



Department  
for Transport

# Updating Transport Analysis Guidance

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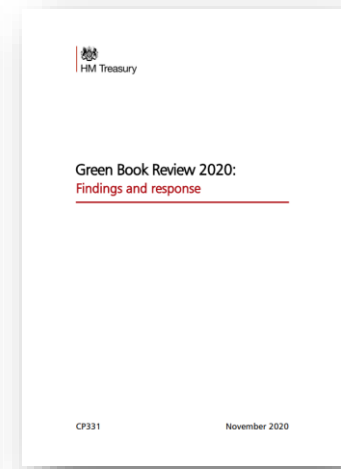
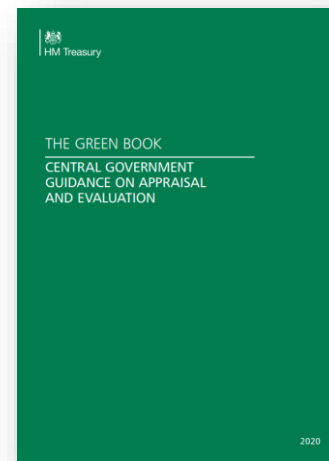
Department for Transport

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# TAG 101

# HM Treasury's Green Book underpins policy appraisal across government

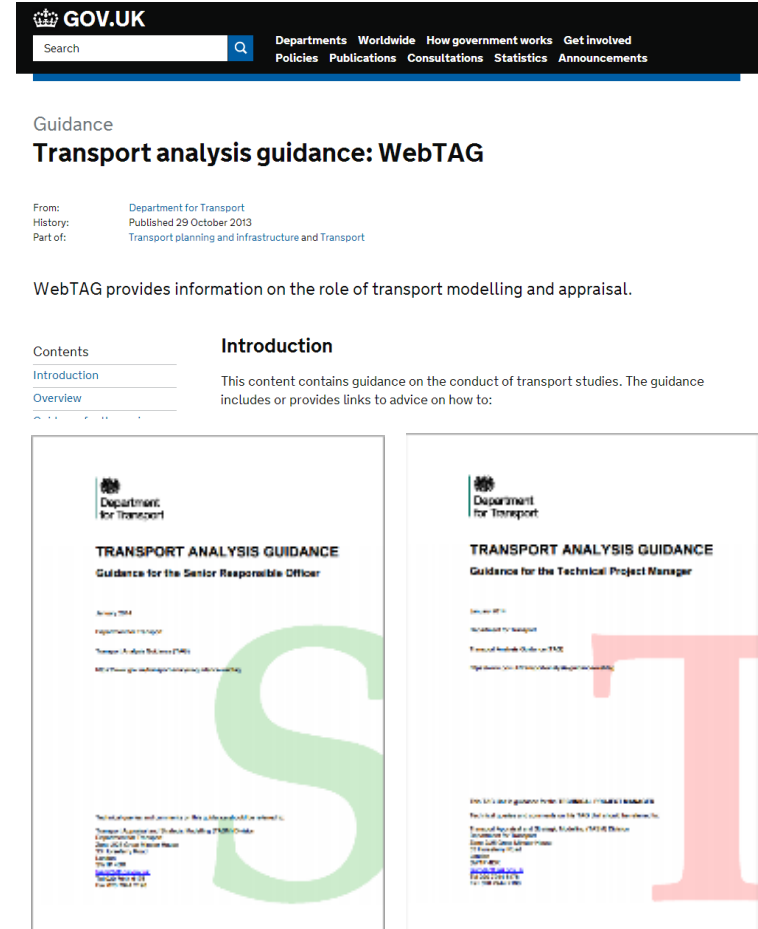
- Provides guidance on options appraisal in government
- Applies to all proposals that concern public spending, taxation, changes to regulations, and changes to the existing use of public resources.
- Intended to support the design and implementation of interventions that both achieve policy objectives and maximise economic, social and environmental returns – a concept termed Value for Money
- The Green Book is supported by detailed department-specific guidance on developing business cases in specific contexts such as transport



# TAG is DfT's appraisal and modelling guidance

- **Transport Analysis Guidance\***
- Works within the Green Book framework to provide advice on how to produce transport appraisals
- Gives a full account of how to provide evidence of all impacts brought about by a transport intervention
- The guidance should be applied proportionately
- Updated periodically to keep the evidence base and best practice advice as up-to-date as possible
- TAG isn't just for appraisal practitioners; it also provides introductory guidance on the transport appraisal process.




