provide around two thirds of West Yorkshire's GVA and the commuter flows between the cities are the most significant in West Yorkshire. New stations at Kirkstall Forge in Leeds, and Apperley Bridge in Bradford, will enhance connectivity between these vitally important economic centres.

Our Best and Final Funding Bid puts forward an attractive funding offer for the Rail Growth Package which halves the cost to Government, from the proposal set out in the Major Scheme Business Case of 2009. This offer sets out a total local funding contribution of around 40%, including a private sector contribution of over £5m. The package offers strong value for money and will unlock a major regeneration site at Kirkstall Forge, provide attractive journey times for commuters and improve access to the two principal economic centres of West Yorkshire.

The Promoters remain committed to working closely with you and your colleagues in the coming weeks to answer any queries that you may have on our Best and Final Funding Bids and to ensure that this long-overdue transport investment in West Yorkshire is delivered at the earliest opportunity.

Yours sincerely



KIERAN PRESTON OBE
DIRECTOR GENERAL

**LOCAL AUTHORITY MAJOR SCHEMES
BEST AND FINAL FUNDING BID
SEPTEMBER 2011**

Scheme Name	New Generation Transport
Local Authority	Metro (WYPTE)/Leeds City Council (LCC)

SCHEME COST SUMMARY (£m)

	Scheme As Previously Configured (from section 1.4)	Revised Scheme (from section 4.4)
LA contribution	£19.0m	£57.1m
Third Party Contribution	£0.0m	£30.0m
DfT Funding Contribution	£235.2m	£163.5m
Total	£254.2m	£250.6m

CONTACT DETAILS FOR FURTHER ENQUIRIES

Lead Contact: Position: Tel: E-mail:	Dave Haskins Assistant Director, Projects 0113 348 1701 dave.haskins@wypte.gov.uk
Alternative Contact: Position: Tel: E-mail:	Tom Gifford Projects Technical Advisor 0113 348 1705 tom.gifford@wypte.gov.uk

NOTE: Bids should be received by the Department by Noon on 9th September 2011.

SENIOR RESPONSIBLE OWNER DECLARATION

As Senior Responsible Owner for NGT I hereby submit this Best and Final Funding Bid to DfT on behalf of Metro (West Yorkshire PTE) and confirm that I have the necessary authority to do so.

Name: Kieran Preston OBE

Signed:

Position: Director General

**SECTION 151 OFFICER DECLARATION**

As Section 151 Officer for Metro (West Yorkshire PTE) I declare that the scheme cost estimates quoted in this bid are accurate to the best of my knowledge and that Metro has the intention and the means to deliver this scheme on the basis of its proposed funding contribution at section 4.3 (a) below as well as meeting any ongoing revenue requirements on the understanding that no further increase in DfT funding will be considered beyond the maximum contribution requested at 4.3 (c) (including if third party contributions should no longer be available).

Name:

Signed:

Angela Taylor (Metro) & Alan Gay (LCC)

See Appended S151 Letters
(appendices 21-22)

Please Note: The promoting authority should ensure that a copy of this BAFB form and all supporting information is available on its website by 5pm on 12 September 2011.

Please detail the appropriate location where these documents can be located. The Department may provide a link to these pages from its own website.

All documentation can be found from the following link:

<http://www.ngtmetro.com/documents>

SECTION 1: THE SCHEME AS PREVIOUSLY CONFIGURED
i.e. BEFORE 10 JUNE 2010

Date of Programme Entry or PE Bid or last QMR Submission	Programme Entry Approved Mar 2010
Estimated total scheme cost	£254.2m
DfT Intended Contribution	£235.2m
Local Authority Contribution	£19.0m
Third party contribution	£0m

1.1 Brief description of the scheme as previously configured

New Generation Transport (NGT) will provide a high quality, largely segregated, rapid transit service with high capacity, greater reliability and improved journey times than the current bus-based network. It will provide a step change in the quality of public transport in Leeds and an attractive alternative to private car travel.

The key components of the NGT scheme that was awarded Programme Entry Approval in March 2010 are:

Routes:

- 14.3km network serving North and South Leeds;
- South route (4.5km): city centre to Stourton Park & Ride;
- North Route (9.1km): city centre to Bodington Park & Ride and on to Holt Park; and
- North-South city centre link (0.7km).

Vehicles:

- Operated by electrically powered trolleybuses operating at a six minute headway during core hours of operation.

Segregation:

- Approximately 56% segregation from general traffic;
- 6.1km of which is new NGT-only route where NGT is 100% segregated; and
- Priority and traffic management measures planned where NGT is mixed with general traffic to ensure adequate levels of reliability.

1.2 What are/were the primary objectives of the scheme?

The primary objectives for NGT can be summarised as follows:

- Support and facilitate the sustainable economic growth of Leeds, recognising the importance of its city centre to the future economy of the Leeds City Region;
- Maximise growth of the Leeds economy by enhancing its competitive position and facilitating future employment and population growth; and
- Improve the efficiency of the City's public transport and road networks.

The NGT objectives support the three primary West Yorkshire LTP3 objectives which are:

- Economy - to improve connectivity to support economic activity and growth in West Yorkshire and the Leeds City Region;
- Low Carbon - to make substantial progress towards a low carbon, sustainable transport system for West Yorkshire, while recognising transport's contribution to national carbon reduction plans; and
- Quality of Life - to enhance the quality of life of people living in, working in and visiting West Yorkshire.

