



HM Treasury

Green Book Review 2025

Findings and actions

June 2025

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Executive summary

The government was elected on a promise of change, to deliver economic security for working people and renewal for all parts of the country. There are large and persistent economic disparities between the different regions of the United Kingdom, and many places have simply not received the investment they need to grow and flourish. A Britain that is better off cannot mean relying on a handful of places forging ahead of the rest. The opportunities of growth will not be felt fairly and equitably unless the government acts by investing in this country's cities and towns, and supports these places to become more economically dynamic.

The government has already taken steps to increase investment across the country. The government increased the capital envelope by over £100 billion at Autumn Budget 2024 (£107 billion from 2025-26 to 2029-30) and by a further £13 billion over the same period at Spring Statement 2025. Taken together, the government is investing an additional £120 billion over the Spending Review 2025 period, compared to the plans set out at Spring Budget 2024. The government is also devolving more powers and budgets to local leaders, by continuing to roll out integrated settlements to Mayoral Combined Authorities, and working with mayors to develop Local Growth Plans. Additionally, the government is reshaping the way that it works, so that it better supports places to thrive. That means making sure the government's decision-making process for investment gives a fair hearing to all parts of the country. It is for this reason that the Chancellor announced a review of the Green Book in January.

The Green Book is the government's guidance on assessing the costs, benefits and risks of different options to achieve government objectives.¹ The Green Book does not set those government objectives. Nor does it make decisions on behalf of ministers. It provides a framework for assessing the value for money of alternative proposals for meeting those objectives, and it supports officials to provide impartial and objective advice to ministers.

Successive governments have pursued regional equality objectives. However, this review has heard that these objectives are not always fully reflected in business cases. By design, business cases typically answer the question "what is the best way to undertake this project?", rather than "what is the right project to improve growth in this area?".

During this review, HM Treasury has listened to experts from across the public sector, private sector and academia. HM Treasury has heard loud and clear the concerns of stakeholders about the Green

¹ ['The Green Book'](#), HM Treasury, March 2022

Book. Those concerns include poor strategic cases underpinning projects, the over-emphasis on benefit-cost ratios (BCRs), and a lack of clarity on how to appraise 'transformational' schemes. The Green Book, and the way it is used, needs to change. This report sets out some concrete actions to achieve this. The review has not found conclusive evidence that the methodology set out in the Green Book is itself biased towards certain regions. However, it has found that the methodology could be improved by reviewing the discount rate, to ensure the fair assessment of transformational projects that provide long-term benefits.

This review marks a new approach to appraisal in the public sector, one which will enable the more effective assessment of place-based interventions. Government departments will work together more closely, and collaborate with local and regional partners, to identify the right combination of long-term interventions needed to unlock growth in a particular area through place-based business cases. HM Treasury will establish a new taskforce to develop the approach to place-based business cases, working across the public sector. HM Treasury will also improve the Green Book guidance on transformational change. This will help public servants to assess the potential of projects to bring about transformational growth more effectively. HM Treasury will clamp down on the over-emphasis on BCRs in government decision making, while recognising that they remain one important summary metric used to inform judgements about value for money.

HM Treasury will make its appraisal guidance as easy to use as possible. The Green Book, and its associated business case guides, have become too long and complex. HM Treasury will therefore radically simplify and shorten the guidance and will also clarify the level of detail that is proportionate for business cases of different levels of cost and complexity. Furthermore, the public should be able to see the rationale behind government decision making, as well as the geographical distribution of public projects. The government will publish business cases for major projects and programmes and will monitor this on an ongoing basis.

HM Treasury will support local and regional government to develop effective business cases. HM Treasury and the Welsh Government will reform the public sector Better Business Cases training programme to ensure it is as valuable as possible for local and regional government, as well as central government. The National Wealth Fund (NWF) is expanding its role to provide early-stage development support to local and regional government, to help places identify and develop viable projects and build investable pipelines. HM Treasury will support the Ministry of Housing, Communities and Local Government (MHCLG) and other departments to establish more secondments between central and regional government.

Table 1.A sets out the six major issues raised by stakeholders during the process of this review. It also sets out the actions that HM Treasury will take to address these issues.

Table 1.A Findings and actions

No. Finding	Action
1 Insufficient emphasis on place-based objectives	HM Treasury will work with relevant departments, including MHCLG and the Department for Transport (DfT) as well as local and regional government, to introduce place-based business cases. These will bring together the different projects that are needed to achieve the objectives of a particular place. Place-based business cases will make sure that the government properly assesses the complementarities between different projects, such as housing and transport.
2 Ineffectiveness at assessing transformational change	HM Treasury will improve the Green Book guidance on appraising transformational change. HM Treasury will commission an independent review of the Green Book discount rate to make sure that the government is taking a fair view of the long-term benefits that arise from transformational investments.
3 Continued over-emphasis on BCRs in decision making	HM Treasury will update the Green Book to provide greater clarity on the role of the BCR in appraisal. It will make clear that the Green Book does not endorse the use of arbitrary 'BCR thresholds'. It will outline that a BCR of less than one does not automatically constitute poor value for money. HM Treasury does not simply rank different projects, with different objectives, by their BCRs as a means of allocating funding.
4 Overly long and complicated guidance	HM Treasury will radically simplify and shorten the Green Book and the accompanying business case guides, publishing an updated Green Book at the start of 2026. HM Treasury will make clear the level of detail that is proportionate for business cases of different levels of cost and complexity and will publish examples of core appraisal techniques.
5 Inadequate capacity and capability across the public sector	HM Treasury and the Welsh Government will reform the Better Business Cases training programme. The NWF is expanding its role to provide early-stage development support to local and regional government. HM Treasury will support MHCLG and other

