

Wednesbury to Brierley Hill Extension

**Evidence Given on Behalf of the Applicant: WMCA
Transport and Economic Case
Proof of Evidence Appendices
David Carter**



Transport and Works Act 1992

The Transport and Works

(Inquiries Procedure) Rules 2004

List of Appendices

| Appendix | Description |
|-----------------|--|
| 1 | Review of Updates to WebTAG Transport Appraisal Guidance |
| | |

Appendix 1 - Review of Updates to WebTAG Transport Appraisal Guidance

| Document | Reference | Version Used | Latest Version | Detail on Changes | |
|--------------------------------|---|---------------|----------------|--------------------|--|
| | | | | Chapter/ Paragraph | Description |
| Transport Appraisal Process | WBHE/D11 | January 2014 | May 2018 | Appendix A | References to other guidance units have been updated. |
| A1.1 Cost Benefit Analysis | WBHE/D13 | November 2014 | May 2018 | 2.4.5 – 2.4.9 | “Not credible to assume magnitude of impacts will continue to grow indefinitely after last modelled year” softened to may not be. Added reference to example in Unit A 5.3. Additional text to say that when final modelled year is more than 20 to 25 years after scheme appraisal year, sensitivity test must be carried out in which zero growth is assumed after 20 years (as well as zero growth after last modelled year) to show impact of long-term demand growth on benefits of scheme. |
| A1.2 Scheme Costs | WBHE/D14 | November 2014 | May 2017 | 1.1.1 | New text to say guidance is for costs in Economic Case, will be different in presentation and substance in Financial Case. |
| | | | | 1.1.2 | “QRA included in the risk-adjusted cost estimate” updated to “This forms the risk-adjusted cost estimate” |
| | | | | 1.1.3 | Two additional paragraphs on Optimism bias, detailing QRA will be systematically underestimated and does not remove need for optimism bias |
| | | | | 2.2.1 | Removed text on inflation rates 2006 – 2008 |
| | | | | 2.3.4 | Removed reference to QUADRO manual |
| | | | | 2.5.2 | New reference to data book in relation to forecasting increase in average earnings for staff related costs |
| | | | | 3.1.2 | Additional paragraph on including uncertainty adjustment |
| | | | | 3.1.4 | Additional paragraph on reference class forecasting, encouraging collection of data to permit this |
| | | | | 3.2.1 | Additional sentence “all large schemes should consider having fully independent reviews carried out of their QRAs” |
| | | | | 3.2.9, 3.2.10 | Increased emphasis on basing risk on similar schemes |
| | | | | 3.2.16 | Additional paragraph on use of uncertainty on top of risk analysis |
| | | | | 3.2.23, 3.2.24 | Additional detail on probability distribution of risk |
| | | | | 3.5.3 | Additional paragraph on optimism bias only being for economic case, with longer list of recent studies |
| | | | | Table 8 | Separation of light rail and rail for values of optimism bias |
| 3.5.10 | Increased detail on when acceptable to deviate from standard optimism bias values | | | | |
| A1.3 User and Provider Impacts | WBHE/D15 | November 2014 | March 2017 | 4 | Values of Travel time savings – additional paragraphs considering how best to represent willingness to pay. Advice remains to make reasonable judgements based on available evidence |
| | | | | 4.2 | Values of Working Time per Person updated recommendation to use willingness-to-pay based values for business trips rather than previous ‘cost saving approach’ New guidance for professional and freight drivers. New evidence and proposed approach for using in appraisal. |