Further information on the NGT objectives are set out in Table 3.7 of the October 2010 NGT Major Scheme Business Case (MSBC).

1.3 Please describe the process by which this scheme came to be the preferred option for meeting those objectives including reasons why alternatives were not progressed.

A comprehensive option generation and selection process has been undertaken.

In 2007 Metro and Leeds City Council (LCC) commissioned a review of the Strategic Context for Public Transport in Leeds. This report identified the existing and likely future problems on the key radial corridors approaching Leeds city centre and considered the applicability of alternative interventions. This work was summarised in *Investing In Public Transport: A Framework for Leeds*.

The strategic context work identified a number of key problems affecting the radial approaches to the city including:

- Road congestion;
- Crowded/unreliable buses;
- Poor accessibility;
- Crowded rail services; and
- Rail car parks at capacity.

The following possible interventions were also identified through this work:

- New Generation Transport (high quality Bus Rapid Transit);
- Bus network enhancement;
- Tram train;
- Rail network enhancement; and
- Park & Ride.

As a result of this work, three corridors were identified as having the greatest initial potential for NGT. These were the A660 Otley Road corridor, the east Leeds corridor and the A61 Wakefield Road corridor.

To ensure that appropriate modes were selected for NGT, a thorough assessment was conducted of potential technologies. A high level sift led to a shortlist which was subjected to more detailed assessment of vehicle and system characteristics, environmental benefits and whole life costs. In parallel with these aspects of mode selection, the opportunities and constraints in procuring the scheme were considered

as well as public and political acceptability of the shortlisted modes.

Route corridor audits were undertaken on the three NGT corridors. The audits identified a long list of rapid transit alignment options which were further assessed during the design process as follows:

- Design Stage One: High level consideration to assess and reduce the long list of route options; and
- Design Stage Two: Development of the short-listed route options to provide sufficient design detail to allow the selection of preferred alignments.

This led to the identification of the Promoters' MSBC Preferred Option. Subsequently the option was further modified when Programme Entry was awarded.

Further details on the derivation of the MSBC Preferred Option are provided in Chapters 4 to 7 of the MSBC. The MSBC also demonstrates that conventional bus based BRT (the Next Best Alternative) and bus priorities (the Low Cost Alternative) in the selected corridors do not result in a value for money case.

1.4 What was the last total estimated cost of the scheme as previously configured including where changed since the award of Programme Entry?

£m	Pre 2011/12	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Total	%
LA contribution	£7.3			£11.6						£19.0	7%
Third Party contribution										£0.0	0%
DfT funding requested			£5.9	£39.3	£99.3	£75.8	£15.0			£235.2	93%
TOTAL	£7.3	£0.0	£5.9	£51.0	£99.3	£75.8	£15.0	£0.0	£0.0	£254.2	100%

1.5 Please describe any developments (such as housing) linked with the scheme as described above and explain any changes impacting on these developments (eg policy changes such as housing allocations, changes to redevelopment plans)?

The business case for NGT is not dependant on any specific developments, however it is anticipated that the enhanced connectivity that NGT will bring, will stimulate the growth in employment in Leeds city centre, leading to a net increase in employment in the Leeds metropolitan district.

Development schemes in Leeds that were paused due to the recession are now in progress again. Construction of the Trinity retail development in Leeds city centre is now well underway and the Eastgate developers are now once again progressing this scheme. Construction of the Leeds Arena is also continuing. These developments and others in the city give confidence that even without NGT there will be growth in demand for work and other trips to Leeds city centre.

The Aire Valley Leeds regeneration area covers 1,500 hectares of land in the south east of the urban area, extending from the south bank of the River Aire in the city centre to east of the M1 motorway. Part of the proposed line of NGT runs through the area. NGT would have a positive economic impact on a number of major development opportunities that have been identified in the Aire Valley. In the city centre the NGT line runs between the South Bank development area and the already developed Clarence Dock and Brewery Wharf developments. The South Bank area is subject to a draft development brief prepared by the Council which proposes a new city park and major residential and commercial development on the former Tetleys Brewery site and nearby New Lane and Asda House sites. An unimplemented planning permission for a residential led mixed use scheme also exists on the former Yorkshire Chemicals site which adjoins the NGT route. NGT has potential to support and stimulate new development on these major brownfield sites by providing better access between the sites and the main hub of the public transport network to the north of the river. It could also assist in reviving the fortunes of empty commercial units within Clarence Dock to the east of the NGT line which suffer from a lack of connection with the main city centre retail core.

Further south, NGT runs close to further brownfield development opportunities in the Hunslet Riverside area, including the iconic but currently derelict Hunslet Mills complex next to the River Aire and the adjacent Yarn Street residential site which is currently under construction. The proposed line terminates at the 18 hectare Stourton North site which is identified as a development site in the development plan. Subject to land remaining available following the implementation of the proposed Park & Ride scheme there could be the opportunity to create a sustainable commercial or residential scheme with NGT providing good links into the city centre.

While the Promoters continue to monitor development trends in Leeds, it is considered that the recession will have no material impacts on the case for NGT.

SECTION 2: REVISED SCHEME PROPOSAL

2.1 Are you proposing any changes of scope from the scheme as described in Section 1?

No substantive changes to the scope described in Section 1 are proposed.

2.2 What, if any, additional changes of scope have you ruled out for the purposes of your Best and Final Funding Bid? Please give reasons.

