

Phase 2

Northern Appraisal Playbook

A fairer approach to appraisal

February 2026



Executive summary

Transport for the North (TfN) has completed its second phase of the Northern Appraisal Playbook. It highlights appraisal issues in transport business cases that continue to limit investment in the North and sets out recommended improvements.

Phase one focused on how existing flexibilities in HM Treasury's [Green Book](#) and the Department for Transport's (DfT) [Transport Appraisal Guidance \(TAG\)](#) can be used more effectively. Through this research, TfN also engaged with government to support the updated 2026 Green Book, which is a welcome step towards more place-based and outcomes-focused decision making.

Phase two focuses on areas where current appraisal methods need improvement:



1. Making travel time savings fair for everyone

Current methods for valuing travel time savings do not fully reflect how long travel times and delays affect different people. The impact is often greater for lower-income and time-pressured groups, where even a short delay can lead to lost pay, extra childcare costs or missed appointments.



2. Recognising the real impact of job creation

The Green Book assumes that most jobs created by public investment are displaced from elsewhere in the UK. This does not reflect labour market conditions in many parts of the North, where unemployment and under-utilised labour remain high. As a result, the appraisal system underestimates the benefits of job creation, regeneration and bringing people into work.



3. Enabling housing growth

Transport investment can unlock land for housing and development, but these benefits are difficult to capture accurately in current appraisal processes. This is a particular challenge in the North, where demand often needs to be stimulated and new housing is more dependent on having the right transport infrastructure in place.

Technical changes needed

Working with delivery partners, academic experts and the [Independent Transport Commission](#) (ITC) TfN explored these challenges in detail and recommends the five following technical changes to better support northern business cases:

- Use regional job evidence to better show how transport schemes create jobs in areas that need them, rather than assuming jobs move from elsewhere in the country
- Use spatially sensitive assessment methods that better reflect how transport investment supports local economic growth
- Take a broader view of value for money by considering who benefits from investment and how schemes support the government's five missions
- Improve how travel time savings are measured so they better reflect how delays and long journeys affect different groups of people
- Improve TAG guidance so it is easier to show how transport schemes help unlock housing and support regeneration.

TfN also worked with government departments to help inform updates to the Green Book and TAG, so appraisal better reflects the needs of the North. We will continue to support partners to improve national guidance and promote fairer investment decisions.

These changes will help constituent authorities make better use of existing appraisal flexibilities and develop stronger business cases that unlock transport funding.

Background

TfN's constituent authorities consistently report that transport investment in the North is constrained by an appraisal system that does not fully reflect wider economic, social and environmental outcomes.

In response, TfN published phase one of the Northern Appraisal Playbook in May 2025. This showed how existing flexibilities in the Green Book and TAG can be used to strengthen business cases and better reflect northern conditions.

Phase one tested these flexibilities through two case studies (a rail station and a road scheme). This helped assess the impact on economic and strategic cases. The findings were published and subsequently applied to support a Levelling Up Fund bid, led by a constituent authority, which successfully secured government funding.

Phase one also showed that some Green Book and TAG assumptions need further reform. TfN welcomes the revised Green Book, published in February 2026, as a positive step towards fairer, more place-based appraisal.

The review highlights the need to move away from over-reliance on Benefit Cost Ratios (BCRs) and places greater emphasis on the strategic dimension, including how investment delivers local objectives. This shift supports place-based business cases that can unlock investment in the North and contribute to the government's five missions.

Three key appraisal challenges for the North

1. Equity in travel time savings

Current values of travel time savings do not fully reflect time sensitivity, particularly for lower-income groups and for non-commuter trips.

2. Job displacement assumptions

The Green Book's assumption that new jobs are largely displaced from elsewhere does not reflect the benefits of job creation and regeneration in the North.

3. Enabling housing growth

While transport can unlock housing and development, appraisal methods struggle to capture these benefits accurately.

TfN undertook detailed analysis in each area. For travel time savings and job displacement, we convened expert roundtables across industry, academia and delivery bodies, with the travel time work led jointly with the ITC.

For housing growth, we reviewed TAG methodologies for dependent development and assessed how they could better capture development unlocked by transport, particularly in northern contexts.

Findings were informed by extensive engagement and continue to be shared with DfT and HM Treasury to influence future updates to TAG and the Green Book. This will help ensure transport investment decisions better reflect northern needs and opportunities.

Strategic case for change

TfN's [Strategic Transport Plan \(2024\)](#) reflects feedback from our constituent authorities that current appraisal frameworks constrain investment in the North.

Reform is needed to ensure appraisal supports inclusive growth and improved connectivity for the North.