	departments to establish more secondments between central and regional government.
6 Poor transparency of government business cases	The government will publish business cases for major projects and programmes. This will ensure transparency of decision making, including the geographical distribution of projects, and help to support local and regional government by demonstrating best practice.

Source: HM Treasury

Box 1.A Clarifying the role of the Green Book and how it should be used in central government

- a. **The Green Book does not set government policy objectives.** The Green Book makes clear that the government's priorities should be established before officials begin developing a business case for a particular project. Officials will then use the Green Book to help them to appraise the social value of different options to achieve those objectives.
- b. **The Green Book is not a 'test' that needs to be passed to justify a spending proposal.** Nor is it an algorithm or a formula for making decisions. It is a framework to help officials to provide impartial and objective advice to ministers and other decision makers. It is ministers and other decision makers who decide what projects and programmes should be approved, not the Green Book.
- c. **The government does not make decisions solely based on BCRs.** BCRs are one summary metric of social value used to help compare between different options for achieving objectives. Ministers and other decision makers make spending decisions based on a range of factors, including political considerations.
- d. **The government gives proper consideration to unmonetisable benefits and costs when assessing value for money.** The Green Book defines 'value for money' as a balanced judgement about the optimal use of public resources to achieve policy objectives. That judgement should not be based simply on monetisable benefits and costs, which can be captured in a BCR. It should also consider unmonetisable costs and benefits, as well as risk and uncertainty, and other significant unquantifiable factors.
- e. **The government gives proper consideration to the wider economic benefits of projects.** Infrastructure projects will often bring wider economic benefits – for example, by enabling new housing or new investment. These benefits may be, or may not be, readily monetisable, but they should be considered in appraisal regardless.
- f. **The government appraises projects over appropriate time horizons.** The costs and benefits of a proposal should be calculated over its lifetime. An appraisal period of 60 years is a standard measure for infrastructure projects. However, if an intervention is likely to have significant costs and benefits beyond 60 years, then public bodies can extend the appraisal period beyond that timescale. The Green Book does not recommend a particular period over which investments are required to repay their costs.
- g. **The government's approach to valuing travel time savings does not skew decisions in favour of more affluent areas, at the**

expense of less affluent areas. DfT's Transport Analysis Guidance recommends that appraisals use the same value of travel time for all parts of the country, both for people travelling for commuting (£16 per hour) and for leisure trips (£7 per hour).² These values vary for business trips by mode and distance. They are based on large surveys that capture people's real preferences. In addition to user benefits, the appraisal of transport projects also incorporates a wide range of environmental, social and other economic impacts.

- h. **The government's approach to assessing 'land value uplift' does not skew decisions in favour of more affluent areas, at the expense of less affluent areas.** MHCLG's appraisal guide defines 'land value uplift' as the private benefit resulting from changing land from its current use into a new use – for example, from a derelict brownfield site to a mixed-use residential area.³ High property prices in a place signal that there are high social benefits of building houses there. However, this does not necessarily equal high land value uplift. A higher cost of development and high current use value of the land can mean that land value uplift for a project is low compared to alternatives, including where property prices are lower. Furthermore, MHCLG's guidance makes clear that property-based interventions should not be assessed on land value uplift alone, but should also consider wider benefits and costs, such as the effects on low-income groups.

² ['Transport analysis guidance'](#), Department for Transport, October 2024

³ ['The MHCLG Appraisal Guide'](#), Ministry of Housing, Communities and Local Government, March 2025

Chapter 1

Context

1.1 The Green Book is the government's guidance on appraisal, which is the process of assessing the costs, benefits and risks of different options to achieve government objectives. The Green Book is supported by detailed guidance on developing business cases, based on the 'Five Case Model'.⁴

1.2 The Green Book is neither a decision-making algorithm, nor a test that must be passed. It provides a framework for identifying different options and establishing their relative value for money. It is ministers who decide policy objectives. The role of the Green Book is to help officials think through the best way of achieving those objectives and support them to provide impartial and objective advice to ministers.

1.3 There have been long-standing concerns about the extent to which the Green Book and the way it is used unfairly limits government investment in areas outside of London and the south-east of England. The previous government launched a review of the Green Book in 2020 to examine whether it was ensuring that "government investment spreads opportunity across the UK".⁵ The review did not identify evidence of bias in the Green Book methodology. However, it did conclude that appraisal practice was likely to undermine the government's ambition at the time to 'level up' poorer regions.

