BUSINESS CASE POLICY

Section	DVC University Services
Contact	Manager – Financial Planning and Analysis
Last Review	February 2025
Next Review	February 2028
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Purpose

The purpose of this policy is to define the business case requirements of Massey University. For more information on how the policy is applied, please refer to the Business Case Framework and Procedures.

Policy

Massey University has adopted the Better Business Cases (BBC) methodology to provide a framework for effective business planning and to ensure quality assurance for better business outcomes.

1. The Senior Leadership Team (SLT) has responsibility for determining the merits and priority of change and investment proposals for Massey University.

2. Endorsement by the respective SLT sponsor of the Strategic Assessment or Business Case is required prior to commencing drafting of the Strategic Assessment or Business Case.

3. The next step is to prepare a Strategic Assessment, for SLT approval. Once this is approved, a Business Case can be developed. See Business Case Framework and Procedures for the detailed steps in the process.

4. Business case templates will be based on the level of risk and financial value assessed in accordance with the Risk Profile Assessment (see Appendix A).

5. The Vice Chancellor (VC) or the DVC University Services (DVC US) may authorise that the Strategic Assessment process is bypassed to proceed straight to a Business Case. This does not negate the need for item 2 above.

6. Strategic Assessments and Business Cases are required to be endorsed by the Estates and Infrastructure Advisory Committee (EIAC) prior to being presented to SLT.

7. The BBC methodology and fit for purpose templates will be used for all business cases presented to SLT and University Council. The business case will also undergo a quality assurance review before submission to SLT.

8. Business cases will comply with the Business Case Framework and Procedures aligned to this policy. This document references the Better Business Cases guidelines detailed on the New Zealand Treasury website, Better Business Cases (BBC).

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9. The DVC US is the business case process owner and business cases will comply with any advisory requirements that the DVC US may request.

10. A business case is required for any funding request exceeding a total project cost (TPC) of $300,000 (see definition) or recurrent funding of $100,000 per annum or above. The type of business case will be determined by the Massey University Risk Profile Assessment tool (Appendix A), and in consultation with Finance.

11. The business case shall evaluate the whole of life (WOL) cost impacts of the investment including all operating and capital costs over the life of the investment.

12. Business cases and Strategic Assessments will be formally presented to SLT for approval at a scheduled SLT business case meeting, currently twice a year.

13. Prior to the business case being submitted to Finance, in accordance with the deadlines communicated by Finance, the Business Case or Strategic Assessment is to be reviewed and supported by the Sponsor.

14. Quality Assurance Review
A business case Quality Assurance Review is a planned and systematic review of the proposals' ability to meet stakeholder expectations, i.e. will the proposal achieve the stated outcomes, in terms of benefits, cost, time, viability, affordability, sustainability, risk and reputation. Business case quality assurance reviews will be completed by a panel of specialists prior to submitting the business case to EIAC and then SLT. It will be circulated by Finance for review and will consist of representatives from core operational and services groups and augmented and supported by specialists consistent with the type and content of the business case being reviewed.

15. Finance will provide commentary on the business case quality assurance review, and this commentary must be included in the SLT committee paper.

16. Business cases must be approved through the established University planning and executive approval procedures, including SLT and University Council. Approval of business cases are in line with the Delegations of Authority Policy as follows:

    a. Capital and Operating costs - Whole of life costs up to $5m are approved by SLT or the Vice Chancellor, while business cases of more than $5m whole of life cost are approved by Council.

Definitions

Strategic Assessment
The strategic assessment phase of the BBC demonstrates alignment with strategy, estimate of cost and identifies strategic risks. Refer to Business Case Framework and Procedures.

Capital Cost
The fixed, one-time expenses incurred on the purchase of land, buildings, construction, and equipment. It is the total cost needed to bring a project to a commercially operable status.

Total Project Cost (TPC)
The financial value of all works and fees related to the implementation and completion of an approved project; including but not limited to, design, contract documentation, procurement, consents, development contributions, construction, software, configuration, implementation and training. Total project cost can include both operating and capital cost and is used to determine if the project can be approved by SLT or requires University Council approval.

