



Llywodraeth Cymru  
Welsh Government

PUBLICATION

# Ministerial position statement to assist Welsh Transport Appraisal Guidance (WeITAG) 2022 users

Ministers will be called upon to make judgements about specific WeITAG appraisals where these are of high importance and where they require the calculated costs and benefits to be weighed up against Welsh Government priorities.

**First published:** 11 August 2022

**Last updated:** 11 August 2022

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Recent revision of the UK Treasury Green Book has recognised that in order for expenditure on policies and projects to be value-for money, it must support government aims and objectives. As a result of this revision Welsh Government Chief Economist has advised that:

“ ‘A project can only be shown to deliver value for money if it is consistent with the Welsh Government’s strategic objectives and values.’ ”

And of course, in order to meet Government's policies and objectives to the maximum extent possible, it is also imperative that public resources are used cost-effectively.

This ministerial position statement is intended to save Welsh Transport Appraisal Guidance (WelTAG) users time and effort by indicating how ministers in the current Welsh Government are likely to bring their view of strategic objectives and values to bear when considering WelTAG appraisals, in particular with regard to balancing more quantifiable costs and benefits against important but less quantifiable or incommensurable costs and benefits.

This review of WelTAG was in part precipitated by ministerial concerns that the value placed by appraisals on driver journey time savings has led to outcomes directly contrary to some of Welsh Government’s highest priorities, including addressing climate change and toxic air pollution by reducing traffic and achieving mode shift, and improving public health through higher levels of walking and cycling.

These ministerial concerns reflect a multi-decadal professional debate over the valuation of journey time savings.

There are two aspects to this debate. The more technical aspect is the question of the degree to which, if at all, very small journey time savings carry realisable value to individuals, and whether (or under what circumstances) it is a valid

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exercise to aggregate large numbers of very small journey time differences across many individuals or multiple trips by the same individual to generate financial values for disbenefits or benefits. Academic analysis has exposed uncertainty about the value that should be attached to small time savings, particularly where these small time savings accrue to leisure journeys of short duration in uncongested conditions. Some have argued that in such circumstances the value could be very low or even zero.

This is the reason that Transport Canada's guidance has taken the position that net present value calculations should not include values derived from small journey time alterations of less than 5 minutes, on the basis that small time savings cannot be utilised effectively but does recommend that the value of the small travel time differences should be presented as a separate calculation<sup>[1]</sup>. Whilst recognising the potential merits of this approach, this revision of WelTAG guidance puts in place a different, wider, requirement that all values from journey time changes should be presented separately and two net present values presented – excluding and including the value of journey time alterations. This approach is to account for the second non-technical aspect of the journey time valuation debate, summarised below.

The more fundamental issue, in the context of Welsh Government priorities to address climate change and achieve mode shift away from private vehicles to more sustainable modes of travel, is that traveller time savings may either support or undermine those Welsh Government priorities, depending on who the time savings accrue to.

If drivers save time this tends to create more vehicle mileage, carbon, pollution, congestion, road danger and ill-health from sedentary lifestyles, and thus runs directly contrary to top-level Welsh Government objectives for climate, mode shift, air quality and social well-being. Under these circumstances it would be perverse to consider these time savings as a benefit without fully accounting for the offsetting disbenefits just described. However, many of these disbenefits are not amenable to full quantification, and thus require a ministerial judgement to

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be applied.

Conversely, if public transport users, walkers or cyclists save time, this tends to reduce vehicle use and concomitant carbon emissions, toxic air pollution, congestion, crashes, etc and increase health. In these cases, the time savings support Welsh Government top-line objectives, and the time savings benefits are supplemented by these wider benefits, although these again cannot be fully quantified and require ministerial judgement.

This dichotomy is the other reason that WelTAG has been re-drafted to require the elements of value-for-money assessments that derive from journey time changes to be shown separately, so that decision-makers can take a high-level view as to the relevance and validity of the journey-time element.

These considerations are laid out here so that WelTAG users can be aware that proposals for which the cost-benefit analysis rests largely on generation of driver time savings are likely to be viewed by ministers as a negative influence on achieving Welsh Government top-level priorities such as climate change and mode shift. In so far as benefits for the Welsh economy resulting from faster travel for drivers may in some circumstances require to be weighed up against this negative impact, WelTAG users should be aware that claimed economic value of faster travel for drivers will be unlikely to be considered persuasive where it derives from aggregation of many small driver time savings.

[1] Daly, A., Tsang, F., & Rohr, C. (2014). The value of small-time savings for non-business travel. *Journal of Transport Economics and Policy (JTEP)*, 48(2), 205-218

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