1.4 Since then, HM Treasury has changed the Green Book and wider appraisal practice to support better advice to ministers. This includes working across the government to emphasise the importance of the strategic case within business cases and introducing a new requirement for business cases to analyse how different places are affected by policy interventions. HM Treasury has continued to provide significant training and support for business case authors and reviewers across the government. It has integrated the principles of the 2020 review into its spending review processes, including as part of Spending Review 2025.

1.5 Despite these steps, many local and regional authorities, as well as other commentators, have contended that HM Treasury has made insufficient progress in improving appraisal across government. These stakeholders argue that the Green Book is continuing to impede public investment in areas outside of London and the south-east of England.

⁴ ['Business case guidance for projects and programmes'](#), HM Treasury, October 2018

⁵ ['Green Book Review 2020: Findings and response'](#), HM Treasury, November 2020

Consequently, on 29 January 2025, the Chancellor announced a review of the Green Book and how it is being used to provide objective and transparent advice on public investment across the country.⁶

1.6 Since January, HM Treasury has consulted extensively with a wide range of organisations and individuals. This includes regional and local government, central government departments and arms-length bodies, the devolved governments, sub-national transport bodies, think tanks, academics and consultancies. Box A.1 sets out the list of organisations and individuals consulted as part of the review.

1.7 This review has considered potential problems with the Green Book guidance itself, how the guidance is being applied in practice, and the wider culture around appraisal and decision making in the public sector. Annex A contains further information on HM Treasury's approach to the review.

⁶ ['Chancellor vows to go further and faster to kickstart economic growth'](#), HM Treasury, January 2025

Chapter 2

Findings and actions

2.1 The Green Book is often praised for providing a comprehensive, evidence-based and objective framework to support decision making across the public sector. It is recognised internationally as an example of good practice, with many countries choosing to use the Green Book and accompanying 'Five Case Model' for their own appraisal frameworks.

2.2 However, the organisations and individuals consulted in this review made clear that there are still major challenges with the Green Book and the government's appraisal processes.

2.3 HM Treasury has identified six important issues that need to be addressed to ensure ministers and other decision makers are confident that they are receiving fair, objective and transparent advice on investments across the different regions of the United Kingdom. These issues are concerned more with the practice of appraisal in the public sector rather than the methodology of the Green Book itself.

2.4 The review has not found conclusive evidence that the Green Book appraisal methodology is biased towards certain regions. HM Treasury could, however, improve the methodology by reviewing the discount rate to ensure the fair treatment of transformational projects that generate long-term benefits.

2.5 This chapter sets out the six issues in more detail and the six actions that HM Treasury is taking to solve these. These actions are mutually reinforcing in addressing the findings of the report. For example, the introduction of place-based business cases, and improved guidance on transformational change, will lead to better-informed strategic cases, and thereby reduce the misuse of BCRs as a means of comparing the growth potential of different regions. Similarly, publishing more departmental business cases will help local and regional authorities to better understand what the government looks for in business cases, and thus help those authorities to develop more effective business cases in future.

Insufficient emphasis on place-based objectives

Context

2.6 The Green Book sets out a 'Five Case Model' for developing spending proposals. This covers five 'cases' or 'dimensions' that should be considered as part of a business case. These are the strategic case, economic case, commercial case, financial case, and management case.

2.7 The strategic case of a proposal should set out the objectives and the ‘case for change’ for a particular intervention. It will be shaped by the government’s wider objectives and supported by technical research and analysis. Getting this strategic case right is an important prerequisite before appraisal can begin. Options appraisal is considered within the second of the five cases, the economic case. This involves generating different options for meeting the objectives set out in the strategic case and assessing their value for money.

2.8 A fundamental finding of the Green Book Review 2020 was that many spending proposals had weak strategic cases.⁷ Those developing appraisals often failed to properly engage with the strategic context of their proposals. In response to this, HM Treasury developed stronger guidance about the need for Specific, Measurable, Achievable, Realistic, and Time-Limited (SMART) objectives for spending proposals. HM Treasury has also published new guidance on what constitutes value for money, and has updated the Treasury Approvals Process (TAP) guidance to reaffirm the importance of Strategic Outline Cases (SOCs) for the most significant government projects.⁸

2.9 All this reflects the continued emphasis on the importance of strong strategic cases, containing SMART objectives and a compelling case for change. HM Treasury has worked to embed these principles in appraisal and approvals processes across central government. However, despite these efforts, stakeholders believe that more needs to be done to improve the strategic cases in government business cases. Their concerns were broadly two-fold.

2.10 First, stakeholders noted that, while successive governments have pursued regional equality objectives, these objectives are not always properly reflected in the strategic cases for relevant proposals. By design, business cases typically answer the question “what is the best way to undertake this project?”, rather than “what is the right project to improve growth in this area?”.