| Document | Reference | Version Used | Latest Version | Detail on Changes | |
|--------------------------------------|--|----------------|----------------|-----------------------|--|
| | | | | Chapter/ Paragraph | Description |
| | | | | 4.3. | Value of non-working time per person – increased detail, including on multipliers. Sensitivity test range split by commute/other non-work with 60% value for other non-work. Wait time multiplier 2 as opposed to previous 2.5. Addition of concept of service frequency penalties plus guidance on varying values of time in crowded conditions |
| A2.1 Wider Economic Impact Appraisal | WBHE/D16/A | September 2016 | May 2018 | 1.1.3 | Changed location of Economic Impacts Report from alongside business case to being an annex |
| | | | | | References to GDP changed to 'non-welfare' measures |
| | | | | Box 1 | Additional requirement to report net impact on national GDP when reporting local GDP figures. Greater detail on exact types of wider economic benefits that can be assessed. Changed justification for supplementary modelling, from sensitivity test to when structural economic impacts are expected to be a significant proportion of overall impacts. Additional circumstance for supplementary modelling – early in appraisal process to inform high level strategic decisions On circumstances where transport schemes will expand the size of the national economy, additional paragraph to state that scheme promoters should consider a large enough geographical area to capture behavioural responses at the national level Change of presentation of wider impacts that are not part of adjusted metric, from being sensitivity tests to being reported as indicative monetised or non-monetised impacts within the value for money assessment. Removed sentence stating that no wider economic impacts are considered as robust as user benefits. |
| | | | | Box 4 -> Table 1 | Significant increase in explanation of each market failure and evidence to identify. |
| | | | | 2.4 | References to GDP changed to be 'non-welfare measures such as GDP' |
| | | | | 3.2.4 | Greater detail on how to determine proportionality with respect to levels of analysis |
| | | | | Table 1 -> Table 2 | Direct reference of where different benefits sit with respect to levels of analysis |
| | | | | 3.4.2 | Additional guidance on use of supplementary modelling early in appraisal process to inform high level strategic decisions, emphasis is most useful when scheme will have structural impacts. |
| | | | | 3.6.5 | With respect to estimating extent of additionality, made explicit that geographical area must capture behavioural responses at a national level. |
| | | | | 4.2.2 | Additional paragraph on where level 3 analysis is required – where proportion of structural impacts is higher, project is large, presence of dependent development. |
| | | | | 4.2.10 -> 4.2.11 | Presentation of full variable land use as indicative impacts rather than sensitivity test |
| | | | | 4.3.4 | Additional sentence that land value uplift should only be estimated for those parts of the development which are dependent on the transport investment. |
| | | | | 4.3.5 | Added requirement for promoter to identify causal factors driving land value uplift, with robustness of measure dependent on these having been identified and evidenced. |
| Chapters 5 and 6 (plus new 7) | Update on purpose and presentation of Economic Narrative and Economic Impacts Report. Structure of these chapters significantly different, but broad themes unchanged. | | | | |

| Document | Reference | Version Used | Latest Version | Detail on Changes | |
|--|---|----------------|----------------|--------------------|--|
| | | | | Chapter/ Paragraph | Description |
| A2.2 Appraisal of Induced Investment Impacts | WBHE/D17/A | September 2016 | May 2018 | 1.1 | Move from use of GDP to 'non-welfare metrics' |
| | | | | 2.27 | Allowance for impact of schemes to be done at local level to assess extent meet local economic objectives |
| | | | | 2.2.10 -> 2.2.11 | Increased requirement for evidence to demonstrate additionality rather than displacement |
| | | | | Table 1 | Externalities from dynamic clustering removed from table |
| | | | | 2.3.9 | Change in reporting of GDP measures to not in Value for Money assessment, but in Economic Case |
| | | | | Box 1 | Increased questions around extent to which development will displace economic activity |
| | | | | 3.1.1 | Additional clarity on definition of a dependent development |
| | | | | 3.1.3 -> 3.1.5 | Extra sentence, development may have planning permission conditional on a transport investment but this not a prerequisite for it to be considered dependent |
| | | | | 3.1.14 | Additional reference to Appendix A for demonstrating development is dependent on transport, plus need for transport modelling to quantify welfare impacts |
| | | | | 3.2 and 3.3 | Sections restructured. New paragraph 3.3.6 on situation where user benefits for transport scheme will be negative for existing users (but scheme necessary for dependent development) |
| | | | | 3.3.17 | Extra sentence, land value uplift should only ever be used in the appraisals of dependent development |
| | | | | 3.3.15 -> 3.3.19 | "Significant drawbacks to land value uplift estimates" softened to "are challenges associated with..." Change from default position that other WEIs should not be added to estimates of land value uplift to consideration of degree or overlap. |
| | | | | 3.3.16 -> 3.3.20 | Change from land value uplift seen as low robustness to robustness dependent on supporting evidence |
| | | | | 3.3.21 -> 3.2.24 | Removal of use of NTEM forecasts in estimating additionality to following method set out in DCLG guidance. |
| 4.3.2 | Supplementary modelling goes from sensitivity test to indicative monetised impact | | | | |
| 5 | Detail on reporting moved from Unit 2.2 to Unit 2.1 | | | | |
| A2.3 Appraisal of Employment Effects | WBHE/D19/A | September 2016 | May 2018 | 1.1.5 | Non-welfare measures to be reported in Economic Case rather than Strategic. |
| | | | | 2.2.12 | Changed to add social impacts as well as productivity |
| | | | | 2.2.13 | Addition of expansion in employment to requirements for change in productivity |
| | | | | 2.2.17 | Clarification on presentation of local/national impacts in economic/strategic case |
| | | | | 2.3.5 | Location of GDP measures reporting to in Economic case rather than strategic |
| | | | | Box 2 | Increased detail on potential evidence for Employment Effects |
| | | | | 3.2.9 | First assumption on valuing labour supply reworded, to state assumption of perfect competition, full employment thus change in GDP as result of a labour supply impact is equal to workers' incomes |
| 3.3.3 | Report supplementary economic modelling as indicative monetised impact rather than sensitivity test | | | | |

