



HM Treasury

Green Book Review 2025

One year on

June 2026

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Chapter 1

Introduction

1.1 The Green Book is the UK government guidance on ‘appraisal’, the process of assessing the costs, benefits and risks of different options for achieving government objectives.¹ For years, regional stakeholders argued that the Green Book was impeding public investment in areas outside of London and the south-east of England. Following a review in 2020 under the previous government, many contended that HM Treasury had made insufficient progress in improving appraisal across government.²

1.2 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. During that review, HM Treasury consulted extensively with regional, local and devolved governments, as well as central government departments and arms-length bodies, sub-national transport bodies, think tanks, academics and consultancies.

1.3 The review identified six important issues to be addressed to ensure every region gets a fair hearing when it comes to investment decisions. It also included a series of important actions to address these, set out in Table 1.A below.³

Table 1.A Green Book Review 2025: findings and actions

No.	Finding	Action
1	Insufficient emphasis on place-based objectives	HM Treasury will work with relevant departments, including the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT) as well as local and regional government, to introduce place-based business cases (PBBCs). These will bring together the different projects that are needed to achieve the objectives of a particular place. PBBCs will make sure that the government properly assesses the

¹ [‘The Green Book’](#), HM Treasury, February 2026

² [‘Green Book Review 2020: Findings and response’](#), HM Treasury, November 2020

³ [‘Green Book Review 2025: Findings and actions’](#), HM Treasury, June 2025

		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 benefit-cost ratios (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 National Wealth Fund (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

1.4 Taken together, these actions mark a new direction for appraisal in the public sector. They form part of the government's new approach to make a lasting difference for all areas of the country, ensuring they get the fair hearing they deserve and can have confidence in how government invests into where they live. That includes areas outside London and the south-east, and across cities, towns, and rural and coastal communities.

1.5 Alongside changes to the way the state makes decisions, the government has devolved greater power to local leaders and increased direct investment in places outside the greater south-east. This includes £15.6 billion of Transport for City Regions funding, £2.3 billion of City Investment Funds, and further investment across housing, culture and innovation, plus the power to institute an overnight visitor levy, with more to come via the Fiscal Devolution roadmap.

1.6 At the same time, the government is taking a more active role in helping coordinate place-based interventions across places, first and foremost in northern cities and towns, to unleash their full potential as set out in the Northern Growth Strategy. The government is also supercharging the UK's science and technology powerhouses, and the towns in between, through the Oxford-Cambridge Corridor. Local leaders across the country are now better equipped to deliver growth in their areas than they were when the Green Book review began, or at any point in recent history.

1.7 In the year since the review was completed, HM Treasury has published a clearer, shorter Green Book, ensuring decisions are no longer based solely on single metrics such as BCRs but instead consider the full range of potential impacts.⁴ It has streamlined business case guidance, cutting through government 'sludge' and reducing unnecessary bureaucracy.⁵ It has published the findings of an independent review into the discount rate, ensuring the government is taking a fair view of long-term investment proposals.⁶

1.8 HM Treasury is also piloting PBBCs with four early adopter locations. In doing so, it is working in close partnership with regional, local and devolved governments, including mayors, rather than just centrally across Whitehall, to test a new approach to appraisal that puts local objectives at the centre. And, for the first time, business cases for major projects and programmes are being published consistently, meaning the public can hold government to account and have

⁴ ['The Green Book'](#), HM Treasury, February 2026

⁵ ['Guidance on developing business cases'](#), HM Treasury, June 2026

⁶ ['Green Book discount rate review 2026'](#), HM Treasury, June 2026

confidence that every pound of taxpayers' money is being spent on projects that deliver the best possible value.⁷

1.9 But there is more to do. Some actions are still in progress, and it is critical that the public sector properly embeds the changes so the new approach becomes the default way of assessing investment. That means the approach is rooted in departmental processes, reflected in spending review decisions, and sustained over time without the need for active policing from HM Treasury.

1.10 The rest of this report sets out, for each of the six actions arising from the review, what was committed, what has been delivered, and what still needs to happen.