2.11 Second, stakeholders noted that it was often hard to express the strategic contribution of an individual project in a single project business case. This is because the Green Book is generally written to support the appraisal of individual projects and programmes. However, the benefits of different projects in a place, such as transport and housing, are often mutually reinforcing and greater than the sum of their parts. Appraisals can sometimes neglect the important interactions that exist between these different projects. Stakeholders often felt that they had to justify the strategic contribution of projects through social cost-benefit analysis. This can pose a difficult analytical task, especially for public bodies with smaller analytical teams.

⁷ [‘Green Book Review 2020: Findings and response’](#), HM Treasury, November 2020

⁸ [‘Green Book Supplementary Guidance: Value for Money’](#), HM Treasury, March 2022; [‘Treasury Approvals Process for projects and programmes’](#), HM Treasury, April 2024

2.12 These interactions between projects are a particularly important issue in appraisal in less prosperous parts of the country, where often multiple complementary interventions are needed at once to truly transform a place and unlock growth. Stakeholders wanted the government to go further to bring together appraisal across different projects.

Place-based business cases

2.13 HM Treasury, MHCLG and DfT already work together to ensure that business cases have strong place-based objectives and spatial analysis. However, there is potential to improve this even further by introducing 'place-based business cases' in collaboration with local and regional government. Place-based business cases will set out the strategy and analysis for a set of proposals in a particular place. They will function like a portfolio business case, sitting above the individual project and programme business cases for specific interventions.

2.14 The use of place-based business cases will address the two aforementioned concerns expressed by stakeholders. First, they will set out objectives for a particular place, as well as a compelling theory of change for achieving these objectives. The strategic importance of a particular project should be justified by its contribution to the objectives set out in the place-based business case, rather than by comparing it to projects elsewhere in the country.

2.15 Second, place-based business cases will provide a means to consider the strategic and economic interactions between multiple interventions in a place. They will bring together the different projects, across different policy areas, that are needed to achieve the objectives of a particular place. These projects might include transport, housing, skills, or some other intervention.

2.16 A place-based business case will underpin the strategic cases for a set of underlying project and programme business cases. For example, a place-based business case might have the objective of achieving growth in household incomes in an area. The subsequent appraisal might demonstrate that this growth would be best achieved by building more housing and improving transport connectivity. This conclusion would then provide a stronger strategic foundation for two project business cases: one that assesses options for new housing and another that examines options to upgrade the train station.

2.17 The success of place-based business cases will depend on effective working across central, regional and local government. Within central government, the approach to place-based business cases will be coordinated by a new taskforce. The role of the taskforce will be, firstly, to agree a general approach to place-based business cases. This will include the appropriate geographical coverage for a place-based business case, the governance and division of responsibilities, as well as the interaction with existing approvals processes. Then, secondly, the taskforce will ensure that government departments engage with the development and review of the place-based business cases.

2.18 The taskforce will be led by the Second Permanent Secretary of HM Treasury responsible for regional growth and devolution, working with the Director General for Local Government, Growth and Communities in MHCLG and the Director General for Public Transport and Local Group in DfT. It will also involve local and regional government, and other government departments.

2.19 The government is working with Mayoral Strategic Authorities to roll out Local Growth Plans. These locally-owned strategies will set out how Mayoral Strategic Authorities will use their devolved powers and funding to drive growth in their regions. The taskforce will ensure that the government's approach to place-based business cases complements and supports Local Growth Plans. Place-based business cases should not duplicate those plans.

2.20 HM Treasury will also explore how place-based business cases could be used across different types of local authority where helpful for achieving place-based objectives. HM Treasury will draw on best practice from recent initiatives in Barrow and the Oxford-Cambridge Arc.

2.21 Place-based business cases will broadly follow the Five Case Model and the principles set out in the Green Book. To take one example, project business cases typically feature a 'business as usual'. This sets out what would happen if current arrangements were to continue and no new interventions were to happen. Place-based business cases should also aim to have a 'business as usual'. This should set out the expected counterfactual, reflecting current plans by central, regional and local government. It should form a baseline against which new proposals can be assessed. Depending on the circumstances, that baseline may be one of trend growth, of stagnation, or of deterioration in living standards and social capital.

2.22 Place-based business cases will be based on robust analysis and research. This may include social cost-benefit analysis but may also involve analytical techniques that are not currently set out in the Green Book. An important input may be the forthcoming assessments of infrastructure needs, which will be undertaken by the National Infrastructure and Service Transformation Authority (NISTA). These will aim to provide a holistic picture of what is needed to provide communities with essential local services.

2.23 Place-based business cases may consider the size, distribution, and dispersion of settlements, the diverse needs arising from demographics or other characteristics, and the interactions and accessibility between rural areas and urban centres. Place-based business cases may also consider the resilience of a particular place to economic shocks. A place where economic activity is dominated by one sector will suffer disproportionate consequences if that sector experiences a downturn. HM Treasury will work with the Department for Business and Trade to reflect the findings of their upcoming Green Book supplementary guidance on economic resilience.

Action 1: HM Treasury will work with relevant departments, including MHCLG and DfT as well as local and regional government, to introduce place-based business cases. These will bring together the different projects that are needed to achieve the objectives of a particular place. Place-based business cases will make sure that the government properly assesses the complementarities between different projects, such as housing and transport.