The Promoters gave careful consideration to removing the section of route between Bodington Park & Ride and Holt Park from the BAFFB specification for the North Route. However, this section of route is important for extending the geographic scope of the benefits of NGT and makes an important contribution to the attainment of the Promoters' objectives. For these reasons, it has strong political support.

Inclusion of Holt Park increases the scheme Benefit Cost Ratio when compared with an option that terminates at the Bodington Park & Ride site. The decision was therefore taken to retain the Bodington to Holt Park section of route and it is intended that the Promoters fund the development and construction costs associated with this section of the route.

2.3 Whether or not you are proposing a change of scope, please identify any savings that have been made to the total cost of the scheme, for example through value engineering.

Through a comprehensive cost review and value engineering process that has built on the detailed work to MSBC and associated QRA processes, a number of areas for cost reduction have been identified. These have led to a cost reduction of £29.0m and have been specified to maintain the outcomes and so benefits of the scheme.

The seven substantive reductions are:

- Ticketing – further alignment to Metro's post MSBC submission wider smartcard strategy allows descoping of Ticket Vending Machines (TVMs) at each NGT stop and instead greater use of conductors. This leads to a capital cost saving of £2.3m. The cost of employing additional conductors is reflected in a revised NGT operating cost;
- Stop specification – whilst maintaining the step change in quality from the existing bus offer and the benefits that this will bring, the NGT stop specification has been tailored to demand. Less well used stops have a lower specification when compared to the MSBC, while the busiest stops have a higher specification. There is a net saving of £4.1m;
- Stourton Park & Ride – reduction of the size of the Stourton Park & Ride site from 2,200 spaces to 1,500 spaces. This reduces the overall scheme cost by £1.1m. Land is available for subsequent expansion of the site if warranted;
- Pepper Road Stop – the stop at Pepper Road on the South Line has been removed from the scheme specification. As well as saving the cost of the stop itself, there are also savings associated with a number of retaining structures and junction modifications which are no longer required. This leads to a cost

reduction of £1.9m. (The equipment/TVM cost savings are included in the ticketing and stop specification savings quoted above.);

- Balm Road Railway Bridge – on the South Line the MSBC scheme specification includes the replacement of a weak bridge over the railway at Balm Road. It has since become apparent that Network Rail (as bridge owners) intends to undertake strengthening work that will extend the life of the bridge by 20 to 30 years. This strengthening work will be complete prior to 2017 and obviates the need for bridge replacement. This saves £4.2m;
- Leeds Bridge - the South Line crosses the River Aire using Leeds Bridge. This bridge has a weak deck and currently has weight restrictions. The MSBC proposal was to add a third lane over Leeds Bridge and this would require bridge strengthening. The specification has now been modified to a two lane solution and the approach modified to accommodate this resulting in a £2.5m cost saving. There is a small run time penalty as a result; and
- Fleet size – as part of the BAFFB process run times have been reassessed and the impact of the value engineering measures on the fleet size has been considered. As a result of this process there is a reduction of the peak vehicle requirement (PVR) to 19.

A report on the scope review and value engineering is included as Appendix 19.

2.4 Please provide separate details of any further changes you are proposing to the scheme from that submitted in January 2011.

No substantive changes have been made to the scheme specification submitted in January 2011. Each of the cost savings identified in 2.3 were identified subsequent to the January 2011 submission.

2.5 What is your latest assessment of the cost, feasibility and value for money of any alternatives to the proposed scheme?

The Promoters' assessment is that NGT remains the optimum solution for the north and south Leeds corridors. For the MSBC a Next Best Alternative (NBA) and Lower Cost Alternative (LCA) to the Preferred Option were defined. The NBA comprised leased high specification diesel-electric hybrid articulated buses running across the same three corridors as the Preferred Option, but with sections of off-highway busway removed from the specification. Upgraded bus routes would provide the service on the north route and a tendered Park & Ride service would be procured on the South Route.

The LCA comprised bus priority measures implemented across the Preferred Option corridors served by upgraded existing diesel bus services and a tendered Park & Ride service procured for the South Route. These measures are largely on-highway.

The MSBC demonstrated that both the NBA and LCA performed poorly against the Promoters' objectives. The economic appraisal showed that the NBA option failed to deliver a positive benefit stream, while for the LCA the present value of costs exceeded the present value of benefits.

The Promoters have reconsidered the specification of the NBA and LCA and

concluded that the MSBC specification remain the valid comparator cases. The Promoters also considered that re-modelling the NBA and LCA using LTM would not produce a materially different assessment of their benefits and so such effort would be nugatory. This position was discussed and agreed with DfT, prior to submission of the BAFFB.

SECTION 3: IMPACT OF CHANGES PROPOSED AND DELIVERY OF THE SCHEME

3.1 What impact, if any, would the proposed changes have upon achievement of your primary objectives?

The proposed changes have been designed to reduce the scheme construction cost without materially affecting the outcomes that the scheme will deliver. Compared with the benefits delivered by the Programme Entry option, the impacts on achievement of our primary objectives is therefore negligible.

3.2 Please provide a short description of your assessment of the value for money of the revised scheme including your estimate of the Benefit Cost Ratio.

NGT offers high value for money based upon a WebTAG compliant economic appraisal, delivering a Benefit to Cost ratio of 5.6:1. A PDF of the central case appraisal spreadsheet is provided at Appendix 15. A full Excel version of the spreadsheet and equivalent sensitivity test spreadsheets are available upon request.