\*Formerly known as WebTAG, but it's been TAG since 2019!



The screenshot shows the GOV.UK website interface. At the top, there is a search bar and navigation links for Departments, Worldwide, How government works, Get involved, Policies, Publications, Consultations, Statistics, and Announcements. The main heading is "Guidance" followed by "Transport analysis guidance: WebTAG". Below this, it lists the source as the Department for Transport, published on 29 October 2013, and part of the Transport planning and infrastructure and transport section. A brief description states: "WebTAG provides information on the role of transport modelling and appraisal." There are two main sections: "Contents" with links for Introduction and Overview, and "Introduction" which states: "This content contains guidance on the conduct of transport studies. The guidance includes or provides links to advice on how to:". At the bottom, two book covers are displayed. The left cover is titled "TRANSPORT ANALYSIS GUIDANCE: Guidance for the Senior Responsible Officer" and features a large green letter 'S'. The right cover is titled "TRANSPORT ANALYSIS GUIDANCE: Guidance for the Technical Project Manager" and features a large red letter 'T'.

# Noise is one of the many impacts assessed in the economic dimension/case of a proposal

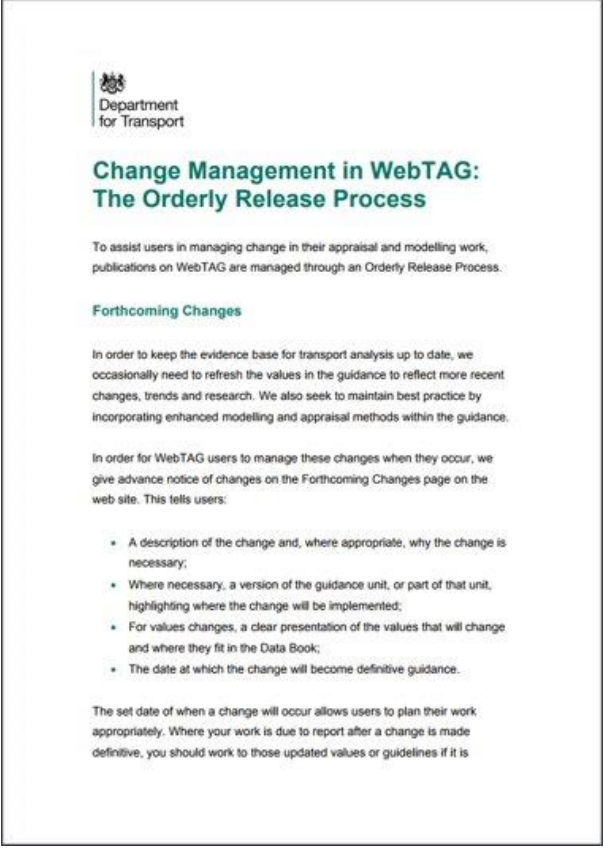
The Economic Case considers both impacts which can be monetised (and included in a BCR) and impacts which cannot be robustly valued

