

BUSINESS CASE APPROACH GUIDANCE FOR 2018 RLTP REVIEWS

REQUIREMENTS & RECOMMENDATIONS

Incorporating the BCA principles in RLTP reviews

MAY 2016



RLTP REQUIREMENTS

Legal requirements

Regional land transport plans (RLTPs) are statutory documents that set out the region's land transport objectives, policies and measures for at least 10 years (refer Land Transport Management Act 2003).

RLTPs are to be prepared by Regional Transport Committees (RTCs) every six years - and must include a statement of transport priorities for the region as well as a forecast of anticipated revenue and expenditure on land transport activities. For the purposes of this guidance, Auckland Transport is treated as if it were an RTC.

The Land Transport Management Act 2003 (LTMA) sets out in detail the requirements of an RLTP - which includes a requirement to complete a review of an RLTP during the six months before the end of the third year. There is also a clear expectation that proposed activities within RLTPs are aligned with, and help give effect to, the objectives and priorities of the Government Policy Statement on Land Transport (GPS). The RLTP must also set out the region's land transport objectives, policies and measures for a period of at least 10 years.

Statutory requirements for a three-year review

The LTMA requires that each RTC complete a review of their RLTP in the six-month period prior to the expiry of the third year of the plan.

It also stipulates that in carrying out the review the RTC must have regard to the views of representative groups of land transport users and providers.

The NZ Transport Agency also has a statutory responsibility within the RLTP process. This includes prescribing what information must be presented in the RLTP and the form and detail of activities to be considered for inclusion in the NLTP.

The LTMA stipulates that for the purpose of inclusion of activities in the National Land Transport Programme (NLTP), the RLTP must be in the form and contain the detail that the Transport Agency may prescribe in writing to regional transport committees.

In turn, in preparing the NLTP every three years, the Transport Agency must 'take into account any regional land transport plans' (LTMA).

NZ TRANSPORT AGENCY REQUIREMENTS

Overview of the Business Case Approach

The Business Case Approach (BCA) was introduced by the Transport Agency in 2013 to help improve transport planning and project development practice in New Zealand.

The BCA is based on international best practice, and its introduction will help align investment management practice

in the land transport sector with NZ government and Treasury expectations for public investments. It helps ensure that investment proposals seeking inclusion in the NLTP are supported by a concise investment story.

To achieve the full benefits of the BCA, it is important that plans at national, regional and local levels are developed in a way that supports the development of fit-for-purpose investment cases for individual activities and programmes. As the key statutory document for each region, it is important that RLTPs are developed and managed in a way that supports this outcome.

The Transport Agency requires RLTPs to apply BCA principles

RTCs' responsibility for developing an RLTP include the need to meet any requirements of the Transport Agency in terms of form and content.

One of the Transport Agency's primary requirements is that the principles of the BCA must be applied in developing and reviewing the RLTP.

The BCA is a principles-based approach to investment development that helps ensure that investment proposals seeking funding from the National Land Transport Fund (NLTF) are supported by a clear, concise business case.

Four key principles

There are four key principles that lie at the heart of the BCA. They are:

- The importance of accurately identifying a problem and its consequences.
- The stating of the benefits associated with addressing the identified problem(s).
- The need to explore alternatives and options and then build the case for a particular response - with clear logic and evidence to support it.
- The need for informed discussion by the relevant parties throughout the development process.

RTCs must be able to show they have applied these principles to the RLTP development, its review process and to the RLTP itself.

Applying the principles of the BCA to RLTP development in this way helps ensure that the resulting document contains a clear, compelling and desirable plan for advancing land transport in the region.

How should these principles be applied?

In practice, there will be differences in how the principles are applied depending on which section of the document is under development.

For the front end of the RLTP (the regional strategic context), the Transport Agency considers there are six key features that illustrate the BCA principles.

Six key features we look for

This section outlines six key features we look for to gain confidence that the BCA principles have been effectively applied. We encourage you to refer to these principles for guidance in your review.

The front end of the RLTP describes the strategic context for the region. It describes the priority problems the region is facing, the outcomes sought and what the region is looking to achieve overall.