Ineffectiveness at assessing transformational change

2.24 Stakeholders recognise that the Green Book is useful for assessing marginal changes that arise from a particular spending proposal. However, it is less capable of appraising the transformational changes that arise from major investments in a particular area.

2.25 HM Treasury acknowledged this issue in the Green Book Review 2020, and added a new annex with guidance on assessing the transformational effects of government interventions. Stakeholders noted, however, that the government's approach to transformational change is still unclear and inconsistent. They noted that infrastructure projects often have wide economic benefits in terms of labour productivity and business investment, but the Green Book is unclear on how to consider and evidence this in a compelling manner. More generally, stakeholders argue that the Green Book does not provide clear direction on the economic conditions that are necessary for transformational change in a particular area.

2.26 Therefore, HM Treasury will improve the Green Book guidance on transformational change. This updated guidance will help to inform the development of place-based business cases. The guidance should help users to assess the different options for bringing about growth and development in a particular area. In doing so, it should also help to articulate the 'size of the prize' of achieving growth in a particular area, as well as the associated costs and uncertainties. The guidance should note, as described above, the complementarities between different types of project. It should also deepen the principles of place-based analysis currently set out in the Green Book: assessing the effects of projects on the places around them, on jobs, infrastructure, skills and supply chains, as well as on social capital and the environment.

2.27 Assessments of transformational change should be supported by rigorous evidence and analysis. The government will, for example, build on DfT's published analysis and case studies on transformational effects of transport schemes.⁹ HM Treasury notes that the uncertainty associated with transformational change is generally higher than the uncertainty associated with marginal change.

2.28 Stakeholders asked for clearer guidance on several methodological topics. This included, for example, assessing the effect

⁹ ['Transformational impacts of transport'](#), Department for Transport, April 2023

of a particular project on jobs in a local area, and estimating the extent to which those jobs would be 'additional' or simply 'displaced' from another area. The Green Book should do more to support analysts on these types of topics. DfT will soon issue updated guidance on assessing the effect of interventions on structural unemployment.

2.29 When considering transformational change, stakeholders raised separate, but related, concerns over discounting in appraisal. The Green Book uses this technique to compare costs and benefits occurring over different periods of time on a consistent basis. Discounting is used both for short-term investments and for longer-term transformational investments. It is based on the principle that people prefer to receive benefits now rather than later.

2.30 The Green Book discount rate used in UK government appraisal is known as the Social Time Preference Rate (STPR). It is currently set at 3.5% in real terms for the first 30 years of a proposal, falling to 3.0% for years 31 to 75, and then 2.5% thereafter. Several stakeholders commented that the magnitude of these discount rates may unfairly undermine the appraisal of long-term transformational schemes that produce benefits well into the future. They questioned whether HM Treasury should review the components of the STPR.

2.31 The Green Book's approach to discounting is an important and complex part of its methodology. Changes to the discount rate must be informed by rigorous analysis and academic expertise. HM Treasury will therefore commission an independent review of the STPR. The review will ensure that the STPR is still supporting the fair and accurate comparison of costs and benefits over time. It will specifically make sure that the STPR is not undervaluing the long-term benefits of proposals, compared to short-term effects.

Action 2: HM Treasury will improve the Green Book guidance on appraising transformational change. HM Treasury will commission an independent review of the Green Book discount rate to make sure that the government is taking a fair view of the long-term benefits that arise from transformational investments.

Continued over-emphasis on BCRs in decision making

2.32 The Green Book defines 'value for money' as a balanced judgement about the optimal use of public resources to achieve a given set of objectives. That judgement involves considering monetisable social benefits and social costs, which can be expressed in monetary terms and then summarised in a BCR. But equally, a value for money judgement should include unmonetisable social benefits and social costs, which cannot be expressed in monetary terms, and which cannot be expressed in a BCR. It should also consider risk and uncertainty, and other significant unquantifiable factors.

2.33 The Green Book Review 2020 concluded that government decisions were often “heavily reliant” on BCRs.¹⁰ HM Treasury has worked since 2020 to address this problem in public sector appraisal. The latest editions of the Green Book are clear that:

- social cost-benefit analysis and the calculation of the BCR should only be conducted for options that meet the objectives of a proposal
- options that do not deliver the proposal’s objectives cannot be considered value for money, regardless of their BCR
- the BCR is one summary metric of social value and not sufficient by itself to make a judgement on value for money

These principles are also reflected in the Green Book supplementary guidance on value for money.¹¹

2.34 Stakeholders recognised the importance of using robust evidence and analysis to inform appraisals, and to ensure that public spending constitutes value for money. They noted that social cost-benefit analysis is a valuable tool for understanding the monetisable costs and benefits of different options. But they also argued that too often the government still places too much emphasis on what can be included in a BCR.

2.35 Stakeholders particularly complained about arbitrary ‘BCR thresholds’, which stipulate that a project can only receive funding if it has a BCR above a certain value, such as 1.0 or 2.0. Stakeholders said that such thresholds make certain BCR values a target to hit. This creates incentives to focus disproportionate time and resource on capturing monetisable benefits to secure funding for a proposal, at the expense of a more rounded assessment of value for money. The use of BCR thresholds can also disadvantage projects that have substantial benefits that are difficult to quantify.