		Initial BCR	Adjusted BCR	Wider Considerations
<b>Economy</b>		<ul style="list-style-type: none"> <li>- Business user impacts (e.g. time savings)</li> <li>- Transport provider impacts (e.g. fares)</li> <li>- Indirect taxation</li> </ul>	<ul style="list-style-type: none"> <li>- Reliability (business)</li> <li>- Agglomeration</li> <li>- Output in imperfectly competitive markets</li> <li>- Increased workforce participation</li> </ul>	<ul style="list-style-type: none"> <li>- Dependent developments</li> <li>- Move to more/less productive jobs</li> <li>- Impacts from supplementary economic modelling</li> </ul>
<b>Environment</b>		<ul style="list-style-type: none"> <li>- Noise</li> <li>- Air quality</li> <li>- Greenhouse gases</li> </ul>		<ul style="list-style-type: none"> <li>- Landscape</li> <li>- Townscape</li> <li>- Historic environment</li> <li>- Biodiversity</li> <li>- Water environment</li> </ul>
<b>Society</b>		<ul style="list-style-type: none"> <li>- Commuting and leisure user impacts (e.g. time savings)</li> <li>- Journey quality</li> <li>- Physical activity</li> <li>- Accidents</li> </ul>	<ul style="list-style-type: none"> <li>- Reliability (commuting and leisure)</li> <li>- Option and non-use values</li> </ul>	<ul style="list-style-type: none"> <li>- Security</li> <li>- Severance</li> <li>- Option and non-use values</li> <li>- Accessibility</li> <li>- Affordability</li> </ul>

These impacts are combined, alongside and assessment of risk and uncertainty, to inform an overall assessment of Value for Money. However, our standard reporting templates systematically record the expected impact of schemes on each of these indicators (an example is provided in annex A)

# TAG is formally updated twice a year

- Two release points: **May** and **November**
- Forthcoming Change notifications are published at least six weeks prior to definitive release. These describe upcoming updates to guidance, tools, and/or underlying values/evidence.
- Note that Forthcoming Change notifications can actually be published at any time, but they only become definitive at the next formal release point.
- We like to present Forthcoming Changes as simply as possible, so they're not typically accompanied by complete versions of amended units.
- There are some exceptions to this, eg the TAG Data Book.



The screenshot shows a document from the Department for Transport. The title is 'Change Management in WebTAG: The Orderly Release Process'. The document explains the process of managing changes in WebTAG, including forthcoming changes and the orderly release process. It includes a list of forthcoming changes and a section on the set date of when a change will occur.

Department for Transport

## Change Management in WebTAG: The Orderly Release Process

To assist users in managing change in their appraisal and modelling work, publications on WebTAG are managed through an Orderly Release Process.

### Forthcoming Changes

In order to keep the evidence base for transport analysis up to date, we occasionally need to refresh the values in the guidance to reflect more recent changes, trends and research. We also seek to maintain best practice by incorporating enhanced modelling and appraisal methods within the guidance.

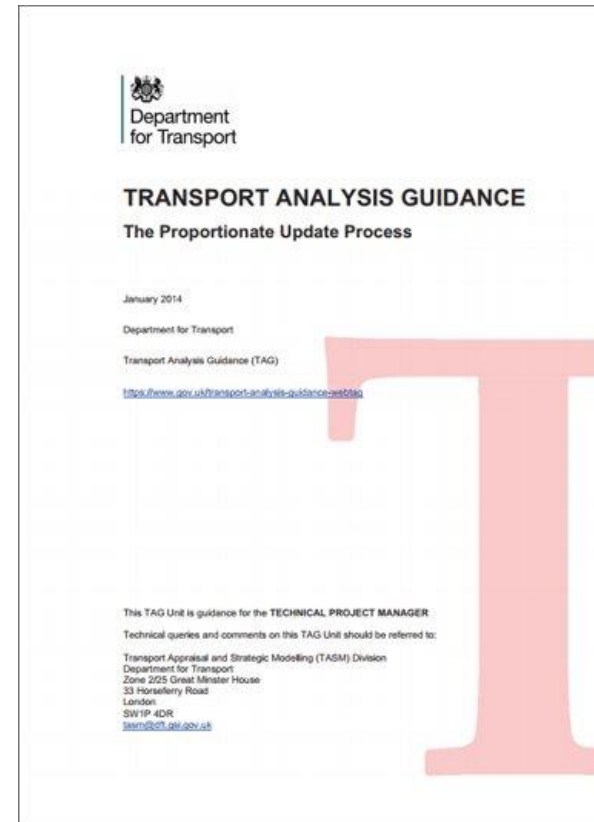
In order for WebTAG users to manage these changes when they occur, we give advance notice of changes on the Forthcoming Changes page on the web site. This tells users:

- A description of the change and, where appropriate, why the change is necessary;
- Where necessary, a version of the guidance unit, or part of that unit, highlighting where the change will be implemented;
- For values changes, a clear presentation of the values that will change and where they fit in the Data Book;
- The date at which the change will become definitive guidance.

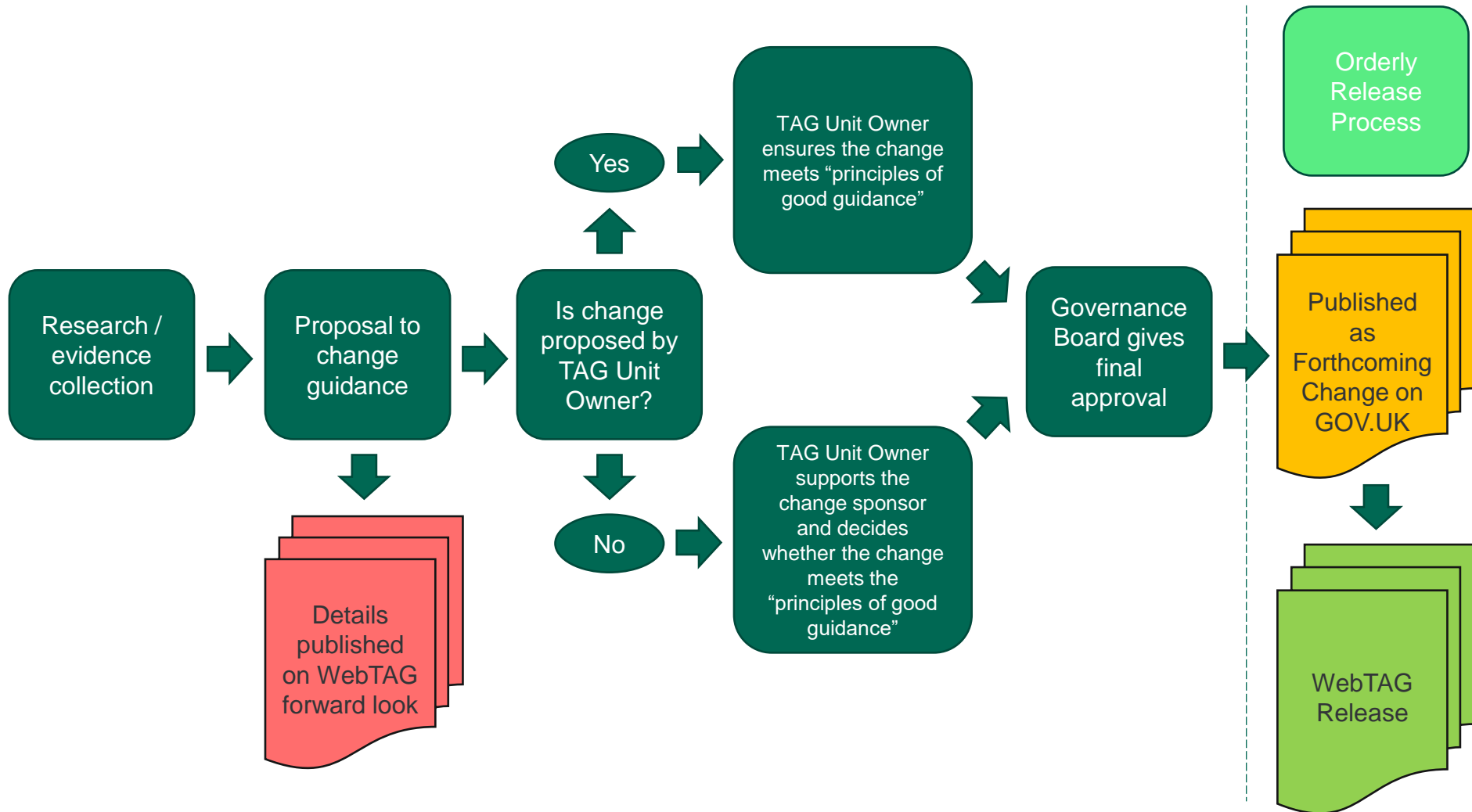
The set date of when a change will occur allows users to plan their work appropriately. Where your work is due to report after a change is made definitive, you should work to those updated values or guidelines if it is