This strategic context should reflect the principles of the BCA and forms the region's case for investment. The six key features that the Agency has identified to illustrate the BCA principles have been successfully applied for this part of the RLTP are as follows:

1. Clear statements on what the highest priority issues or problems relating to transport in the region are - supported by evidence
2. Clear statements on the highest priority benefits/outcomes the region is seeking from investing in transport
3. A clear set of regional objectives, that will address these problems and outcomes. (Objectives need to be specific, measureable, achievable/affordable, relevant/realistic and timebound)
4. A clear view of the relative priority of these objectives
5. Evidence that stakeholders have been involved in helping to identify the problems, outcomes and objectives through a process of informed discussion. This must involve the parties that will collectively be responsible for addressing the problems and delivering the benefits sought, as well as those who hold the most knowledge about the problems.
6. A clear, logical story that shows how the region's programme has been prioritised to deliver on the priority objectives

Requirements for activities submitted for inclusion in the RLTP

The Transport Agency has previously signalled that from 1 July 2015, any new activity seeking funding via the NLTP must be able to demonstrate that the BCA principles have been applied in developing the case for investment, regardless of the size or complexity of the activity or initiative. Each approved organisation is responsible for ensuring that the activities it submits via the RLTP for inclusion in the NLTP continue to meet this requirement.

In testing the application of principles in relation to these activities, the Transport Agency will be looking to see that the approach relevant to the activity's point of entry has been applied robustly, and that the resulting case for investment is appropriate for NLTP inclusion or for funding from the NLTF.

The Transport Agency will also be looking to see how the RTC has determined that these activities align with the priorities set by the region and described in the strategic context (ie the front part) of the RLTP. It will also assess how they align to the current GPS.

TRANSPORT AGENCY RECOMMENDATIONS

The following section outlines the Transport Agency's recommendations for incorporating the BCA principles throughout the RLTP development and review process, supporting higher quality RLTPs.

Benefits of applying BCA principles to inform RLTP development

There are a number of benefits gained by applying the BCA principles to RLTPs. These benefits include:

1. Enabling activities submitted for NLTF funding to be assessed more accurately in terms of how they will deliver on the regions priorities and achieve chosen outcomes, where these align to the GPS.
2. Ensuring there is a robust case for investment behind every RLTP that stakeholders have been part of building and are clearly committed to.
3. The regional objectives will inform the strategic context for every individual investment proposal in the region.
4. Providing a clear signal to individual approved organisations through the RLTP objectives of what the region values most in terms of transport outcomes and what will be prioritised in the region's programme. This will enable clear expectations to be set regarding the need for each approved organisation to submit programmes that align with regional, as well as national, priorities.
5. Ensuring there is clear logic, reasoning and evidence to support the region's priorities.
6. Providing a common framework and language that enables ready comparison across regions.

The resulting plan should in turn enable the Transport Agency to clearly understand the regional investment story and take that into account when it prepares the NLTP – giving appropriate recognition to investments that will deliver most on regional priorities and outcomes, where these are consistent with the GPS.

The value of the mid-term (three-year) review

The three-year review is an opportunity to take stock and review progress.

It provides an opportunity for collective reflection, and to make any needed refinements to the plan.

It enables the programme of work to be updated to reflect what has been achieved in the first three years of the RLTP and to include any important new or changed activities, providing detail for years 4–6 of the current programme.

It is also an opportunity to check that everyone working in the region (AOs, Police and other key stakeholders) remains committed to the plan

We know that last time round the RLTP development process was challenging for everyone – as it involved a number of new requirements.

This review provides the opportunity to ensure quality is high and, if need be, bring the document up to a standard that might not have been achievable during the initial development phase.

What is recommended in terms of process for the mid-term review?

The size and scale of the review and the process to be used is up to individual RTCs to decide within the prescribed form and content of the RLTP, including timelines to be met to enable development of the NLTP. The diagram included in this guidance shows a recommended timeline, but each RTC must determine the exact path it will follow, which will depend on the scope of the review required.