⁷ [Business case publications: collection](#), HM Treasury, June 2025

Chapter 2

Progress against actions

Finding 1: Insufficient emphasis on place-based objectives

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

2.1 PBBCs represent a clear shift in how the government appraises interventions in a particular area. Rather than assessing individual projects in isolation, they bring together the full portfolio of interventions needed to achieve the objectives of a place – whether that is housing, transport, skills or other infrastructure – under a single, coherent framework. This means the value of any individual project is assessed in the context of what it contributes to the wider place, not simply on its own merits or relative to projects elsewhere in the country.

2.2 In October 2025, the Chancellor announced four early adopter locations – in Liverpool, Birmingham, Port Talbot and Plymouth – to develop and test this new approach in practice.⁸ HM Treasury, including the National Infrastructure and Service Transformation Authority, has been working directly with these areas alongside MHCLG, DfT and the Wales Office to develop a framework that centres local objectives in appraisal. Each early adopter is developing a PBBC grounded in rigorous local economic analysis, with a clear theory of change setting out how a coordinated package of investments will drive growth in their area.

2.3 These first PBBCs demonstrate how central, regional, local and devolved government can work together around a shared set of objectives for a place. In Plymouth, stakeholders from the city council, HM Treasury, MHCLG, DfT, the Ministry of Defence and private sector partners are working together to maximise the impact of the government’s defence investments. In east Birmingham, the PBBC is showing how co-ordinated investments in health, housing and skills can improve outcomes for the community.

⁸ [Regional Investment Summit Speech](#), HM Treasury, October 2025

2.4 Liverpool City Region Combined Authority, HM Treasury and DfT are exploring how a PBBC can articulate a compelling case for public investment in Liverpool Central that unlocks wider private investment and accelerates housebuilding. And in Port Talbot, HM Treasury, the Welsh Government, the Wales Office and local partners are working together to identify the structural barriers to growth and how these can be addressed to support long-term prosperity.

2.5 Even at this early stage, this work highlights several important features of the new approach, including stronger alignment between regional policy and investment, and earlier, more sustained collaboration across organisations. This reflects a shift towards embedding place-based objectives in decision-making, breaking down siloes and reducing fragmentation across funding streams.

2.6 HM Treasury will take the lessons learned from the early adopter programme and publish new guidance on PBBCs in the autumn. This guidance will set out a clear framework for how PBBCs should be developed and used across the public sector, including their relationship with existing approvals processes and other initiatives.

Finding 2: Ineffectiveness at assessing transformational change

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.

2.7 In December 2025, HM Treasury commissioned Professor Ben Groom and Professor Mark Freeman to lead a new, independent review of the Green Book's approach to discounting. The chief aim was to consider whether the current Social Time Preference Rate (STPR) – set at 3.5% for the first 30 years of a proposal – remains appropriate, and in particular whether it risks undervaluing the long-term benefits of transformational investments relative to shorter-term impacts. The full terms of reference for the review were published on GOV.UK at the time of commissioning.⁹

2.8 Professors Groom and Freeman have now concluded their independent review.¹⁰ HM Treasury is deeply grateful for their rigorous, thoughtful and prompt work. The academics' summary report and technical annexes include several recommendations in response to the questions raised in the terms of reference for the review published in December 2025. This includes a recommendation to amend the headline discount rate from 3.5% to 3.0%. A lower discount rate would typically mean the benefits of long-term schemes are valued more

⁹ ['Review of discounting in the Green Book: Terms of Reference'](#), HM Treasury, December 2025

¹⁰ ['Green Book discount rate review 2026'](#), HM Treasury, June 2026

highly. HM Treasury will consider the review's findings carefully and publish a formal response in due course. Where necessary, HM Treasury will also update the Green Book and supplementary guidance on discounting.¹¹

2.9 HM Treasury will also set out further guidance on appraising transformational change in due course.

Finding 3: Continued over-emphasis on BCRs in decision making

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.