# Updates to TAG should be consistent with its *Proportionate Update Process*

- <https://www.gov.uk/government/publications/webtag-tag-proportionate-update-process>
- Based on the principle that analytical work should be updated in line with the latest robust evidence and best practice.
- Updates ought to be proportionate to the scale of the issues being addressed, the materiality of the change involved, and the timescales of the work required.
- This is also why Forthcoming Change notifications are important: they provide clarity and allow TAG users to prepare for changes.

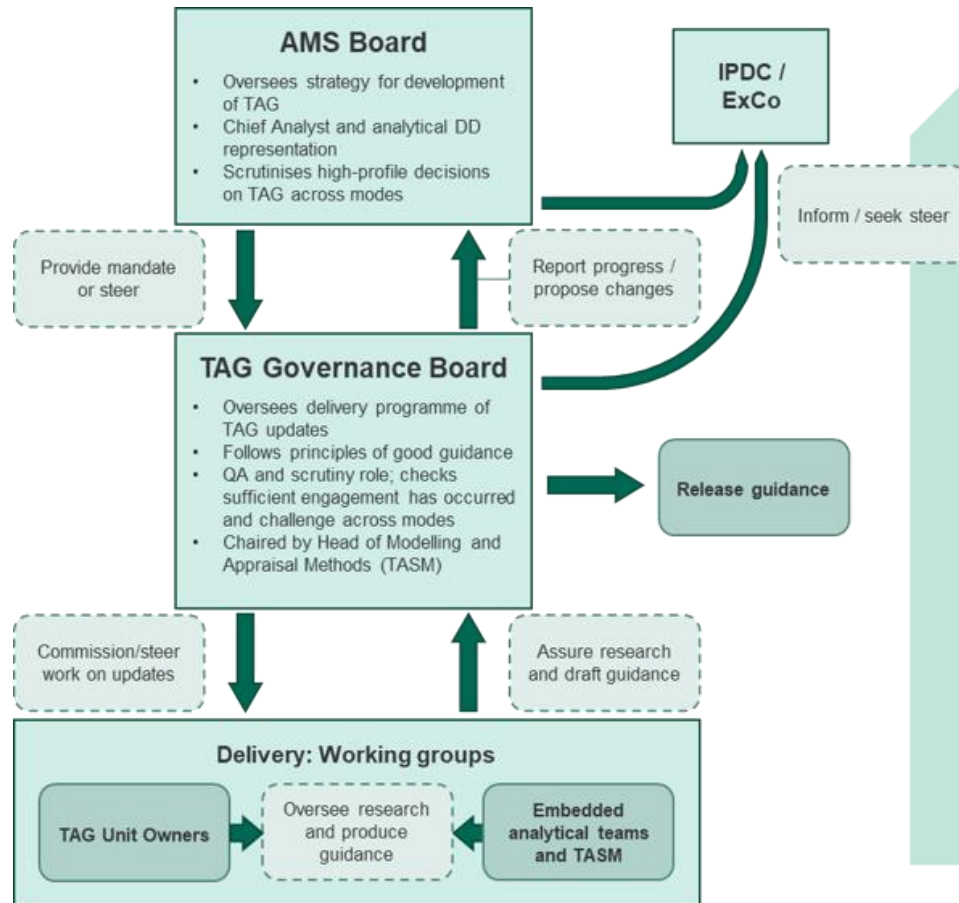


# TAG approvals process





# TAG has a well-defined governance process



# Principles of good governance

- **Robust Mandate** – Is there sufficient rationale for the change?
- **Quality Assurance** – Is there sufficient quality assurance around the change and how will the change affect the TAG UNIT analytical assurance statement.
- **Proportionate changes in modelling and appraisal costs** – Have the impact of the changes on the costs of modelling and appraisal been set out, have relevant stakeholders been consulted and are these impacts justified and proportionate.
