

Susan Tilbrook Proof of Evidence Appendices NR32/2

TAB 6 Appraisal of Summary Table Template

Explanation of Impacts headings marked as “Suggested Impacts to be removed from the appraisal”

Wider Impacts

1. Guidance on what is meant by “wider impacts” is provided in DfT Transport Analysis Guidance TAG Unit A2.1 ‘Wider Impacts’ (January 2014).
2. Paras 1.1.2 and 1.1.3 of TAG Unit A2.1 explains that:

“1.1.2 ‘Wider impacts’ is the term given to some of the economic impacts of transport that are additional to transport user benefits. Economic theory indicates that under conditions of perfect competition for both the transport and the transport-using sectors, a properly specified appraisal of a transport scheme would accurately estimate all welfare impacts. Transport schemes are expected to have impacts in markets other than transport (such as the labour market, product market and land market). However, in perfectly competitive markets, the value of increased output, for example, would be captured through the change in consumer surplus of business and freight traffic, whilst the value of increased employment would be captured through the change in consumer surplus of commuter traffic.

1.1.3 In practice, most markets are not perfectly competitive, and, as a consequence, Wider Impacts (WIs) may result as direct user impacts are amplified through the economy. If only direct user impacts are appraised, some economic impacts would be missing from the appraisal. Analysis has shown that these impacts can be large, and can therefore be an important part of the overall appraisal of a transport scheme.”
3. Para 1.1.4 identifies three types of Wider Impacts that may need to be appraised in transport schemes:
 - a. Agglomeration (concentration of economic activity over an area)
 - b. Output change in imperfectly competitive markets ;
 - c. Tax revenues arising from labour market impacts (including from labour supply impacts and from moves to more or less productive jobs)
4. Para 2.1.2 identifies that for some transport proposals it may not be proportionate to complete an assessment.
5. Under transport appraisal, economic impacts are primarily captured by the estimation of user benefits e.g. as a result of time savings. Wider economic impacts refers to economic impacts which are additional to transport user benefits such as on employment, GDP, GVA, productivity etc.
6. DfT Transport Analysis Guidance TAG UNIT A2.1 ‘Wider Economic Impacts Appraisal’ states, (December 2017) states, on page 3, under the heading “Under what circumstances should wider economic impacts be appraised?” as follows:

Wider economic impacts can be appraised whenever there are considered to be significant market failures in secondary markets (non-transport markets), which are likely to have a significant bearing upon the welfare impacts of a transport intervention.

The assessment of wider economic impacts should only be undertaken under the following circumstances:

- 1. it is proportionate to do so – see ‘Guidance for the Technical Project Manager’ for further information on proportionate appraisals; and*
- 2. the appraisal is accompanied by an Economic Narrative – see section 5 for guidance on developing an Economic Narrative.*

Given the fact that the ASTs were completed on a crossing by crossing basis to enable a comparison of different options being considered as a diversionary route for that crossing, and not at a strategic project level, it was considered that wider impacts could not be determined for the proposals and this impact was therefore removed from the AST template

Affordability

7. DfT Transport Analysis Guidance TAG unit A4.1 ‘Social Impact Appraisal’ sets out, in section 9, that the analysis of personal affordability is concerned with changes in the monetary costs of travel. The monetary costs of travel can, in some cases, be a major barrier to mobility for certain groups of people, and increases in travel costs can have particularly acute effects on their ability to access key destinations. Since the monetary costs of travel is a key component of the analysis of user impacts, the analysis of affordability draws on that analysis, using the results for commuting and other purposes only. The analysis usually depends, therefore, on the availability of a transport model and an analysis of transport user benefits based on use of the Department’s software TUBA.
8. Due to the nature of the proposals (involving PROWS and private user crossings) for the level crossing closures it was considered that affordability was not relevant for the project.

Option and non-use values

9. TAG Unit A4.1 sets out, in section 7, that the appraisal of impacts on option and non-use values is only likely to be of importance where an intervention will substantially change the availability of transport services within a study area. In circumstances where the lack of a transport facility could cause inconvenience, people who do not usually use the facility may be willing to pay a premium – the option value - to ensure that it is available for unplanned trips. In addition, people may be willing to pay to retain a facility regardless of any possible use – this is the non-use value.
10. It is also clear from the Tag guidance that appraisal of option and non-use values should only be undertaken where there is a step change in the level of service offered. This would include the introduction of, or loss of, a transport mode or the provision of a significantly better facility than currently exists, such as a new motorway or a high speed railway line.

11. Due to the nature of the proposals involved in the project – specifically, the provision of new rights of way and/or use of existing highways/PROW network to replace PROWs lost as a result of level crossing closures - it was considered that 'option and non-use value' was not relevant for the project, and this 'impact' was therefore removed from the AST template.

Promotor Objectives

12. Network Rail has set out in evidence in this inquiry its strategic case for seeking the closure (or downgrading) or level crossings within Suffolk. Those strategic objectives are common to all crossings included within the Order, albeit each objective will apply to a greater or less extent on each crossing, depending on its particular circumstances. The benefits which would result from closure, on a site specific basis, were not part of the option selection workshops held between NR and Motts, in which NR and Motts discussed the preferred option(s) to be taken forward for a particular crossing. This is because all options assessed for each level crossing would result in the same site-specific strategic benefits. That is the same strategic benefits which would result from closure of a particular level crossing would be the same whether diversion route A or diversion route B was selected: the benefits arise from closure of the crossing itself, not from the alternative route provided to enable that closure to take place.