2.36 HM Treasury is clear that a project may still be value for money even if it has a BCR of less than one. That does not necessarily mean that the project has more costs than benefits. It simply means that the project’s monetisable benefits are less than its monetisable costs. Many projects have benefits that might not be monetisable, such as improving the business environment, or reducing security risks, which cannot therefore be captured in a BCR. Many projects have significant unmonetisable costs and risks too.

2.37 The Green Book encourages practitioners to use BCRs at shortlist stage to form an initial ranking of the different options for achieving a given objective or set of objectives. However, there is a perception that the government makes funding decisions by ranking different projects, with different strategic objectives, by their BCRs.

¹⁰ [‘Green Book Review 2020: Findings and response’](#), HM Treasury, November 2020

¹¹ [‘Green Book Supplementary Guidance: Value for Money’](#), HM Treasury, March 2022

2.38 HM Treasury will do more to address the over-focus on BCRs and clarify their role in the appraisal process. The Green Book will be updated to make it explicitly clear that:

- HM Treasury does not endorse the use of arbitrary BCR thresholds as a sole means of determining whether a proposal can receive funding
- a proposal may be approved even if it has a BCR of less than one. Decision makers should form a judgement on whether the proposal still constitutes value for money, based on a broader appreciation of the scheme's unmonetisable costs and benefits, risk and uncertainty, and other significant unquantifiable factors
- HM Treasury does not allocate funding for different departments based solely on BCRs. It does not endorse an approach of aggregating different projects with different strategic objectives, ranking them by their BCRs, and then selecting those projects where the BCRs are highest
- HM Treasury encourages government departments and public bodies to review their appraisal processes to make sure that they are appropriately adopting these principles

2.39 These changes do not mean that proposals with 'low' BCRs, or which have BCRs that are lower than would be typical for that type of proposal, should avoid rigorous scrutiny. Neither do these changes imply that evidence and analysis do not matter. Indeed, it remains essential that all government spending represents value for money.

2.40 These changes will be complemented by the other actions set out in this report, such as the introduction of place-based business cases and the improved guidance on assessing transformational changes.

BCRs and regional bias

2.41 Many stakeholders claimed that over-emphasis on BCRs is not merely bad practice, but that it also directly introduces regional bias into decision making. Stakeholders contended that BCRs are higher in London and the south-east of England than elsewhere in the country, due to factors such as higher population densities and land values. The review has not found conclusive evidence that the Green Book appraisal methodology is biased towards certain regions, nor that BCRs are systematically greater for proposals in London and the south-east compared to elsewhere.

2.42 However, the poor transparency around government business cases makes it difficult for HM Treasury to demonstrate that BCRs are not biased towards London and the south-east of England. It also makes it difficult to demonstrate that any such bias, should it exist, would not materially skew government spending decisions. This lack of transparency undermines confidence in government decision making. This is addressed further in the section entitled 'Poor transparency of government business cases'.

2.43 Additionally, the Green Book sets out guidance on how to undertake distributional analysis, to understand the effects of a proposal on different groups in society. Many stakeholders asked for greater clarity on how to conduct distributional analysis, and particularly how best to apply ‘distributional weights’. In weighted analysis, the benefits of projects for low-income households are valued more highly than the benefits for high-income households, based on the principle of the diminishing marginal utility of income. HM Treasury will work on this further alongside other government departments.

Action 3: HM Treasury will update the Green Book to provide greater clarity on the role of the BCR in appraisal. It will make clear that the Green Book does not endorse the use of arbitrary ‘BCR thresholds’. It will outline that a BCR of less than one does not automatically constitute poor value for money. HM Treasury does not simply rank different projects, with different objectives, by their BCRs as a means of allocating funding.

Overly long and complicated guidance

2.44 The Green Book and its supplementary guidance is too long and too complex. The Green Book itself is 148 pages long. It is accompanied by detailed guidance on developing project and programme business cases, which are both more than 100 pages each. There are also thousands of pages of supplementary guidance on a variety of appraisal topics. Officers in local and regional government noted that they typically have neither the resource nor expertise to properly follow all of these pages of guidance.

2.45 Green Book guidance should be applied proportionately. Paragraph 1.6 of the Green Book notes that the “resources and effort employed should be related to costs, benefits and risks involved to society and to the public sector as a result of the proposals under consideration”. However, it offers little detail on what constitutes a ‘proportionate’ business case, and how certain requirements of the appraisal process might differ depending on the size of the project at hand. It is unlikely, for example, that a £1 million IT system replacement would require the same depth of analysis as a multi-billion pound national transport scheme.