- **Appropriate consultation on the change** – Has the impact on the Transport Business case been calculated for a range of projects, have relevant stakeholders been consulted.
- **Proportionate plan for implementing the change** – Is the plan for implementing the change proportionate to the implications of the guidance change. ie. Will the change require consultation release?
- **Improving Analytical Assurance** – How will the change in guidance affect analytical assurance of the transport business cases that are built using this evidence. Will the change increase/decrease public and presentational risks, increase/decrease complexity, introduces innovation, increase/decrease risks of errors or create/reduce uncertainty.

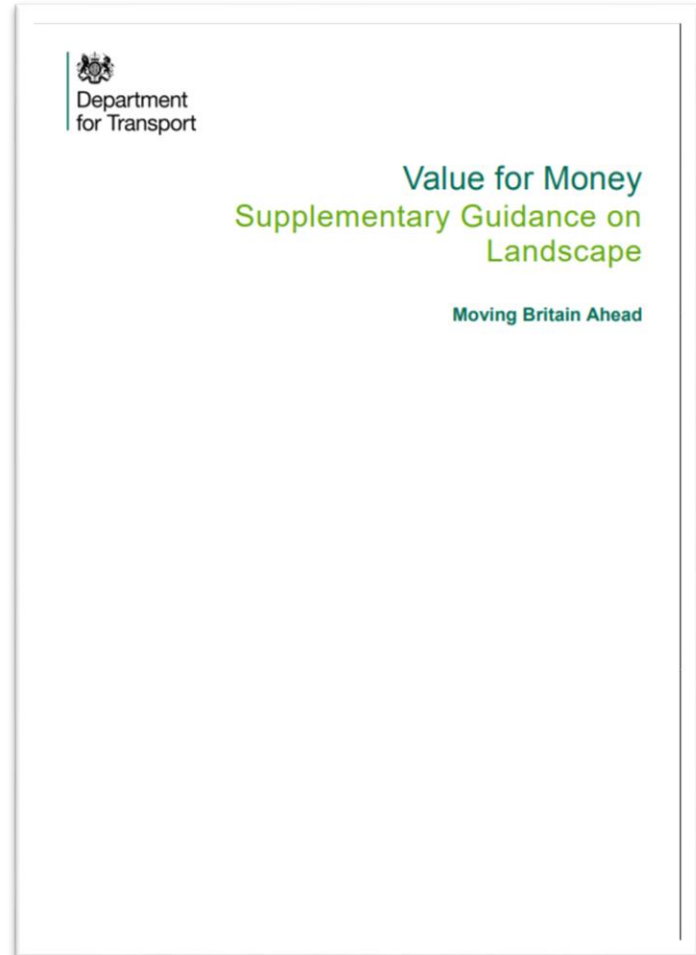
# TAG use and standards

- Analysis should be in proportion to the scale of the problem
- TAG standards reflect this but can still be difficult to achieve
- We should try and eradicate the feeling of ‘compliance culture’
- The key maxim is: Appraisal should be based on proportionate, evidence-based analysis that appropriately captures the impacts of the scheme or policy under consideration
- It is NOT about: >85% of links in the assignment model with GEH<5 = Pass
- TAG does not and should not be allowed to stifle innovative analysis where it is appropriate.