Value of Travel Time Savings (VoTTS)

VoTTS typically account for the majority of monetised benefits in transport business cases and therefore have a significant influence on BCRs and value for money assessments. Current methodologies risk reinforcing regional inequality by undervaluing benefits in the North.



The current approach places greater value on longer-distance business travel and underplays the importance of time savings for lower-income and time-pressured users, including unpaid carers, part-time workers and single-parent households. These groups often face high time pressure alongside limited financial flexibility.

For many lower-income workers, particularly in shift-based roles such as care, retail and manufacturing, punctuality is critical. A short delay can result in lost pay or disciplinary action. By contrast, professional roles often offer greater flexibility. TfN's research on [transport-related social exclusion](#) shows that lower-income groups are less able to absorb delay and disruption.

There is scope to better reflect real-world impact by introducing distributional weightings and improved segmentation of non-commuter trips, such as healthcare, unpaid care and other essential journeys.

The current methodology also favours places with larger populations, as benefits are driven by total time savings rather than their significance to individuals or communities. A more proportional approach would better reflect the scale and importance of benefits relative to journey length and local context.

Finally, VoTTS methodologies tend to favour incremental improvements over transformational change. Connecting communities to essential services or employment for the first time can deliver substantial value that is not well captured by reductions in existing journey times. Appraisal should better reflect new accessibility, not just marginal time savings.

Further development of travel time values for van and HGV drivers and freight will strengthen VoTTS methodologies, building on recent outputs from DfT and National Highways. TfN welcomes DfT's continued commitment to VoTTS research and will work collaboratively to embed our recommendations into future studies.

Displacement of jobs



The Green Book's closed jobs model assumes that new jobs are displaced from elsewhere in the economy. This disproportionately affects regions like the North, where underemployment, economic inactivity and structural deprivation persist.

As a result, appraisal can underestimate the benefits of schemes that support job creation in high-need areas, unlock brownfield land, regenerate town centres and stimulate private investment.

The current approach applies a fixed productivity index to capture net employment gains and assumes benefits dissipate over time. However, short and medium-term employment gains can be significant and should be recognised, even if the impact diminishes in the long term.

TAG also requires employment welfare benefits to be assessed nationally. This can offset job gains in the North against losses elsewhere, sometimes resulting in negative net benefits for transformational schemes. Fixed productivity assumptions over long appraisal periods further understate the impact of long-term labour market and productivity.

This approach risks undervaluing projects that contribute directly to the government's mission on employment, productivity and inclusive growth.

Enabling housing growth



Government policy prioritises increased housebuilding, yet current Green Book and TAG methodologies make it difficult to attribute housing and development benefits to transport investment.

In the North, public investment in transport is often needed to stimulate demand and create viable markets. However, strict cost-benefit models make it challenging to evidence the role of transport in enabling development.

TAG focuses on dependent development, where new development is directly enabled or partially enabled by transport investment to prevent unacceptable pressures on the existing network. Scheme promoters must demonstrate clear causality and additionality, which is often technically complex, resource-intensive and disproportionate to scheme scale.

As a result, dependency testing is frequently delayed or omitted, meaning schemes can be discounted early due to low BCRs before their full housing and regeneration benefits are understood.

Recent TAG updates have improved guidance on induced investment, but uncertainty remains. Clearer thresholds, definitions and expectations, particularly around partially enabled development and reasonable levels of service, would simplify dependency testing, improve transparency and align with Green Book review recommendations.

Further appraisal reform required

Phase two recommends five technical changes to address appraisal challenges across the North. These will require further engagement with HM Treasury and the DfT for consideration in future updates to the Green Book and TAG.

The table below sets out the recommendations and which of the three appraisal challenges each is intended to address.

Technical changes recommended	Appraisal challenge it would address		
	Equity in travel time savings	Displacement of jobs	Enabling housing growth
Use regional job evidence to better show how transport schemes create jobs in areas that need them, rather than assuming jobs move from elsewhere in the country			
Use spatially sensitive assessment methods that better reflect how transport investment supports local economic growth			
Take a broader view of value for money by considering who benefits from investment and how schemes support the government's five missions			
Improve how travel time savings are measured so they better reflect how delays and long journeys affect different groups of people			
Improve TAG guidance so it is easier to show how transport schemes help unlock housing and support regeneration			

What next?

Our evidence, insight and technical support help partners develop strong, place-based business cases. This strengthens the case for transport investment and supports sustainable and inclusive growth across the North.

Following the updated 2026 Green Book, we will continue to help partners use the appraisal system effectively. We will also continue working with government to improve appraisal guidance, so it better reflects the needs of the North and supports fairer funding decisions.

To find out how TfN can support your organisation, please contact us at tfnoffer@transportforthenorth.com.

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