2.10 In February 2026, HM Treasury published a new version of the Green Book. The new guidance includes a swathe of changes to reduce the emphasis on BCRs in decision making and embed the key conclusions from last year's review. In particular, it stipulates that:

- A single summary metric of social value (e.g. a BCR) is not enough to make a balanced judgement about the value for money of an option. Decision makers must consider the full range of monetisable and unmonetisable costs and benefits, risks, and distributional and place-based impacts
- Practitioners should not make judgements on value for money using arbitrary 'BCR thresholds'. In other words, practitioners should not reject a proposal simply because it has a BCR of less than a particular value (e.g. below two)
- A proposal with a BCR of less than one may still represent value for money. For example, it may have a low BCR but significant unmonetisable benefits
- BCRs and other summary metrics of social value should only be used for comparing different options to meet the same objectives. They should not be used to compare different proposals with different objectives

2.11 The updated Green Book also introduces a new, revised definition of 'value for money'. This makes it clear that value for money is a balanced judgement based on a range of factors, not just what can be monetised and distilled into a BCR. The guidance also includes new and improved 'appraisal summary tables' to support decision makers to

¹¹ ['Green Book supplementary guidance: discounting'](#), HM Treasury, February 2026

understand the full range of costs, benefits and risks of different options, rather than default to a single headline figure.

2.12 These changes do not dilute the government's commitment to ensuring every pound of public money is well spent. Robust economic evidence and analysis remain central to the appraisal process. In fact, the new Green Book is explicit that proposals with relatively low BCRs should be subject to rigorous scrutiny to ensure that they do indeed represent value for money.

2.13 Taken together, these changes represent a fundamental shift in the way the government assesses major spending proposals. They will actively shape decisions on new investments such as Northern Powerhouse Rail, moving beyond a single BCR to a broader assessment of what drives growth and prosperity.

Finding 4: Overly long and complicated guidance

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.

2.14 During the Green Book review, regional and local government stakeholders consistently raised concerns about the length and complexity of the Green Book and its accompanying guidance. The new edition of the Green Book responds directly to that criticism. At less than 100 pages, the new version is clearer, more accessible and more than 40% shorter than the previous version. Early feedback from practitioners suggests the new guidance is much easier for officials, local authorities and others to use and apply in practice, reducing unnecessary bureaucracy.

2.15 HM Treasury has also published new guidance on how to produce a business case. This single piece of guidance consolidates separate documents on how to produce project and programme business cases. The new guidance is clearer, more accessible and more than 50% shorter than the existing versions. It also updates the content across the Five Case Model to reflect up-to-date best practice from relevant government functions and professions.

2.16 HM Treasury has also published a set of 'bitesize' examples of core appraisal techniques, including how to: discount costs and benefits; calculate a benefit cost ratio; undertake sensitivity analysis; and apply optimism bias.¹² These worked examples should be particularly helpful for those developing business cases in the public

¹² ['Green Book supplementary guidance: examples of appraisal calculations'](#), HM Treasury, June 2026

sector. They provide clear, practical case studies that support the consistent application of the Green Book.

2.17 HM Treasury has yet to provide guidance setting out the level of detail that is proportionate for business cases of different levels of cost and complexity. This remains an important commitment to ensure practitioners can develop business cases of sufficient detail to inform decision making without consuming nugatory resources in the process.

2.18 More broadly, HM Treasury will also continue to keep the wider collection of government appraisal guidance under active review, working with departments to ensure it remains coherent, accessible and proportionate.

Finding 5: Inadequate capacity and capability across the public sector

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.

2.19 The Green Book review found that local and regional government does not have sufficient analytical capacity when it comes to developing high-quality business cases. HM Treasury and other organisations have undertaken various initiatives to help address this.

2.20 In October 2025, the NWF launched its Regional Project Accelerator to accelerate the development and delivery of key growth and clean energy projects across the UK.¹³ Strategic Partnerships are now in place in Greater Manchester, West Yorkshire, the West Midlands and Glasgow City Region. These provide embedded advisory support to help places develop and secure long-term investment opportunities while strengthening local capability. HM Treasury will work with the NWF to assess the impact of Strategic Partnerships and the potential for further expansion.

