

# Programme funding approach - overview

This information provides an overview of the programme funding approach.

## What is the programme funding approach?

The programme funding approach is a process to provide funding approval for a 3-year programme of standard improvement activities in a NLTP period, supported by one business case. It is very similar to funding approval for a low-cost low-risk programme.

## What is a programme?

Waka Kotahi has developed a broad definition of programme, acknowledging that there are many ways that activities can be logically grouped. Further guidance on the definition of a programme can be found here: <https://www.nzta.govt.nz/assets/planning-and-investment/docs/programmes-and-packages-june-2020.pdf>

## What are standard activities?

Standard activities are a well understood and simple solution for a transport improvement; the costs and benefits are well understood; and the activity has an established track record for delivery and achievement of the desired outcomes. For example, standard safety interventions (SSI) in the SSI toolkit. See Standard Interventions paper: <https://www.nzta.govt.nz/assets/planning-and-investment/docs/standard-interventions-may-2020.pdf>

## What are complex activities?

A complex activity is an activity where the costs and benefits are very different depending on the option selected (i.e. costs and benefits are not well understood prior to optioneering) and an optioneering process is needed to determine the right cost, the right solution and best value for money. A complex activity is not a standard activity and so requires its own business case for funding approval.

## What are the advantages of funding a 3-year programme?

Potential advantages of developing a 3-year programme for funding approval are:

- One business case, rather than multiple business cases
- Funding certainty at the start of the NLTP period provides opportunities to manage resources and procurement in the context of a 3-year programme and refocus effort and resources where one project is delayed
- Better delivery and better value for money.

## What are the requirements of a business case to fund a 3-year programme?

A programme of activities can include both standard and complex activities (definitions above), but the complex activities will require a separate business case.

A guidance note has been prepared which sets out the requirements of a programme business case. See link: [Business Case Approach guidance | Waka Kotahi NZ Transport Agency \(nzta.govt.nz\)](#)

A similar guidance note will be developed which sets out the requirements to include in an addendum to an existing programme business case to support funding of standard activities.

## Broad programme and 3-year programme of activities

When considering programmes of activities, in many cases there will be a broad programme (longer than 3 years) that is proposed to address a specific problem or problems. The broad programme will be set out in an endorsed Programme Business Case (PBC). A 3-year programme of activities, which is a sub-set of the broad programme, will identify what standard activities need to be funded and delivered during a single NLTP period. Funding may also be sought to develop a business case for a complex activity.

## Right sizing of programmes

One of the critical aspects of preparing a programme of activities will be the right sizing a 3-year programme that is submitted for funding. There are two aspects of right sizing:

1. The optimal size of the programme (quantity, scope, mix and timing of activities) to deliver the outcomes sought
2. The size of the programme (NLTF share) that can be funded from the activity classes in question given the funding available.

Guidance is being developed in relation to the above.

The investment prioritisation method that is to be developed for the 2024-27 NLTP will need to guide how this right sizing works to ensure that a fundable 3-year programme is appropriately prioritised in the NLTP.

## What is the approval process?

Once a programme of activities has been assembled following the business case process for problem consideration and solution development, the various economic assessment, financial, and management requirements must be set out in a PBC. Refer: [Business Case Approach guidance | Waka Kotahi NZ Transport Agency \(nzta.govt.nz\)](#). The business case must then be endorsed by Waka Kotahi. The 3-year programme of standard activities that arises out of the PBC will be recommended for prioritisation in the 2024-27 NLTP.

As part of the prioritisation process, it may be necessary to adjust the size of that 3-year programme to fit within available funding. When the 2024-27 NLTP is adopted, the funding approval can be made for the prioritised 3-year programme.

An activity management plan (AMP) can constitute a PBC to support funding for a 3-year programme, provided the AMP contains sufficient details concerning the economic case, management case, financial case, etc.

## What happens at the end of the 3-year period?

The funding runs out at the end of the 3-year period. There is a funding risk if there are contractual commitments to complete works beyond the 3-year period. The unfinished activities from a 3 year programme can be re-submitted in a subsequent NLTP but there are no funding guarantees from Waka Kotahi for this work.

To gain funding for the next 3-year programme, an addendum to the PBC should be prepared which sets out the next 3-year programme and how that will be managed and delivered. This will go through the prioritisation and funding approval process as part of the 2027-30 NLTP.

## When will the programme funding approach be finalised?

We are seeking feedback on the proposed programme funding approach and requirements for a business case, and the cut-off for this feedback is 23 November 2022. We are arranging an on-line training session in early November 2022 to explain the programme funding approach to the sector and to discuss any issues that come to light. Information regarding this training session will be sent out through email invitation to all Approved Organisations.

We welcome feedback to identify any changes required to the programme funding approach, our requirements and guidance as appropriate. We aim to update the programme funding approach in December.

This will give time for AOs to develop a PBC or make an addendum to an existing PBC in 2023. The 3-year programmes of standard activities that are proposed to be funded in 2024-27 can be included in RLTPs and prioritised in the 2024-27 NLTP. This enables funding approvals of 3-year programmes to be made when the 2024-27 NLTP is adopted (by September 2024).

## **How to give feedback on the proposed programme funding approach?**

Email: [programmesapproach@nzta.govt.nz](mailto:programmesapproach@nzta.govt.nz) by 23 November 2022.