2.46 HM Treasury will simplify and shorten the Green Book and business case guides, to make the guidance as easy to use as possible, without undermining or compromising the underlying appraisal methodology. HM Treasury will provide greater clarity on how to apply the guidance proportionately. This will draw from the conclusions of the recent independent review of the business case process in the Department for Science, Innovation and Technology (DSIT).¹² It will also

¹² [‘Independent review of the DSIT business case and approvals process’](#), The Rt Hon Lord Willetts FRS, February 2024

draw from the note on proportionality developed by the Northern Ireland Executive.¹³

2.47 HM Treasury has also heard a strong desire for more examples demonstrating how to apply the Green Book guidance in practice, as well as other tools to support appraisal. Stakeholders praised the Unit Cost Database, developed by Greater Manchester Combined Authority, as a valuable resource to support the development of cost-benefit analyses.¹⁴ HM Treasury will publish examples of core appraisal techniques.

Action 4: HM Treasury will radically simplify and shorten the Green Book and the accompanying business case guides, publishing an updated Green Book at the start of 2026. HM Treasury will make clear the level of detail that is proportionate for business cases of different levels of cost and complexity and will publish examples of core appraisal techniques.

Inadequate capacity and capability across the public sector

2.48 Officers in local and regional government noted that they have relatively few staff involved with developing and reviewing business cases. They noted a particular shortage of economists and analysts. Indeed, in a survey commissioned by DfT in 2018, only 18% of local authorities reported that they had a dedicated team for data and analytics.¹⁵ This stands in contrast to central government departments, who have many more staff involved in producing business cases.

2.49 Officers in local and regional government noted that, due to these staff limitations, they often have to rely on external consultants to help with the more technical aspects of the appraisal process. In a DfT survey in 2021, roughly 80% of surveyed local authorities reported using external resources to undertake their transport modelling and economic appraisal work.¹⁶ This reliance on consultants means that local and regional authorities often do not develop their own capabilities and expertise. Many officers noted that the issue of adequate capacity and capability will become more important over time, given the government's plans to widen devolution to more areas, and continue the rollout of integrated settlements to Mayoral Combined Authorities.

2.50 To help address this, HM Treasury and the Welsh Government will reform the Better Business Cases programme, which they jointly manage and oversee. This programme provides training and accreditation in the Green Book and its associated business case

¹³ ['Proportionate effort in business cases \(including economic appraisal\) and evaluations'](#), Department of Finance (Northern Ireland), September 2022

¹⁴ ['Research: Cost Benefit Analysis'](#), Greater Manchester Combined Authority, October 2022

¹⁵ ['Local transport data discovery: summary report'](#), Department for Transport, August 2018

¹⁶ ['Local authority capacity and capability research report'](#), Department for Transport, February 2023

guidance. HM Treasury and the Welsh Government will ensure that the course syllabus is as valuable as possible for practitioners across local and regional government, as well as central government. HM Treasury will also publish data on uptake of the course among central government departments.

2.51 The NWF is enhancing its support offer to regional and local government across the UK. In January, the NWF began rolling out Strategic Partnerships in Greater Manchester, West Yorkshire, West Midlands, and Glasgow, providing enhanced tailored commercial and financial advice.¹⁷ It is also now expanding its role to provide early-stage development support, starting with these Strategic Partnerships. This new offer will provide capability and capacity support, helping places to develop viable projects and build investment pipelines.

2.52 Stakeholders suggested increasing the number of individuals seconded from central government into regional government. This would support skills sharing, improve understanding of local priorities in central government and support a more efficient and collaborative appraisal process. HM Treasury will therefore support MHCLG and other departments to establish more secondments between central government and regional government.

2.53 HM Treasury and MHCLG will explore other options to bolster the ability of local and regional government to develop well-rounded appraisals.

Action 5: HM Treasury and the Welsh Government will reform the Better Business Cases training programme. The NWF is expanding its role to provide early-stage development support to local and regional government. HM Treasury will support MHCLG and other departments to establish more secondments between central and regional government.

Poor transparency of government business cases

2.54 The government publishes very few business cases. This lack of transparency makes it difficult for those outside government to understand the options considered in the appraisal process, and why decision makers deemed one option to be better value for money than others. Poor transparency also makes it difficult to establish whether BCRs are indeed biased towards London and the south-east of England, and whether any such bias is materially skewing government spending decisions. All of this undermines confidence in government decision making.

2.55 At Autumn Budget 2024, the government committed to increase the transparency around its investment decisions by publishing business cases for major projects and programmes. The government has now published new guidance to support departments to meet this

¹⁷ [‘Chancellor unveils plan to turbocharge investment across the UK’](#), HM Treasury, January 2025

commitment.¹⁸ HM Treasury expects that published business cases will enable the public to better understand the rationale behind government decision making, as well as the geographical distribution of public projects. Greater transparency will also enable better evaluation of government projects and provide a clearer evidence base for the estimates of benefits and costs that are used in appraisals.

2.56 Stakeholders in local and regional government commented that seeing government business cases is helpful for them to understand best practice, and to learn from previous work. Publishing business cases should therefore help local and regional authorities to develop their knowledge and produce better business cases in future.

Action 6: The government will publish business cases for major projects and programmes. This will ensure transparency of decision making, including the geographical distribution of projects, and help to support local and regional government by demonstrating best practice.

