

# Low Cost Low Risk Programme Development for the 2024-27 NLTP

## Purpose

To define the information requirements for a Low Cost Low Risk (LCLR) programme for 2024-27 and to outline the process for completing and uploading a request for funding of the 3-year LCLR programme which includes a detailed the first year programme into Transport Investment Online (TIO).

## Background

The draft GPS 2024 sets out the activity classes for the 2024-27 NLTP. LCLR programmes need to be allocated to the appropriate activity class, because the 2024-27 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

Allocations within each Activity class can be treated like the programme funding approach, with the ability to switch projects around to optimise spend and delivery in agreement with your Waka Kotahi investment advisor. This also enables AOs to consider build back better or associated improvement options when delivery other capital or maintenance projects.

Please refer to PIKB for Work Category eligibility criteria for each activity class.

## Low Cost Low Risk Definition

“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

A \$2M LCLR threshold effectively balances risk and complexity with efficiency and cost-effective delivery of outcomes in the 2024-27 NLTP.

The threshold refers to the capital cost of the improvement activity (including administration costs) from design through to implementation.

## 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 (SSBC) Lite). It should be noted that this pathway does not guarantee funding approval, but does have a higher chance of support, as it would not be considered retrospective.

If a project remains in the LCLR programme and the out of pocket costs exceed the \$2m threshold, it is expected the AO will manage the cost overrun within the overall approved funding allocation, which may result in other projects being unable to be delivered in later years.

## 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 a Programme business Case or 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 the first year of the three-year programme. The LCLR Detailed Activity list template requires a list of activities with the following mandatory information:
  - **TIO ref #:** For each activity inputted into the bid template, the cell should be changed from “Unused” to “New/add”
  - **Activity name:** A unique name needs to be inputted for each activity
  - **Activity status:** For activities carried over from the 21-24 NLTP, the status should be set to “Committed”. For new activities, the status should be set to “Draft”. The other activity statuses are for Investment Advisors to use
  - **Waka Kotahi Safety identifier:** This is only compulsory for Road to Zero activities. The unique identifier number from the pipeline development tool should be inputted here
  - **Programme or other project reference:** This column references documents that support the activity being subsidised. Choose the reference from the dropdown menu selection.
  - **Primary benefit:** The main benefit from the activity needs to be inputted here
  - **Funding source (phase):** The activity class that the proposed activity falls under needs to be selected here (including CERF activities)
  - **Intervention type:** The intervention type of the activity must be selected. The dropdown selection menu will change depending on the funding source selected
  - **Measure of delivery:** The amount that is planning to be delivered needs to be inputted here
  - **GPS strategic priority:** One of the four GPS 2024 priorities needs to be selected
  - **GPS alignment rating:** An alignment rating from an Approved Organisation’s perspective must be given
  - **Expenditure previous NLTP period:** If the activity has been carried over from the 21-24 NLTP period (committed activities), include the expenditure from the last NLTP period
  - **Requested budget this NLTP period by year:** There are three respective columns for each financial year in the 24-27 NLTP period. Include the total cost being requested for each financial period where relevant
  - **Expected budget for all future NLTP periods:** If the activity will carry over into future NLTP periods, include the total expected budget for all years beyond the 24-27 NLTP period
- The Walking and Cycling Activity class bids required all information as above for all years submitted at the time of NLTP inclusion.
- The following fields are optional for Local Road Improvements, State Highway Improvements, Public Transport Infrastructure projects in year 2 and year 3, but this information is still required to be updated prior to approval in year 2 or 3:
  - **Measure of delivery**
  - **GPS strategic priority**
  - **GPS alignment rating**
- Your Waka Kotahi investment advisor will assess the year 2 and 3 as a package approach for each activity class.

**Note**

LCLR programmes will be initially submitted during September 2023, however, these programmes will need to be confirmed later in the year before the initial improvement activity moderation

session. At this stage, additional information relating to investment prioritisation and activity location will be required.

The final GPS may also create the need for further supplementary information to be provided, which Waka Kotahi will confirm when the GPS is adopted.