The economic appraisal has been undertaken through the Leeds Transport Model (LTM). One of the NGT Programme Entry award conditions was that future NGT demand and benefit modelling should use the LTM, which at the time of Programme Entry was still in development. Development of LTM continued through 2010 and into 2011 leading to the adoption of LTM as the modelling platform for NGT.

The Leeds Transport Model (LTM) is a Multi-Modal Transport Model developed through the 'Transport for Leeds' project between 2008 and 2011. Development of the model was funded by DfT, Metro, LCC and Yorkshire Forward. The LTM consists of a public transport model, which utilises Cube Voyager software, a highway model utilising SATURN software and a demand model utilising EMME software. It covers the West Yorkshire region but has a focus on Leeds District. The model has been developed by AECOM in association with the Denvil Coombe Practice.

The LTM has been designed to be consistent with the latest WebTAG and DMRB guidance. Whilst the model provides a step change in the functionality of the analytical framework available to Metro and LCC to assess transport schemes/policies across Leeds District, this additional functionality makes it very slow to run (circa 18 hours per scenario).

The DfT have been involved in all stages of the specification and development of the LTM for NGT. There have been a number of technical meetings with DfT in the run up to submission of this BAFFB. The DfT have reviewed and commented on a number of key documents including; LTM Local Model Validation Report (LMVR); NGT Validation Report; Annualisation Report; Economic Appraisal Report. In addition, we have undertaken a range of sensitivity tests which have been specified in agreement with DfT. Although the DfT have been involved in the development and specification of the NGT modelling, DfT have not yet seen NGT results due to

the time taken to deliver robust results.

In February 2011, the DfT provided the Promoters with its high level assessment of the modelling and appraisal approach adopted for NGT demand and benefit forecasting. The migration to LTM has provided the opportunity for each of these issues to be addressed. A full update on the Value for Money case is detailed in Appendix 2 which accompanies this submission.

The table below compares the NGT Programme Entry submission economic results to the BAFFB submission economic results. The results of the economic appraisal are discounted and in 2002 values and prices. Full details on the rationale for the changes to the results are listed in Appendix 2.

£m		At Programme Entry Submission (3 line network)	BAFFB
Present Value of Benefits	PVB	£551m	£674m
Present Value of Costs to Government	PVC	£210m	£120m
Net Present Value	NPV	£341m	£554m
Benefit Cost Ratio	BCR	2.62	5.61

NGT is not dependant on any specific regeneration, housing or other development and therefore no sensitivity test on this matter has been undertaken.

3.3 What impact, if any, would the proposed changes have on the statutory orders or permissions required or the timetable for obtaining these?

The proposed changes to the scheme do not change the requirements for statutory orders and other permissions as set out in Chapter 23 of the MSBC.

A Transport & Works Act Order (TWAo) will be required to secure the necessary powers to construct and operate NGT. An application has yet to be submitted so no change needs to be made to existing orders and permissions.

However, the Promoters are not in a position to recommence preparatory work for the TWAo until Programme Entry status (or equivalent) is reinstated. Providing DfT funding is made available, the date for Order application is currently considered the principal determinant of scheme opening date.

Listed Building Consent and Conservation Area Consent will be required for various aspects of the scheme, particularly in the city centre and in Headingley. Again, applications have yet to be submitted.

3.4 What are the procurement arrangements for the revised scheme and what, if any, changes have been made from the arrangements or timetable proposed for the original scheme?

For the MSBC a high-level appraisal was undertaken of procurement options (see Chapter 28 of the MSBC). Based on the then current understanding and assumptions of NGT, it was determined that a conventional procurement of most parts of NGT would offer better value for money and deliverability than combining these into a standard PFI. That said, it was recognised that PFI could prove to be the most appropriate approach for some elements of the NGT scheme (e.g.

vehicles, depot etc.) if market conditions change.

For the MSBC it was concluded that the preferred procurement route for NGT is for a TWAO to be used to gain the necessary powers to operate the scheme and to enable an operating concession to be let.

It was identified in the MSBC that the Promoters do intend to test further the suitability of this model (and alternative approaches), as the scheme design is developed and following private sector feedback. This remains the case.

For this BAFFB the Promoters have reviewed the preferred procurement route identified in the MSBC and concluded that it should continue to be the preferred approach. The Promoters also recognise that this position will need to be reviewed as the scheme progresses through its development stages. The planned timetable for procurement has been reflected in the timescale to opening set in our response to question 3.7.

3.5 Please describe the internal / external expertise & skills that will be assigned to the project to allow for its effective delivery.

The NGT Project Team is a multi-organisational team comprising Metro and LCC staff. The NGT Project Team is led by the Project Director with Project Manager support.

The Promoters have assembled a strong Project Team to lead the development and delivery of the NGT project, comprising both internal members of staff and external specialists. This team has been working together since Summer 2007 when the external advisors were appointed on a framework basis following a full tendering process.

Following the implementation of the revised major schemes process, the majority of scheme development work on NGT was paused in line with Government guidance to minimise any potentially abortive expenditure. This led to a significant reduction in workload for the Project Team, given that prior to the pause in activity the team was engaged in the resource intensive process of finalising documentation for the TWAO application. However throughout this period of reduced activity, the Promoters have ensured that the necessary skills and experience have been retained in order to remobilise the NGT project and to take the scheme through the TWAO process to Full Approval and the delivery phase.

