



**GREATER  
CAMBRIDGE  
CITY DEAL**

Securing future prosperity

**Report To:** Greater Cambridge City Deal Executive Board

8 December 2016

**Lead Officer:** Tanya Sheridan – City Deal Director

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### **Department for Transport consultation on WebTAG**

#### **Purpose**

1. To agree principles to be incorporated into a combined City Deal response to the Department for Transport's (DfT) consultation on proposed changes to the estimation of wider economic impacts in transport appraisal guidance (WebTAG).

#### **Recommendations**

2. It is recommended that the Executive Board:
  1. Agree to submit a combined City Deal response to this consultation, in addition to responses that the partner organisations may wish to make individually.
  2. Agree that the City Deal response should be framed around the principles set out in paragraph 13.
  3. Delegate to the City Deal Director, in consultation with the Chair and Vice-Chair of the Executive Board and Cambridgeshire County Council's Executive Director: Economy, Transport and Environment, responsibility for submitting a full response to this consultation in accordance with these agreed principles.

#### **Reasons for Recommendations**

3. The City Deal partners have committed to invest in the infrastructure, particularly transport infrastructure, that provides the greatest economic growth return, and have also committed to use the WebTAG methodology as a key part of that assessment. It is therefore strategically important for the City Deal to be influencing the development of WebTAG so that it is effectively aligned to support the City Deal Payment by Results mechanism. Our key message here is that we support the proposed changes, which are quite helpful in this respect, but would want to see flexibilities for high-growth areas like ours and to make sure WebTAG enables us to appraise transport schemes to assess which options have the greatest impact in fostering future economic growth.
4. The recommended principles set out in paragraph 13 have been drawn from discussion with relevant officers with expertise in the area of transport scheme appraisal and evaluation in particular, and reflect their expert advice.
5. It has not been possible to bring a full proposed response to this meeting because at the time of writing further information is still awaited from DfT. By 8 December officers will have been able to be involved in a clarification session, so a delegation is proposed to allow the outputs of that session to inform the detailed response, but to

ensure that this response is framed around the principles agreed by the Executive Board.

## **Background**

6. WebTAG is the DfT's multi-modal guidance for the appraisal of transport infrastructure projects. It therefore has substantial impacts on the evaluation and prioritisation of City Deal infrastructure schemes. The WebTAG evidence base has been developed over many years.
7. The DfT committed in 2014 to update the guidance relating to wider economic impacts. The Department is currently consulting on this updated guidance, which is built on the principles of appraisal being placed more firmly within its specific context and the transparent reporting of impacts. This seeks to place a greater emphasis on valuing economic impacts such as additionality and displacement of economic activity, and new guidance on the use of economic models in appraisal. The consultation closes on 22 December 2016.

## **Considerations**

### *Greater Cambridge City Deal response to consultations in general*

8. To date, the GC City Deal partnership has not responded to Government or other consultations. Members of the partnership routinely do. Where Government or other bodies are consulting on matters significantly impacting the work of the Greater Cambridge City Deal partnership, it may be appropriate to respond, resources permitting, when:
  - (a) The matter is significant to the partnership, but not to individual members of it and they are unlikely to respond
  - (b) To build on and/or reinforce the responses of partner organisations, which is the situation in this particular case.

### *Response to this specific consultation*

9. As a Local Transport Authority, Cambridgeshire County Council intends to submit a response to this consultation. The GC City Deal could usefully reinforce some of the messages in the County Council's and Local Enterprise Partnership's response and additionally set out the importance of aligning WebTAG methodology to the local economic growth policies underlying the City Deal partnership and other similar arrangements. The proposed response from the City Deal would be similar and not contradictory. It would welcome the intention of the changes, whilst seeking additional flexibilities for high-growth areas and even more alignment with gain share deals such as ours.
10. One of the most common criticisms of WebTAG is that it does not sufficiently account for the impacts of growth unlocked through investment, therefore it would be appropriate for a City Deal response to be submitted given the fundamental importance of unlocking growth to the City Deal's objectives.

### *WebTAG consultation questions*

11. The WebTAG consultation document specifically asks the following questions:
  1. Does the proposed approach sufficiently balance the trade-off between transparency associated with a consistent appraisal approach and the potential for more accurate understanding of impacts associated with a context specific approach?

