Department for Transport

Forthcoming Change to TAG

Details

Description	Updated data series for appraisal, plus clarification of guidance on Optimism Bias application, accident impacts accounting, and reliability analysis.
Unit	TAG Data Book; A1.2 (Scheme Costs), A4.1 (Social Impact Appraisal), and A1.3 (User and Provider Impacts); Active Mode Appraisal Toolkit (AMAT) and appraisal workbooks.
Change announced	April 2022
Expected release date	**May 2022**

Description

This Forthcoming Change sets out updates to the TAG Data Book and Units A1.2 (Scheme Costs), A4.1 (Social Impact Appraisal) and A1.3 (User and Provider Impacts). Additionally, the Active Mode Appraisal Toolkit (AMAT) and relevant appraisal workbooks will be aligned with the latest evidence and guidance in TAG.

These updates reflect the latest evidence on economic and demographic data, as well as clarifying the application of Optimism Bias (OB) in scheme appraisal, the uprating and discounting approach to accident and casualty values, and guidance on reliability. All Data Book and guidance updates will become definitive in May 2022, after which an updated version of TUBA will be made available to reflect the updated appraisal values.

Contact

For further information on this guidance update, please contact:
Transport Appraisal and Strategic Modelling (TASM) Division
Department for Transport
Zone 2/25 Great Minster House
33 Horseferry Road
London
SW1P 4DR
tasm@dft.gov.uk

Detail

Economic and Demographic Data

The TAG Data Book displays a range of economic and demographic data sets used in the appraisal of transport interventions. To maintain the accuracy of appraisals, these data sets are updated in line with new releases of data from the Office for National Statistics (ONS) and Office for Budgetary Responsibility (OBR). A new version of the TAG Data Book (v1.18), to be released definitively in May 2022, will incorporate outturn estimates from the ONS, as well as minor changes to medium-term forecasts from the OBR's Economic and Fiscal Outlook. These changes will be implemented in the Annual Parameters table of the Data Book as follows:

- GDP Deflator and Real GDP: Updated for 1990-2021 using the ONS MNF2 series, published 11/02/2022; and for 2022-2026 using the forecasts from the OBR EFO March 2022, published 23/03/2022.

- Population: Updated for 2022-2026 based on population implied by GDP and GDP per capita growth from OBR EFO March 2022, published 23/03/2022.

- Households: Updated for 2021 using the ONS Families and Households data set, published 09/03/2022; and for 2022-2026 calculated from the population growth as implied by the OBR EFO March 2022, published 23/03/2022.

And in the A5.3.1 table of the Data Book as follows:

- GDP Deflator: Updated for 2010/11-2021/22 using the [ONS L8GG series](#), published 31/03/2022 (once available); and for 2022/23-2026/27 using forecasts from the OBR EFO March 2022, published 23/03/2022.
- CPI, RPI: Updated for 2010/11-2021/22 using the [ONS D7BT](#) and [CHAW series](#) respectively, published 13/04/2022; and for 2022/23-2026/27 using forecasts from the OBR EFO March 2022, published 23/03/2022.
- Average Earnings: Updated for 2010/11-2026/27 using data from the OBR EFO March 2022, published 23/03/2022.

Those appraisal workbooks that utilise the Annual Parameters table for price adjustments, discounting and uprating will also be updated accordingly. The relevant workbooks are:

- Greenhouse Gases
- Air Quality
- Landscape Monetisation
- Noise
- Noise (Aviation)
- Active Mode Appraisal Toolkit
- Cost Proforma

Clarification of Optimism Bias Application

As part of a range of updates associated with the TAG Route Map, in July 2021, changes were made to TAG Units A1.2 (Scheme Costs) and A5.3 (Rail Appraisal) to reflect [updated research on Optimism Bias (OB) uplifts](#). These changes advised that OB uplifts should be applied to base cost estimates instead of mean costs derived from a Quantified Risk Assessment (QRA), as previously recommended in TAG.

New versions of A1.2 and A5.3 were released in November 2021, seeking to provide additional clarity in the guidance around the reconciliation of OB and QRA estimates. The update to A1.2 to be released in May 2022 similarly consists of minor clarifications to the base capital cost definition to which OB uplifts are applied. This does not constitute any substantive change in

guidance, but instead aims to make the existing guidance on applying OB clearer.

Related to this, the application of Optimism Bias in the Active Mode Appraisal Toolkit (AMAT) will be updated in May 2022 to align with the recommended approach and values presented in Unit A1.2. The AMAT User Guide will be updated accordingly to reflect these changes.

Discounting and Uprating of Accident and Casualty Values

As part of a range of updates associated with the TAG Route Map, in July 2021, changes were made to the approach to appraisal accounting, including the treatment of accident and casualty values. This set out how the 'willingness to pay' (WTP) and non-WTP components of an accident value should be uprated and discounted differently, ensuring reflection of both the Green Book health discount rate and economic evidence on forecast real GDP per capita growth.

This update to TAG Unit A4.1 seeks to make clear the approach to the non-WTP elements of accident and casualty values. These are assumed to change over time in line with the change in real GDP per capita (with an elasticity of 1) up to the scheme appraisal year, and assumed to grow at 1.5% p.a. for future appraisal years, consistent with the OBR's long-term economic determinants. This update does not constitute any substantive change in guidance (this approach is already reflected in the TAG Data Book and the latest version of COBALT), but instead aims to clarify the existing guidance.

Separately, table A4.1.5 of the TAG Data Book has been updated to align the approach to uprating over time of rail accident values with the treatment of road accident values displayed in table A4.1.1. This has required the decomposition of rail accident values into WTP and non-WTP components, and the subsequent application of the elasticity of the marginal utility of income (1.3) in line with the guidance set out in TAG Unit A4.1. The result is a 5.1% increase in the values in table A4.1.5, with the figure for a fatality matching that presented for road accidents.

Reliability Analysis Within User and Provider Impacts

This minor change seeks to update the guidance on reliability analysis within TAG Unit A1.3 (User and Provider Impacts) to reflect the latest capability of National Highways' MyRIAD software.