Metro and LCC propose that upon re-activation of Programme Entry Approval the following key staff would be dedicated to the scheme:

Metro:

- Dave Haskins (Project Director): overall responsibility for all aspects of the scheme development and delivery;
- Tom Gifford (Technical Advisor): overseeing the modelling & appraisal, procurement and funding workstreams;
- Louise Porter (Project Manager): overseeing stakeholder consultation, stakeholder management and reporting/approvals workstreams;
- Catherine Cox (Project Manager): overseeing cost management and risk control; and

- Joanne Blignaut (Project Assistant): providing support as necessary.

LCC:

- Andrew Wheeler (LCC Coordinator): coordinating all LCC inputs to the project;
- Mark Philpott (LCC Highways Manager): overseeing design, engineering and operations workstream;
- Vanessa Allen (Planning Coordinator): providing planning liaison link and overseeing EIS and Design Guide;
- Sabby Khaira (Highways Design): providing highway design and construction liaison role; and
- Joe Ratcliffe (Land Acquisitions Manager): managing land acquisition issues.

Metro and LCC also have a wide range of experienced staff that can be called upon as and when required to provide input to the NGT project. This includes resources in the following key areas:

- Marketing and Public Relations teams;
- Environment and sustainability;
- Highway and structures design and maintenance;
- Accessibility and mobility;
- Procurement;
- Urban design and landscaping; and
- Bus network planning.

In addition to the internal resources provided by Metro and LCC the NGT Project Team would also be supported by a range of specialist external advisors to provide further technical skills and expertise. These advisors have been procured on a framework basis rather than for specific fixed tasks. As such the contractual arrangements with these advisors are still valid and it is intended to use these arrangements to re-establish the wider Project Team upon reactivation of Programme Entry Approval (or equivalent). The advisor contracts do however allow the Promoters the necessary flexibility to renegotiate terms and conditions to secure best value, or if necessary, retender.

The advisor team is:

- Project, Cost and Risk Management - Turner and Townsend;
- Design, Engineering and Operations - Mott MacDonald;
- Transport Economic Appraisal - Steer Davies Gleave;
- Transport model - Aecom;
- Commercial Finance and Procurement - KPMG;
- Contract, Commercial and Land Law - DLA Piper; and
- Transport Works Act Orders - Bircham Dyson Bell.

3.6 Please supply a note setting out the Governance arrangements for the scheme.

A comprehensive summary of the proposed governance arrangements was provided in the MSBC and these arrangements are largely unchanged since submission of the document in October 2009. An update to the MSBC governance structure is attached at Appendix 26.

3.7 What is the estimated start and completion date of the scheme as now proposed, taking into account any of the impacts described above?

The following sets out the project timescales for NGT, including milestones and expected completion dates. There are a number of areas where we believe that scope exists to shorten this timescale, leading to an overall maximum reduction in project completion by 9 months. It is worth noting that some of the areas listed below remain outside the control of the Promoters (i.e. DfT approvals and Inspector/Secretary of State decision on the Public Inquiry), however timescales for these activities have been based on Government guidance and experience from elsewhere.

Milestone	Expected Completion Date
Approval of BAFB from DfT	December 2011
Statutory Orders published	Nov 2012
Public Inquiry Starts	May 2013
Confirmation of Orders	Jul 2014
Complete Procurement	Prior to Full Approval
Submit Full Approval application to DfT	Mar 2016
Work Starts on Site	August 2016
<i>Any significant intermediate milestones (please specify)</i>	N/A
Work Completed	Jul 2018
Opening / commencement of operations	Dec 2018

3.8 What are the key risks to the delivery to this timetable, aside from the availability or otherwise of DfT funding?

Risk	Likelihood	Impact	Mitigation
1. Outcome of BAFFB process gives promoters insufficient confidence to progress to TWAO submission	Medium	Pushes back scheme opening date with consequent impact on scheme outturn costs due to inflation resulting in scheme becoming unaffordable.	Unambiguous reinstatement of Programme Entry status (or equivalent) and a clear signal that subject to no material change in outcomes DfT funding will be available.
2. TWAO application rejected by Inspector or Secretary of State, or conditions are imposed that materially affect scheme affordability	Low	Promoters abandon scheme.	Promoters devote resources required to make the strongest possible case at inquiry. Clear signal of DfT support for scheme.
3. Lack of sufficient market appetite for an operator for the scheme	Low	Promoters cannot deliver planned outcomes at anticipated cost.	Market testing process embedded within overall work programme.

A full risk register has been compiled which can be made available to the DfT upon request.

3.9 Please indicate the level allowance you have made within your own budgets to cover the cost of scheme evaluation including your initial estimates of the costs of:

- a) full scheme impact evaluation**
- b) pre and post scheme opening monitoring reports**

An allowance of circa £700,000 (2008 prices) has been made for scheme evaluation. The cost of evaluation will be met by the Promoters and covers both items (a) and (b) above.

SECTION 4: FUNDING FOR REVISED SCHEME PROPOSAL

4.1 What is your estimate of the total outturn cost of the revised scheme?

£250.6m. See Appendix 20 for full details of scheme cost plan.

4.2 Please state what inflation assumptions you are using.

Base inflation has been assumed at 2.7% per year, with no real construction cost increase. A specific risk of inflation being higher than this assumption is included within the QRA.

Operating costs for the scheme are assumed to increase with real wage growth of 1% p.a. (i.e. in addition to base inflation).

We have set the model up to use 3%p.a. between 2008 and 2014 (6 increases) and then 1%pa after that. In the absence of any alternative evidence this will be applied to both bus and rail trips.