The process for the three-year review of RLTPs is not prescribed under the LTMA. However, the Transport Agency recommends the following approach:

- The parties involved in the initial RLTP development process jointly reflect on the plan and what might need modifying to ensure the plan continues to be relevant for the next three years.
- As part of the check that is done, the parties reflect on (a) to (g) below:
 - a. Progress made since the plan was developed. Questions to reflect on could include:
 - > What has changed in the last three years in terms of our strategic context – what progress against objectives or change in outcomes are we seeing? What benefits have been delivered by committed investments? What new evidence are we seeing? What more do we know? What has changed in our planning landscape?
 - > What progress has been made in the three-year period in terms of our work programme? What has been progressed? What has been achieved? What has slipped? What more do we know?
 - b. Confirmation of whether the objectives, policies and measures set in the RLTP are still valid or relevant, and whether they still align with the GPS or need to be revisited.
 - c. A check to confirm that the RLTP follows the principles of the business case approach (as set out under *Requirements*).
 - d. The continued relevance and importance of the priority problems identified within the plan. Consider:
 - > Are the problems identified the most critical/the biggest facing the region?
 - > Are there no more than 3–4 problems presented? (Note: any more than that and the impact gets lost).
 - > Is there evidence that these problems are critical and important to solve in this time period? (Note: it might be helpful to distinguish between shorter term objectives to help focus investment for the current programme period, and the longer-term goals the region is seeking to achieve).
 - > Have we accurately captured cause and effect for each problem?

- e. The key benefits and outcomes defined. Consider:
 - > Are the benefits/outcomes of resolving each problem accurately described?
 - > How well do our chosen objectives align with the problems and benefits we have defined?
 - > Have we described how we will measure the benefits/outcomes to ensure they are achieved over time?
- f. Clearly prioritised objectives for land transport within the region. Consider: are the objectives 'SMART' (ie specific, measurable, achievable, relevant, and time-bound), in line with NZ Treasury expectations?
- g. Develop the regional programme of activities using prioritisation that reflects regional objectives and priorities.
- h. The regional programme of activities contained within the plan includes updated or additional detail regarding the work programme for years 4-6. This includes:
 - > any activities that are new and need to be added to the RLTP
 - > any activities that have changed substantially and need to be updated in the RLTP
 - > any activities that are no longer relevant and that need to be removed from the RLTP.
- Following this review, the parties will understand in more depth what (if any) the scope of further work is needed to bring the current RLTP up to date and to address any issues arising.
- Where there is work to be done, it is important that this is progressed through informed discussion with the stakeholders that understand the issues and will be responsible for delivery. The Transport Agency recommends the use of facilitated workshops to produce investment logic maps and benefits management plans (see additional ILM resource sheet) that enable the investment story to be told clearly and concisely. Any amendments to the Plan should be made after the completion of this process. Significance policies should also be reviewed at this stage as well.

What does a good RLTP achieve?

RLTPs are critical planning documents that set the context for future land transport investment in the region. The direction set by an RLTP is an essential part of the strategic context for any land transport investment proposal. If this is done in a way that is consistent with the BCA principles, it will simplify the development of strategic and programme business cases in particular, by providing a consistent investment story about what the region wants to achieve and why.

RLTPs are the primary vehicle for discussing and agreeing a clear set of regional outcomes, priorities and improvement projects in the land transport space. They describe the gap between where we are and where we need to get to, along with the programme of activities needed to bridge that gap.

The resulting RLTPs tell a powerful story about a region and its aspirations. They are a great vehicle for ensuring everyone working in the region is actively involved in and clear on the objectives and outcomes the region is seeking.