2.21 In March 2026, the NWF announced that it is backing the 'Good Growth Fund' in Greater Manchester, with at least £500 million to support the city region to identify and invest in projects with high potential to attract private capital.¹⁴

2.22 HM Treasury also committed to supporting more secondments between central and regional government, providing benefits both to the respective organisations and to individual secondees. In September

¹³ ['National Wealth Fund launches new Regional Project Accelerator for local government'](#), National Wealth Fund, October 2025

¹⁴ ['National Wealth Fund backs Greater Manchester in £500m partnership with Good Growth Fund'](#), National Wealth Fund, March 2026

2025, the Cabinet Office and Local Government Association together launched the GovXchange programme. This programme facilitates secondments between the civil service and local and strategic authorities, promoting the sharing of skills and experience across different parts of government to help build expertise and broaden capabilities. The programme is currently in a pilot stage across eight locations, with plans to expand nationwide in the future.

2.23 Additionally, through an MHCLG initiative, strategic authorities are now being offered the opportunity to advertise secondment opportunities in their organisations directly to civil servants, such as on departmental intranets and the policy profession website.

2.24 Following publication of the new Green Book and business case guidance, HM Treasury and the Welsh Government will also work to update the syllabus of the 'Better Business Cases' programme. HM Treasury and the Welsh Government will also use this as an opportunity to ensure the programme is as relevant and useful as possible for practitioners in regional and local government, not just central government.

2.25 Building capacity and capability across the public sector is a long-term endeavour. HM Treasury will continue to keep this under review, working with MHCLG, the NWF and other partners to identify further opportunities to strengthen the capability of local and regional government to develop effective, well-evidenced business cases.

Finding 6: Poor transparency of government business cases

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.

2.26 Since 11 June 2025, all projects and programmes on the Government Major Projects Portfolio (GMPP) have been required to publish a Summary Business Case, Full Business Case or Programme Business Case within 4 months of HM Treasury approval. HM Treasury published new guidance in June 2025 to support departments to meet this requirement.¹⁵

2.27 Fourteen business cases have now been published on the business case collection page on GOV.UK.¹⁶ These span 5 departments and cover projects and programmes with a combined value of tens of billions of pounds. This represents a step change in transparency and accountability compared with the position a year ago. These new

¹⁵ ['Publishing business cases: guidance'](#), HM Treasury, June 2025

¹⁶ ['Business case publications: collection'](#), HM Treasury, June 2025

publications reflect government investment across different parts of the country and provide the public with an unprecedented view of major investment decisions.

2.28 However, compliance with the publication requirement has been mixed. Some departments have not published all business cases in scope of the publication requirement, and some have published no qualifying business cases at all. The Chief Secretary will write to the relevant ministers to address this non-compliance and reinforce the importance of meeting the publication requirement. HM Treasury has also incorporated the requirement into the annual departmental end of year finance assessment process.

2.29 Transparency of government business cases remains vital for ensuring the public can hold government to account and have confidence that every pound of taxpayers' money is being spent on projects that deliver the best possible value. It also helps provide a clearer picture of the geographical distribution of major investments across the country. HM Treasury will therefore keep the scope of the publication requirement under review, with a view to extending or strengthening it where necessary.

Chapter 3

Embedding the review

3.1 Delivering the actions set out in the Green Book review is only the first step. New guidance, however clear and well-crafted, does not change the way decisions are made on its own. The government must ensure this new approach becomes the default way it assesses investment decisions. That means it is properly embedded in organisational processes and assurance frameworks and sustained over time without requiring policing from HM Treasury.

3.2 HM Treasury has already written to accounting officers across government to emphasise the findings of the Green Book review and the accompanying actions.¹⁷ Government departments and arm's length bodies have been required to integrate these actions into their business case processes, including by adopting the updated Green Book and business case guidance.

3.3 HM Treasury continues to chair the cross-government Chief Economist Appraisal Group, which will continue to bring together chief economists from across government to review and scrutinise appraisal guidance. The Green Book Network Steering Group, which includes mayoral strategic authorities and other regional government stakeholders alongside central government representatives, will continue to scrutinise the government's implementation of the review.

3.4 HM Treasury will also ensure the new approach is fully reflected in future spending reviews. This means that bid templates, appraisal requirements and decision-making processes for funding allocations fully reflect the new approach. This includes the correct treatment of BCRs, the appropriate consideration of place-based objectives, and the requirement to consider the full range of monetisable and unmonetisable impacts.

¹⁷ ['DAO 05/25 letter: Green Book Review 2025: Findings'](#), HM Treasury, July 2025

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