4.3 Please provide a breakdown of the proposed funding sources for the scheme

(a) Local Authority contribution

£57.1m. Further details in Funding Approvals Report at Appendix 23

This contribution is underwritten irrespective of the success or otherwise of other major scheme submissions.

(b) Agreed third party contributions

£30.0m from Tax Increment Finance. Further details provided in the Funding Report at Appendix 23

(c) DfT funding requested

£163.5m. This is for scheme construction only.

4.4 What is the estimated funding profile

£m	Pre 2011/ 12	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	Total	%
LA contribution	£0.0	£1.1	£5.2	£5.2	£5.6	£7.4	£29.0	£1.4	£2.1	£57.1	23%
Third Party contribution	£0.0	£0.0	£0.0	£0.0	£0.0	£21.5	£8.5	£0.0	£0.0	£30.0	12%
DfT funding requested			£0.0	£0.0	£0.0	£0.0	£52.5	£66.6	£44.4	£163.6	65%
TOTAL	£0.0	£1.1	£5.2	£5.2	£5.6	£28.9	£90.0	£68.0	£46.6	£250.6	100%

4.5 If any DfT funding were available in 2011/12 would you be in a position to reach Full Approval and begin claiming such funding and if so how would your funding profile change?

No.

4.6 Please indicate the level of flexibility with regard to the phasing of the local contribution of the bid (including the third party contribution), should the DfT have a need to vary the phasing of its own contribution for budgetary reasons.

The Promoters have significant flexibility with regard to the phasing of the local contribution and would be prepared to discuss options with the DfT as necessary.

4.7 Please set out the efforts you have undertaken to obtain (additional) third party funding and, where appropriate, why it is not available.

In advance of securing powers there is limited opportunity to secure additional third party funding from developers. Once TWAO powers are secured and there is greater surety on the scheme specification, the Promoters will seek to secure additional developer contributions as opportunities become available (either directly or as part of a wider CIL initiative).

It is also the intention of Metro and Leeds City Council that in due course an operating concession will be developed for NGT and this provides a further opportunity to realise local contribution. It is premature, however, to define the scope and nature of this concession in advance of securing TWAO powers and further scheme development.

4.8 Please supply details of likely revenue generated, any ongoing revenue liability associated with the operation of the scheme (other than routine maintenance) and how you intend to fund it. If revenues fall short of those forecast (especially in the early years after implementation) how will these be funded?

In the first full year of operation after a period of demand build up, it is projected that the scheme will generate a strong revenue surplus. The exact revenue surplus will be a function of the shape and form of the operating concession, which is yet to be defined. Whilst considered an unlikely outcome, the Promoters have agreed to underwrite the revenue liability of the scheme.

4.9 Please detail any other funding information you think to be of relevance to the bid

The Promoters continue to consider a range of further options to reduce the DfT's and overall public sector contribution to scheme funding, including:

- Private sector leasing for vehicles and depot funded from revenue surplus; and
- A range of other funding sources, such as media, branding and advertising rights.

As has been previously noted, exploratory discussions have taken place with potential financiers for vehicles and depot. There has been interest in this prospect from the private sector.

4.10 Please explain how the Local Authority contribution will be funded.

Please refer to Funding Report in Appendix 23.

SECTION 5: STAKEHOLDER MANAGEMENT

5.1 Consultation

The Promoters have sought to engage with stakeholders throughout the development of the NGT trolleybus proposals to date. This has involved communicating with individuals and groups, using a variety of techniques to reach as wide an audience as possible. The consultation and engagement activities undertaken on NGT have built on the long history of communications with stakeholders on the former light rail proposals for the city.

(a) Public Consultation

Since 2008 three formal public consultation exercises have been undertaken on NGT which have demonstrated strong public support for the scheme.

November 2008 to January 2009: Phase 1 Public Consultation

A series of public exhibitions were held, accompanied by widespread dissemination of information through both an NGT information pack and via the NGT project website. In total over 1,800 people completed a feedback questionnaire. The consultation asked questions about the principles of the scheme and what people would like to see in a new public transport system for Leeds. The results showed that:

- Over 95% of respondents thought public transport in Leeds could be improved;
- There was a positive response to the NGT proposals and people welcomed proposals for a high quality public transport system and the provision of Park & Ride sites;
- People wanted to see more frequent and reliable services, cheaper fares, more bus lanes and less-crowded services; and
- Over one third wanted cleaner and more environmentally friendly vehicles.

A detailed report outlining the findings of the Phase 1 public consultation was provided with the October 2009 MSBC submission.

June 2009 to September 2009: Phase 2 Public Consultation

A series of 18 public exhibitions was held in six different locations along the proposed NGT routes in Summer 2009. NGT information packs were also made available in libraries, on the NGT website and were distributed to businesses and members of the public along the routes. Over 2,500 people completed a feedback questionnaire and the results showed a positive response to the scheme as follows:

- 77% of respondents supported the proposals;
- 76% of respondents supported the use of trolleybuses; and
- 81% of respondents would consider using NGT once it is operational.

A detailed report of the findings of the Phase 2 public consultation was provided as an appendix to the MSBC.

May 2010 to June 2010: Consultation on Holt Park Extension

A third period of public consultation was undertaken in Spring 2010 to formally seek views on the proposal to extend the North NGT Route to serve Holt Park. This was necessary since prior to NGT being awarded Programme Entry approval in March 2010, the proposal to extend the NGT network to serve Holt Park had only been shown as an aspiration.