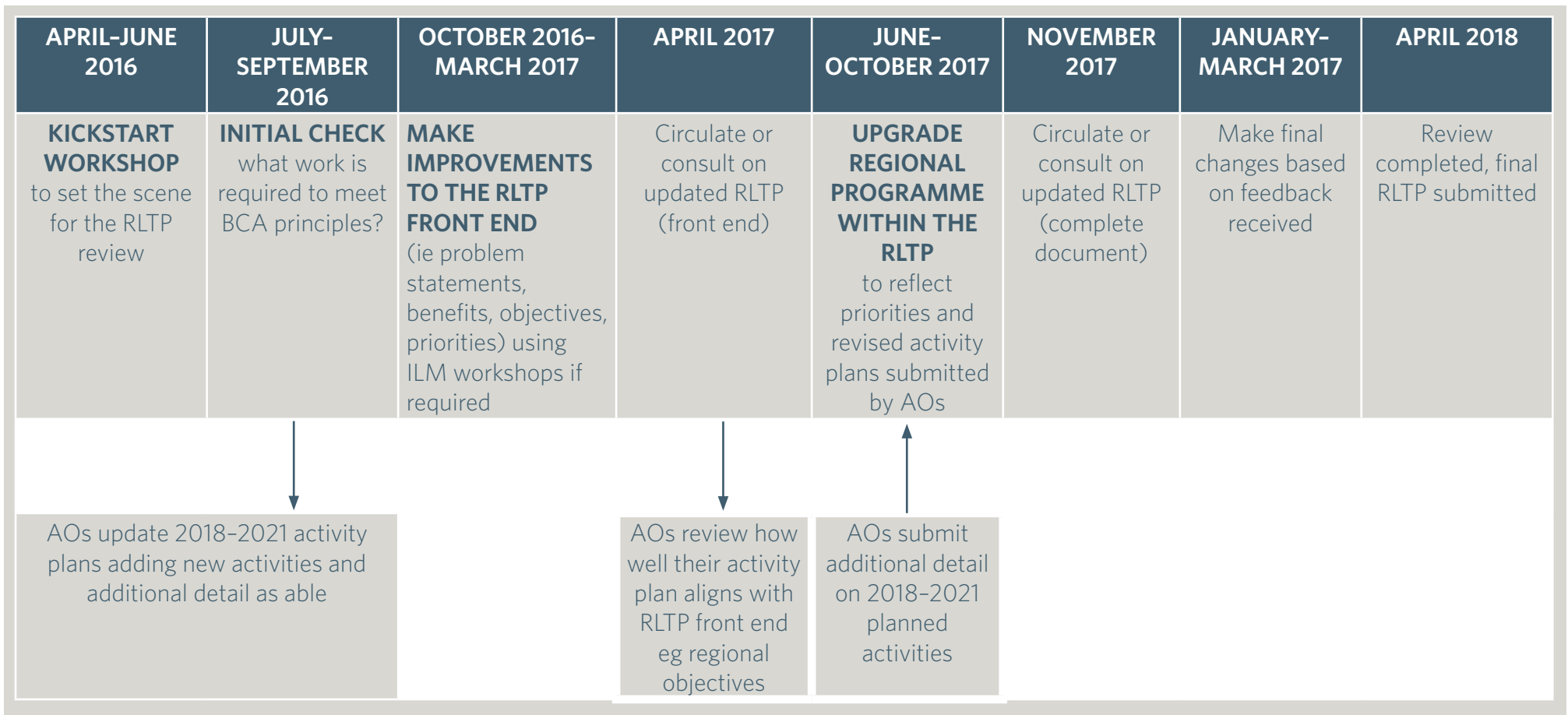
They help ensure everyone working in the region is driving for the same outcomes and working on the big issues or problems.

The Transport Agency sees RLTPs as more than just a list of activities or projects that funding is being sought for – they tell us what really matters to the region, how investment in different activities will achieve the outcomes and where change is most needed.

They also tell us what regions are looking to see included in the RLTP, and how those activities will contribute to the region's transport objectives. In this way they form the foundation for future investment.

An RLTP that applies the BCA principles will inform and drive investment across all funding sources. It presents the compelling case for land transport investment for local, regional and national investors.

HIGH-LEVEL TIMELINE FOR RLTP REVIEW 2018



- **30 April 2018**
RLTP entered into TIO
- **Early July 2018**
NLTP published
- **End July 2018**
RLTP published

REGIONAL LAND TRANSPORT PLANS: KEY LINKS AND RELATIONSHIPS

