

UPDATES TO THE GREEN BOOK 2022

The following presents an overview of the key changes to the Green Book 2022 edition (compared to the 2020 edition) and subsequent implications for towns developing their business cases.

Update	Page, paragraph/ table reference*	Description of change	Implications for TF business cases
Real terms growth in values	P. 42 5.13	A transparency requirement has been introduced in business cases where values grow in real terms. Where prices or values are expected to grow in real terms (i.e., additional growth above general inflation), these assumptions must be based on objective evidence. These assumptions must be clearly set out in the business case, and consulted and agreed with the approving authority.	If value growth assumptions (in real terms) has been applied, please ensure the assumptions, rationale for the inclusion and any evidence base used to inform the assumption is clearly set out in the business case.
Net Present Social Value (NPSV) and Benefit Cost Ratio (BCR)	Pp. 50-51 5.54-5.57	Guidance on the creation of NPSV and BCRs in appraisal have been amended. Amendments includes: <ul style="list-style-type: none"> NPSV definition slightly amended to clarify the overall impact of an option includes any changes in public spending. It is now <u>mandatory</u> to calculate and present the NPSV for each option appraised, and be considered alongside any BCR (as well as non-monetised benefits and costs). When estimating the BCR, clarity on the type of costs included in the BCR is provided. Public sector funding should only normally be included in the denominator (of the BCR calculation). Regulatory assessment: presenting the costs to businesses as a result of the constraint on regulation is not sufficient on its own as a measure of NPSV and BCR. 	Based on the amendments, please ensure the following: <ul style="list-style-type: none"> The NPSV (and BCR) is estimated based on changes in public sector spending only. This is specifically applicable for measuring return on public sector spend. If an NPSV has not been calculated yet, please provide the NPSV in the business case. The NPSV, alongside the BCR, must be provided for the summary document submission(s). Social returns: towns are only required to provide an alternative BCR if they are appraising and comparing regulatory measure against spending measures. This involves dividing the present value social benefits by the present value social costs. The latter includes both public sector costs, plus wider costs

		<p>Appraisers must endeavour to estimate benefits and costs of the regulation in question where possible.</p> <ul style="list-style-type: none"> Guidance on measuring social returns provided. When comparing regulatory and spending measures, a BCR should be estimated by dividing the Present Value of Social Benefits by the Present Value of Social Costs. 	<p>on society (i.e. disbenefits). Please note, for Towns Fund, the calculation of the conventional BCR (dividing the net present value benefits by the net present value costs) remains, as per the first bullet point.</p>
Wellbeing supplementary guidance	P. 60 6.22	<p>Following the publication of the Wellbeing Guidance for Appraisal in 2021, the Green Book has been revised to include the use of the guidance to measure wellbeing. For more details on the Wellbeing Guidance for Appraisal, please refer to TFDP's blogpost, "It's not all about economic benefits".</p>	<p>We recommend reading our blog post for an overview and TFDP's reflection on the guidance.</p> <p>If you are appraising projects which notably delivers wellbeing benefits, please refer to the guidance to understand whether wellbeing benefits can be quantified and incorporated into the Value for Money assessment.</p> <p>Please note, if you are quantifying wellbeing benefits, ensure there is no double counting of benefits. More guidance on avoiding double counting can be found in the supplementary guidance.</p>
Environmental Valuation and Greenhouse Gas Emissions	Pp. 73-84 A1.1-A1.53, Table 3	<p>Annex 1, the environmental valuation guidance has been refreshed throughout. Table 3 has been added to summarise key environmental values referenced in the Green Book 2022. Updated guidance to reflect BEIS carbon values September 2021 release.</p>	<p>Review Annex 1 of the Green Book 2022 and if you have estimated any environmental (dis)benefits, please ensure the methodology and economic values/parameters used, including carbon values, are aligned with the latest Green Book guidance.</p>
Willingness to Pay for a Quality Adjusted Life Year	P. 87 A1.63	<p>Clarified value as £70,000 in 2021/22 prices</p>	<p>If applicable, revisit the Willingness to Pay for a Quality Adjusted Life Year used in the economic appraisal and ensure the value is presented in the current base year.</p>
Distributional Appraisal	P. 98 Table 4	<p>The equivalised income by quintile has been updated, now based on weekly income before housing costs in 2019/20 (from 2015/16 values).</p>	<p>If you have undertaken a distributional appraisal, revisit the values used in the distributional appraisal and update the value if applicable.</p>

**Location reference in the Green Book 2022 guidance.*

TERMS & CONDITIONS



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