¹⁸ ['Publishing business cases: guidance for departments'](#), HM Treasury, June 2025

Chapter 3

Implementing the review

3.1 HM Treasury will write to accounting officers across government to make them aware of the findings of this review and the accompanying actions. Government departments and arm's length bodies will be required to integrate these actions into their business case processes.

3.2 Implementing the actions in this report will require strong cooperation between HM Treasury and local and regional government. HM Treasury will write to Mayoral Strategic Authorities, setting out the proposed actions and the plan for implementing them, and inviting them to join the Green Book Network Steering Group. This long-standing board supports HM Treasury with independent expertise and insight on appraisal in the public sector. The Steering Group will scrutinise the implementation of these actions.

3.3 HM Treasury will publicise the findings of this review throughout the rest of the public sector and externally. This includes working closely with central government departments and arm's length bodies, as well as local and regional government, to complete the various actions arising from the review.

3.4 HM Treasury continues to chair the cross-government Chief Economist Appraisal Group. This group reviews changes to the Green Book and its supplementary guidance. This group will ensure that HM Treasury implements the actions mentioned in this report effectively across government.

3.5 HM Treasury will establish a new joint taskforce to develop the approach to place-based business cases and oversee their implementation. This taskforce will be led by the Second Permanent Secretary of HM Treasury responsible for regional growth and devolution, working with the Director General for Local Government, Growth and Communities in MHCLG and the Director General for Public Transport and Local Group in DfT. The taskforce will also be made up of participants from local and regional government.

3.6 HM Treasury will publish an updated Green Book at the start of 2026. In June 2026, HM Treasury will publish an update on its progress in implementing the actions set out in this report.

Annex A

Approach

Scope

A.1 The objective of the review was to understand whether the Green Book is being used across the public sector in a way that ensures fair, objective and transparent appraisal of proposals outside London and the south-east of England.

A.2 In doing so, the review considered potential problems with the appraisal methodology and guidance itself, as well as how that guidance is being applied in practice, and the wider culture around appraisal and decision making across the public sector.

A.3 The review did not set out to consider other appraisal topics, such as the environment or the use of private finance, unless stakeholders raised these as a specific impediment to supporting place-based objectives in appraisal.

Process

A.4 Since January, HM Treasury has consulted extensively with a wide range of organisations and individuals. This includes regional and local government, central government departments and arms-length bodies, the devolved governments, sub-national transport bodies, think tanks, academics and consultancies. HM Treasury also conducted desk-based research and analysis.

A.5 HM Treasury obtained the views of stakeholders through one-to-one interviews and roundtable discussions and received written representations from various institutions. Box A.1 sets out a list of the stakeholders who were consulted as part of the review.

A.6 HM Treasury convened a panel of external advisers at the end of the review process. The purpose of this panel was to scrutinise the findings and actions set out in this report, and ensure that they were as credible, effective and ambitious as possible. The panel was comprised of representatives from DfT, Greater Manchester Combined Authority, Liverpool City Region Combined Authority, MHCLG and West Yorkshire Combined Authority, as well as Professor Rebecca Riley and Professor Henry Overman.

A.7 The organisations and individuals consulted as part of the review and those involved in the panel have not necessarily endorsed the contents of this report.

Box A.1 Organisations and individuals consulted as part of the Green Book Review 2025

Mayoral authorities:

- East Midlands CCA
- Greater Lincolnshire CCA
- Greater London Authority
- Greater Manchester CA
- Liverpool City Region CA
- North East CA
- South Yorkshire CA
- Tees Valley CA
- West Midlands CA
- West Yorkshire CA
- York and North Yorkshire CA

Local authorities:

- Cornwall Council
- Cumberland Council
- Essex County Council
- Lancashire County Council
- Lincolnshire County Council

Devolved governments:

- Northern Ireland Executive
- Scottish Government
- Welsh Government

Think tanks:

- Centre for Cities
- Institute for Fiscal Studies
- Institute for Government
- Institution of Civil Engineers
- IPPR North
- Resolution Foundation

Academics from the following institutions:

- London School of Economics and Political Science
- MIT Sloan School of Management
- Newcastle University
- University of Birmingham
- University of Cambridge
- University of Leeds
- University of Manchester
- University of Oxford

Central government departments and arm's length bodies, including:

- Department for Education
- Department for Energy Security and Net Zero
- Department for Environment, Food and Rural Affairs
- Department for Science, Innovation and Technology
- Department for Transport
- Environment Agency
- Government Property Agency
- Homes England
- Ministry of Defence
- Ministry of Housing, Communities and Local Government
- National Highways
- National Infrastructure and Service Transformation Authority
- Natural England
- Network Rail
- NHS England
- Office for Value for Money

Sub-national transport bodies:

- England's Economic Heartland
- Midlands Connect
- Transport East
- Transport for the North
- Transport for the Southeast
- Western Gateway

Consultancies:

- AMION Consulting
- Arup
- Frontier Economics
- KPMG
- McKinsey
- PA Consulting
- SQW

Other:

- Local Government Association
- National Audit Office
- Transport for London

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk