

LOW COST LOW RISK PROGRAMME DEVELOPMENT FOR THE 2021-24 NLTP

Guidance

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PURPOSE

To define the information requirements for a Low Cost Low Risk (LCLR) programme for 2021-24 and to outline the process for completing and uploading a request for funding of the 3-year LCLR programme and the one-year forward programme into Transport Investment Online (TIO).

BACKGROUND

The draft GPS 2021 sets out the activity classes for the 2021-24 NLTP. LCLR programmes need to be allocated to the appropriate activity class, because the 2021-24 NLTP requires separate LCLR programmes for:

- Road to Zero
- Public transport services
- Public transport infrastructure
- Walking and cycling improvements
- Local road improvements • State highway improvements
- Rail network.

The requirements for developing the LCLR programme are based on the technical paper prepared for the investment decision making review:

<https://www.nzta.govt.nz/assets/planning-and-investment/docs/low-cost-low-risk-programmes-may2020.pdf>

Some excerpts have been provided below.

Low Cost Low Risk Definition

Waka Kotahi has amended and simplified the definition of a Low Cost Low Risk activity for the 2021-24 National Land Transport Programme as:

‘Any activity within an identified activity class that has a total implementation cost within the Low Cost Low Risk threshold’

LCLR activities will be grouped into the applicable LCLR in the relevant activity class.

Low Cost Low Risk Threshold

On considering a range of options, the Waka Kotahi Board approved an increase in the LCLR threshold to \$2M for a LCLR for the 2021–24 NLTP. The threshold refers to the capital cost of the improvement activity (including administration costs) from design through to implementation.

The Board decided that a \$2M LCLR threshold effectively balances risk and complexity with efficiency and cost-effective delivery of outcomes in the 2021-24 NLTP.

Managing Low Cost Low Risk Thresholds

If the total cost to complete an activity, during NLTP development or the annual LCLR programme reset, is close to the LCLR threshold then consideration should be given by the AO, and its Waka Kotahi Investment Advisor, to the likelihood of the activity exceeding the established threshold.

If there is a high probability that the activity will exceed the threshold, then the AO should be prudent and not include the activity in its LCLR programme, instead completing a Point of Entry with Waka Kotahi to identify the business case pathway and obtain funding to develop the appropriate business case (generally expected to be a Single-stage Business Case Lite).

THE ROLE OF THE ACTIVITY MANAGEMENT PLAN OR REGIONAL PUBLIC TRANSPORT PLAN IN SUPPORTING A LCLR PROGRAMME

The LCLR programme is supported by an Activity Management Plan (City, District & Unitary Councils), Regional Public Transport Plan and other council documents that together support its transport activity (Regional Councils), or the State Highway Activity Management Plan (Waka Kotahi). AMPs should reflect the expectations of the Local Government Act and also meet the expectations set out in the Land Transport Management Act. These are considered by Waka Kotahi to be the equivalent of a programme business case.

The guidance in PIKB on the role of AMPs in the business case process still applies. A well designed AMP will fulfil the role of a business case for the LCLR programme.

INFORMATION REQUIREMENTS

The allocation of LCLR funding occurs in two concurrent processes:

- Request for funding, which is a 3-year funding request based on funding blocks within an activity class by GPS results alignment which informs the investment priority order.
- Annual Low Cost Low Risk Programme Reset which requires the applicant to update the LCLR Programme Activity Spreadsheet by itemising the applicant's LCLR programme against each activity class for the 3-year NLTP period.

Waka Kotahi requires an Activity Management Plan, or the equivalent for public transport activities, to provide the overall business case for an Approved Organisation's LCLR programme. This includes setting out its approach to addressing gaps in the existing customer level of service and optimising and prioritising the activities included in its LCLR programme. LCLR activities may also arise from other programme business cases, such as the Safer Network Programme.

For an AO to obtain three-year funding approval for their LCLR programme, the following templates are required to be submitted to Waka Kotahi:

- A completed bid template setting out the following:
 - Proposed three-year funding request for against each activity class
 - Commentary in support of requested activities and the overall funding sought

- A draft detailed activity list template is required for at least the first year of the three-year programme. The LCLR Detailed Activity list template requires a list of activities with the following mandatory information:
 - Project name
 - Project description
 - Programme or other project reference
 - Primary benefit
 - Activity class
 - Intervention type
 - What do you plan to deliver
 - Forecast expenditure over the 2021-24 period
 - Expenditure in previous NLTP periods – This will be zero for new activities. This will need to be updated when the 2018-21 NLTP period is completed
 - Estimated cost to be incurred after 30 June 2024 – This will be zero if the activity is completed during the 2021-24 period
 - Project status – Select existing, new or other
- The following fields are optional, but this information can also be provided within TIO:
 - AO Identifier – this is a name or number that an AO may also use to identify the activity
 - Comment field