A public exhibition was held in the Holt Park area and information was also available in the local library, on the NGT website and was distributed to businesses and members of the public in the local area. In total 140 people completed a feedback questionnaire. The results showed that:

- 65% of respondents supported the proposals; and
- 73% of respondents would consider using NGT once it is operational.

A report showing the results of the Holt Park consultation is attached at Appendix 27.

January 2010 to June 2010 targeted consultation with affected landowners/residents

During January 2010 a letter was sent to all landowners along the NGT routes who are likely to be directly affected by the scheme. The purpose of this letter was to alert them to the potential impact of the proposals should they not have been made aware of this through previous consultation activities. Approximately 160 letters were sent out in total, following which various telephone discussions, exchanges of correspondence and meetings took place with individual parties. This process would continue upon reactivation of Programme Entry Approval.

(b) Statutory Environmental Bodies

Initial consultation has taken place with a number of Public and Statutory Bodies, in relation to the Environmental Scoping Opinion work that was undertaken as part of the MSBC. This involved consultation with the following organisations in June-August 2009:

- Environment Agency;
- Natural England;
- English Heritage; and
- Leeds City Council (Sustainable Development Unit).

A copy of the responses received from these organisations was provided as an appendix to the 2009 MSBC submission.

(c) Other Stakeholders

Local Enterprise Partnership

Engagement with the Local Enterprise Board (LEP) on the NGT trolleybus proposals has taken place since its formation in Spring 2011. At their meeting of 17th August the LEP Board considered a report outlining the NGT scheme and other major schemes in the Leeds City Region. The LEP endorsed the NGT scheme and a copy of the report to this meeting is provided at Appendix 10. The LEP have also provided a Letter of Support to

accompany this bid as detailed below at 5.2

Local Politicians – Throughout the development of the NGT proposals regular liaison has taken place with LCC Members and the Integrated Transport Authority on key project issues. This has included provision of written updates, open information sessions and detailed briefings for individual Ward Members to cover specific local issues. Briefings have also been held all LCC Area Committees covering those areas through which NGT is proposed to run. Regular briefings have taken place since December 2009.

Periodic briefings have also taken place with local MP's through the cross-party 'Team Leeds' group (the collective of the seven Leeds MPs). Team Leeds has provided a letter of support to accompany this bid which is provided at Appendix 29.

There is strong cross party political support for NGT and this BAFFB is fully supported by the relevant political bodies. Copies of the minutes relating to the approvals from both the LCC Executive Board and the West Yorkshire Integrated Transport Authority are included within the appended Funding Report provided at Appendix 23.

Bus Operators – The scheme Promoters recognise the role of bus operators as a key stakeholder in the NGT project, given the future interaction of NGT with existing bus services. The Project Team have sought to provide all operators with equal opportunity to understand fully the NGT proposals and to raise any specific issues they may have. This included an open Bus Operators seminar during the 2nd phase of public consultation in June 2009 as well as briefings as part of Metro's regular engagement with local bus operators. There has been strong interest from the bus industry in the future operation of the scheme.

Businesses – Throughout the development of the NGT proposals, the Project Team, have held a number of briefings with individual businesses to provide more information about the proposals and to obtain feedback on these. This included various businesses located along the routes and large employers in the city such as St James' Hospital, Leeds General Infirmary, the two Universities and the Royal Armouries.

Significant engagement has also taken place with the Leeds, Yorks and North Yorkshire Chamber of Commerce throughout the development of the NGT proposals. The Chambers' Property Forum has also provided letters of support.

Interest Groups - As part of the consultation undertaken, the Project Team have written to a wider range of community and interest groups, through the Leeds Voice umbrella organisation, to offer more detailed briefings about the NGT proposals. This process has resulted in meetings and continuing dialogue with a number of interest groups.

NGT Access Group - The Promoters recognise the importance of ensuring that the NGT proposals are developed with input from groups representing

people with particular accessibility requirements. As such an NGT Access Group was established in March 2010 to act as an advisory group to the project on key issues. This group, which contains representatives from a range of different accessibility groups, will provide input to the design process.

Future Consultation

In line with the revised Major Scheme Guidance issued in June 2010, the NGT promoters have exercised caution in on-going public communications and have sought to avoid raising expectations through public consultation events during the pause in development activity on NGT. The Promoters do however recognise the importance of ongoing consultation and stakeholder engagement as the NGT proposals are further developed. Upon reactivation of Programme Entry Approval a detailed programme of future consultation and engagement will be developed in more detail. A summary of our current proposed activities is provided at Appendix 28.

5.2 Letters of support

Letters of Support have been received from the following organisations:

The Local Enterprise Partnership (Appendix 10)

Team Leeds (Appendix 29)

Leeds, York and North Yorkshire Chamber of Commerce (Appendix 29)

Leeds & Bradford Property Forums (Appendix 29)

The Leeds City Centre Partnership (Appendix 29)

5.3 Opposition

The Promoters consultation activity has been designed to understand local concerns and allow these insofar as possible to be mitigated as part of scheme specification. However, it is anticipated that there will be a level of opposition once the TWAO application is submitted. Property acquisition beyond land and building already in Promoter ownership is minimal and so opposition on these grounds is anticipated to be limited. The alignment in Headingley to the east of the Arndale Centre attracted some opposition when proposed for Leeds Supertram. Again opposition is anticipated but it is noted that for Supertram the Inspector found, and the Secretary of State accepted, that benefits outweighed impacts. In the case of NGT, impacts will be less than those associated with the previous Supertram proposal, while the benefits will be substantial.