| Document | Reference | Version Used | Latest Version | Detail on Changes | |
|---|-----------|----------------|--|-----------------------|--|
| | | | | Chapter/ Paragraph | Description |
| | | | | 4 | Detailed guidance on reporting now in Unit 2.1 |
| A2.4 Appraisal of Productivity Impacts | WBHE/D20 | September 2016 | May 2018. | | Same overall methodology as was previously found in A2.1 |
| | | | | 1.1.1, 1.1.4, 1.17 | Inclusion of reference to non-welfare metrics and their inclusion in Strategic case |
| | | | | 2.2.2 | Additional note that guidance uses single agglomeration elasticity for localisation and urbanisation |
| | | | | 2.3.2, 2.3.9 | GDP and non-welfare metrics to be reported in Economic Case, change from previous reporting in strategic case, but not Value for Money Statement |
| | | | | 2.4.2 | Altered from "Agglomeration impacts capture urbanisation" to "...total productivity" |
| | | | | 2.4.5 | New paragraph on why approach not applicable to pedestrian/urban realm schemes |
| | | | | 2.5.2 | Removed need to weight by travel mode |
| | | | | 2.7.9 | Dynamic clustering updated from undertaken as a sensitivity test to reported as an indicative monetised impact |
| | | | | 3.2.3 | Additional paragraph: Key importance that GTCs are estimated for all relevant modes and trips to ensure an accurate estimation of Base case effective densities |
| | | | | 3.3.1 | Additional sentence: impacts on generalised travel cost after changes in location will need to be estimated |
| | | | | Section 7 | Detailed reporting in different cases removed, requirement for Economic Impacts Report added. Clarification that both welfare and non-welfare impacts go in Economic Case. |
| A3 Environmental Impact Appraisal | WBHE/D21 | December 2015 | No Updates | | |
| A4.1 Social Impact Appraisal | WBHE/D22 | November 2014 | December 2017 | 3.1.2 | Physical Activity – update of evidence and significant increase in detail on approach to appraising health impacts, with reference to active travel toolkit and changed approach to calculation |
| A4.2 Distributional Impact Appraisal | WBHE/D18 | December 2015 | No Updates | | |
| VfM Advice Note for Local Transport Decision Makers, DfT | WBHE/D24 | December 2013 | July 2017 – Renamed to Value for Money Framework | Chapter 3 | Identification of key elements in assessing VfM – Option Development, Measuring Costs and Impacts, Consideration of Risks and Uncertainties. |
| | | | | Chapter 4 | Inclusion of NPPV as metric. Greater disaggregation of impacts types, addition of category 'Indicative Monetised Impacts'. |
| | | | | Chapter 5 | Six value for money cases against previous five – addition of 'Very Poor', allowance for projects to fall into more than one category where uncertainty in WEIs or future circumstance could change category |
| | | | | Chapter 6 | Introduction of switching analysis to communicate uncertainty along with likelihood scale |

| Document | Reference | Version Used | Latest Version | Detail on Changes | |
|----------|-----------|--------------|----------------|------------------------|---|
| | | | | Chapter/ Paragraph | Description |
| | | | | Supplementary Guidance | On landscape (previously in appendix) and determination of correct VfM category |