2. Does the proposed use of “levels of analysis” balance the opportunity of a more detailed understanding of impacts with the risks arising from increased uncertainty associated with trying to model and value changes in land use?
  3. What further advice – if any – should the guidance provide on identifying whether wider economic impacts need to be assessed and identifying the most proportionate approach?
  4. Does the guidance accompanying this report provide clear, proportionate and relevant criteria with which to inform assessments of the robustness of supplementary economic modelling?
  5. What further advice – if any – should be provided on assessing displacement and what evidence is available to inform this?
  6. Are there any changes you think need to be made to the reporting requirements to ensure that these are clear, proportionate and effective in promoting transparency of modelling and analysis?
  7. What evidence/research do you think could be used to inform the supplementary economic modelling benchmarks?
  8. Are there other areas not covered here that we should also be considering in developing our research programme?
  9. What do you view as the highest priorities for further research into wider economic impacts?
12. These questions do not, however, negate the possibility of submitting broader comments as well.

*Principles proposed to shape the response*

13. In responding to the questions above and more broadly, officers have considered the consultation document and propose to submit a full response that builds upon the following key principles:
- a) We welcome the move to place more emphasise on wider economic impacts in appraising transport schemes, along with the move towards focusing appraisal more on the specific local context within which the proposed investments are to be made.
  - b) There is a risk that some of these more local context-specific factors will be marginalised by their inclusion in sensitivity tests but not in the core assessment. We suggest that these factors should be a more fundamental part of the assessment.
  - c) Wider economic rationale needs to form a more significant aspect of appraisal. We recognise that DfT need to ensure that scheme promoters do not simply come forward with schemes with hugely speculative wider benefits that are based on limited evidence. However, it is important when establishing that assurance that the potential for wider economic impacts to form part of a transformative package such as the City Deal is not negated by seeking a simple form of measurement. The strong wider economic rationale needs to come through in appraisal.
  - d) We recognise that deriving a Benefit:Cost Ratio (BCR) potentially provides a standard benchmark to allow comparison of transport options. We also recognise that transport appraisals and BCRs are typically done over 60 years. In areas of high growth such as Greater Cambridge, where there is demonstrable evidence of continued and long term growth pressures, we would wish to see some flexibility to reflect longer term growth impacts in the appraisal process. We would offer to work with DfT officials to use this area as a potential case study for how this might be done.
  - e) If DfT is to pursue the proposed approach, we need to seek reassurance that flexibility will be allowed locally in interpreting business cases where decision making is devolved such as for the City Deal. This would avoid rejecting

schemes that have a low traditional Benefit-Cost Ratio but that would bring substantial wider impacts that warrant investment.

- f) There is an opportunity in this set of changes to allow the long-term potential of growth sites to be more effectively considered within appraisal, which would allow for much more accurate appraisal. Whilst transport schemes are typically appraised on a 60-year time period, WebTAG currently only facilitates the inclusion of growth included in the existing Local Plans, meaning that future growth (e.g. at Waterbeach, Bourne Airfield) is not fully accounted for. We want to see this change.

## **Options**

### *Consultation response*

- 14. It is recommended that the Executive Board agree to the submission of a response on behalf of the City Deal partnership. The Executive Board could opt not to submit a response, given that the County Council will be submitting a separate response, however that would miss an opportunity to send a constructive message from our economic growth-focused partnership. The Executive Board could also opt to submit a response, but to change the recommended principles for that response.

### *Delegating responsibility for responding to consultations*

- 15. It is recommended that the Executive Board delegate the responsibility for turning the agreed principles into a response to this consultation to the City Deal Director, in consultation with the Chair and Vice-Chair of the Executive Board and the Executive Director for Transport, Economy and Environment.
- 16. The Executive Board could choose not to delegate this responsibility to the City Deal Director. For immediate purposes that would mean that it would not be possible to agree and submit a response to this particular consultation before the deadline. It could decide the delegation should be exercised in consultation with additional or different decision-makers.

## **Implications**

- 17. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, there are no significant implications arising from this report.

## **Consultation responses and Communication**

- 18. County Council officers with expertise in the field of transport assessment and evaluation have been engaged in the preparation of this report and, if the Executive Board agree to submit a City Deal response, will be engaged in the preparation of a full response.

## **Background Papers**

DfT consultation document – ‘Understanding and Valuing Impacts of Transport Investment. Updating Wider Economic Impacts Guidance: Moving Britain Ahead’:

<https://www.gov.uk/government/consultations/transport-investment-understanding-and-valuing-impacts>

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