The Promoters are aware that the incumbent bus operators have some concerns about the NGT proposals on their commercial services. Engagement with local bus operators has taken place throughout the development of the proposals as outlined above at 5.1(c) and will continue as the scheme progresses.

There are some specific areas along the proposed route where a number of local residents and community groups have previously expressed concerns about some aspects of the proposals. These include:

- the proposed inbound off-highway section at Woodhouse Moor;

- the proposed highway alterations at West Park; and
- areas which are proposed as shared space.

To mitigate these concerns the Promoters have undertaken a range of activities including meeting with residents groups and holding drop-in sessions for residents to discuss the plans in detail. Briefings with local ward members in the areas where concern has been most apparent have also been held. In the case of Woodhouse Moor, the Promoters reviewed a range of options following discussions with concerned local residents resulting in an amendment to the scheme's specification. The findings of this were reported to the local residents group.

These and wider activities have led to a number of changes to the design. Prior to the pause in detailed development of NGT, further changes to the design were under consideration.

SECTION 6: ADDITIONAL INFORMATION

6.1 Please add any additional information that is relevant to your Best and Final Funding Bid that is not covered elsewhere in the form.

6.2 Please provide details of any other information that has been submitted to the Department since January 2011 that forms part of your submission

The supporting appendices to this BAFFB submission are listed below. These are all available on the NGT website at the following link:

<http://www.ngtmetro.com/documents>

Appendix No.	Document Title	Date Submitted	Notes
1	NGT Route Summary	09/09/11	Not previously supplied to DfT
2	NGT Value for Money Report	09/09/11	Not previously supplied to DfT
3	Data and Traffic Surveys Report	09/09/11	Draft supplied to DfT on CD 28/04/11.
4	Quality Factors Report (Bus Stop Penalty Derivation)	09/09/11	Comments received from DfT on 11/07/11 and incorporated in attached note.
5	Example OD Pairs Cost Derivation	09/09/11	Not previously supplied to DfT
6	LTM Demand Model Validation Report	09/09/11	Comments received from DfT on 24/04/11 and incorporated in attached version
7	LTM Highway Model Validation Report	09/09/11	Comments received from DfT on 24/04/11 and incorporated in attached version
8	LTM Public Transport Model Validation Report	09/09/11	Comments received from DfT on 24/04/11 and incorporated in attached version.
9	LTM NGT Validation and Forecasting Report	09/09/11	Comments received from DfT on 07/06/11 and incorporated in attached version.
10	Letter of Support - LEP	09/09/11	Not previously supplied to DfT
11	Core Scenario Forecasting Report including Uncertainty Log	09/09/11	Not previously supplied to DfT
12	Annualisation Factor Derivation Report	09/09/11	Comments received from DfT on 28/07/11 and incorporated in attached note.
13	TUBA Application Note	09/09/11	Comments received from DfT on 28/07/11 and incorporated in attached note.

14	NGT Core Scenario TUBA Outputs Files (HW, PT, PM)	09/09/11	Not previously supplied to DfT
15	Economic Appraisal Spreadsheet	09/09/11	Not previously supplied to DfT
16	Appraisal Summary Table	09/09/11	Previously supplied to DfT as part of PE submission
17	Modelling and Appraisal Checklist	09/09/11	Previously supplied to DfT as part of PE submission
18	Delivery Programme (Microsoft Project/PDF)	09/09/11	Not previously supplied to DfT
19	Capital Cost & VE Update Report	09/09/11	Not previously supplied to DfT
20	Scheme Capital Cost Plan	09/09/11	Not previously supplied to DfT
21	S151 Office Sign Off - METRO	09/09/11	Not previously supplied to DfT
22	S151 Office Sign Off - LCC	09/09/11	Not previously supplied to DfT
23	Funding Report	09/09/11	Not previously supplied to DfT
24	Run Times Report	09/09/11	Earlier version supplied to DfT as part of PE submission
25	Renewal and Maintenance Report	09/09/11	Earlier version supplied to DfT as part of PE submission
26	Governance Report	09/09/11	Not previously supplied to DfT
27	Holt Park consultation findings	09/09/11	Not previously supplied to DfT
28	Future Consultation Report	09/09/11	Not previously supplied to DfT
29	Letters of Support - Other	09/09/11	Not previously supplied to DfT
30	Optimism Bias Paper	09/09/11	Comments from DfT received on 20/04/11
31	SDI Paper	09/09/11	Supplied to DfT on 27/06/11. No comments received from DfT. Therefore assumed complete.
32	NGT PE MSBC submission	31/10/09	As previously submitted
33	NGT NGT Core Scenario Appraisal Cost, TEE, PA, AMCB Excel Tables	09/09/11	Earlier version supplied to DfT as part of PE submission

Notes:

BAFB Form and Link to the 5 Case Model

The following section provided to bidders to detail which elements of the form relate to the 5 cases used in decision making.

Case	Elements of the BAFB Form
Strategic Case	1.1, 1.2, 1.3, 1.5, 2.1,2.2, 2.4, 2.5, 3.1, 3.2, 5.1, 5.2, 5.3
Financial Case	1.4, 2.2, 2.3, 2.4, Section 4
Economic Case	3.2 (and Appendices)
Management Case	3.3, 3.5, 3.6, 3.7, 3.8, 5.1, 5.3
Commercial Case	3.4, 3.5,3.7,3.8