

Glossary

Individual bid: Submission made up of 1 project from 1 bidding entity/ local authority

Package bid: A submission made up of 2 or 3 projects from 1 bidding entity/ local authority

Joint bid A submission made up of 1 project or a package of up to three projects by more than 1 bidding entity or local authority

OAR Options Assessment Report

Cost-Benefit Analysis (CBA) Analysis which assesses the value of as many of the costs and benefits of a proposal as feasible, including items for which the market does not provide a satisfactory measure of economic value.

Appraisal Refers to the assessment made before decisions are taken of the economic, social, environmental, public account and distributional impacts that an intervention may have.

Benefit-Cost Ratio (BCR) Given by PVB / PVC and indicates how much benefit is obtained for each unit of cost, with a BCR greater than 1 indicating that the benefits outweigh the costs.

Present Value of Costs (PVC) The sum of discounted costs and revenues to the budget available over the appraisal period, and gives the value of these impacts in the prices of a given base year.

Present Value of Benefits (PVB) The sum of all discounted benefits and dis-benefits not included in the definition of the PVC over the appraisal period, and gives the value of these impacts in the prices of a given base year

Distributional Impacts (DIs) Considers the variance of transport intervention impacts across different social groups.

Optimism Bias (OB) The demonstrated systematic tendency for appraisers to be over-optimistic about key project parameters, including capital costs, operating costs, works duration and benefits delivery.

A Quantified Risk Assessment (QRA) Allows an expected value (defined as the average of all possible outcomes, taking account of the different probabilities of those outcomes occurring) of the cost of the proposal to be calculated. This expected value should form the 'risk-adjusted' cost estimate.

Evaluation A systematic analytical process which examines the effectiveness of a project based on actual results. This can include what difference it made (impact evaluation), whether its benefits justified its costs (economic evaluation) and how it was delivered (process evaluation)