# Case study: Landscape monetisation guidance

# Context

- DfT guidance on how to quantify the impacts of proposed schemes on the surrounding landscape sits within supplementary value for money (VfM) guidance, and builds on a previous literature review published in 2006 that uses values from studies carried out between 1984 and 2001.
- The guidance states that appraisal practitioners should monetise landscape impacts where the qualitative impacts from an environmental impact assessment are shown to be “moderate” or “large”.
- It presents values for the yearly impacts for a variety of land types which practitioners can use to provide an indicative monetary estimate.

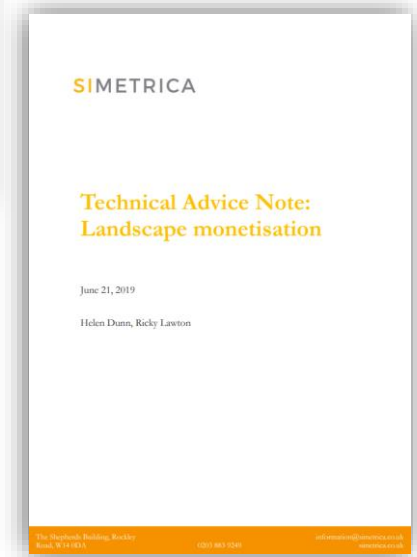


# Known issues

- At the time, the guidance itself acknowledged several issues with the recommended approach for quantifying impacts:
  - **Double-counting** – it acknowledged that reported valuations may also include the external benefits of other resources and so may overstate scheme impacts;
  - **Appraisal period** – landscape valuations were assumed to exist in perpetuity, whereas other scheme impacts are normally assessed for up to 60 years;
  - **Green Book compliance** – the original values assumed a fixed 3.5% discount rate to assess the impacts in perpetuity and also assumed an income elasticity of 1.2;
  - **Age and coverage of the original studies** – each land type represents a different set of resources which complicates the comparability of findings from a wide range of primary research studies from different periods, areas and countries;

# Reviewing the guidance

- We asked Temple, Eftec and TRL to review the current landscape valuation guidance and recommend potential improvements
- Final review published in Jan 2019:
  - [report](#) / [annex](#)
  - [peer review](#) (Simetrica)
- The study recommended a range of revisions to the existing approach/guidance for landscape valuation.
- It also outlined how the scope of landscape valuation could be expanded with the inclusion of specific landscape-related ecosystem services.



# Recommendation 1

## Accounting for landscape-related ecosystem services

- Central recommendation of the original Temple/Eftec review.
- Based on the idea that generally it is preferable to value individual services over 'bundles'
- Although ecosystem services had been recommended for inclusion in appraisal before, the evidence for them was now considered sufficiently robust.
- As a result, we've been able to incorporate two additional landscape ecosystem services into current appraisal guidance
  - Developed and published a new landscape valuation workbook: [direct link](#)
- We are working on developing the necessary evidence/tools for other recommended services before incorporating them into guidance.



*Air pollutant removal  
by vegetation*  
**Incorporated in 2021**



*Carbon sequestration*  
**Incorporated in 2021**



*Recreation*  
**Work in progress**



*Visual amenity*  
**New primary research  
required**



## Recommendation 2

# Revisions to existing landscape values

- The review also recommended several revisions to the existing method and values that inform monetisation:
  - Aligning the values with historical (observed) income growth plus the latest OBR projections. (decreased values)
  - Changing the assumed appraisal period for valuation from infinity to 100 years (decreased values)
  - Changing the assumed income elasticity of landscape from 1.2 to 1 (decreased values)
  - Adjusting the values upwards to account for long-term population growth (increased values)
- In sum, our current central landscape values are roughly 50% lower than their equivalent values prior to the 2019 review<sup>1</sup> but for well-founded (published) reasons
  - Still, we only received internal sign off for incorporating the recommended changes into guidance after discussing the rationale for them with members of key external environmental stakeholder groups