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Whole-of-Life (WOL) Cost
A calculation of the financial costs associated with buying and using a good or service. WOL is also referred to as Total Cost of Ownership (TCO), Life Cycle Costs (LCC) or Maximum Total Estimated Value (MTEV). Rather than just looking at the initial purchase price, WOL looks at the complete cost from purchase to disposal. WOL value includes every phase of ownership and adds to the initial purchase price other costs expected to be incurred during the life of the product such as subsequent consumables, maintenance, design costs, operating costs, associated financing costs, depreciation, implementation, training, and disposal of assets.

Audience

All staff preparing business cases.

Relevant legislation

Education Act 1989 Section 192 Powers of Institutions

Legal compliance

Projects may need to seek Tertiary Education Commission (TEC), or Crown approval, which will be required to be submitted in BBC format.

Related procedures / documents

Asset Financial Procedure
Asset Investment Policy
Business Case Framework and Procedures
Capital Asset Management Policy
Capital Budget Carry Forward Procedure
Delegations of Authority Policy
Information and Records Management Policy
Programme and Project Management Policy
Project Post Completion Review Policy
Progressive Procurement Policy
Risk Management Framework
Risk Management Policy

Document Management Control

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Appendix A

Massey University Risk Profile Assessment for business cases (see next page)

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APPENDIX A: RISK PROFILE ASSESSMENT: BUSINESS CASE ASSESSMENT CRITERIA

RISK PROFILE ASSESSMENT: BUSINESS CASE ASSESSMENT CRITERIA

RISK VALUE	STRATEGIC CONTEXT	STAKEHOLDERS	JURISDICTION	SCOPE	COMPLEXITY	CAPABILITY AND CAPACITY	
5	Explicitly stated in University strategy. A critical initiative to achieve goals.	Major Impact. Multiple stakeholders involved or impacted. Involves Stakeholders across all University Colleges and Shared Services, all students, Regulatory authorities.	Involves complete delivery of services off-shore.	Impacts all University, and critical stakeholders (e.g. Community, Industry). Multi-year programme of work, with multiple workstreams/projects.	Novel and innovative. Mission critical system, extensive links to other systems. Significant customisation of elements. New construction, greenfields development, complex heritage, complex and protracted procurement process.	Requires dedicated project specific resourcing. High demand on both internal and external (contracted) resourcing, critical dependency on lead contractor/supplier.	
4	Implied in University Strategy.	Significant Impact. Multiple stakeholders involved or impacted. Impacts all Colleges and Shared Services. May include stakeholders in NZ and off-shore.	Involves international collaboration and partial delivery of services off-shore.	Directly impacts all University services. Project duration greater than 12 months, project team greater than 15, and multiple workstreams, or sub-projects exist.	Stable technology, new application. Some customisation. New or existing non-standard construction, and/or some heritage sensitivities. Standard procurement process.	Limited internal capability to undertake project, Significant outsourcing of external support and/or services. Dependent on lead contractor/supplier.	
3	Enables University strategy.	Moderate Impact. Multiple stakeholders, project involves multiple Colleges and/or Shared Services.	Involves international research collaboration.	Indirectly impacts all University services. Project duration greater than 12 months, project team greater than 15.	Stable technology, new application. Routine data migration required. Standard configuration. New or existing facility non-standard construction. Standard procurement process.	Moderate experience on medium scale projects using external support to supplement internal capability, but largely delivered by internal resourcing.	
2	Supports University Strategy, identified as key strategic initiative in Division/College Plan.	Some impact. Stakeholders confined to one College, or one Shared Service.	Involves in-bound international students. No jurisdiction issues.	Some impact across multiple Colleges or Shared Services. Project duration less than 12mths, and project team less than 15.	Stable proven technology. Standard configuration. New or existing standard construction. Standard procurement process.	Proven track record on small scale projects. Single supplier.	
1	Links to Departmental strategy	No material impact, stakeholders confined to departmental user.	New Zealand based only.	No significant impact on organisational services beyond immediate work group. Project timeline less than 6mths and project team less than 5.	No technology impact. No infrastructure impacts.	Managed by in-house staff. No external resources or supplier support required.	TO CALCULATE RISK SCORE HIT F9 ONCE COMPLETE
TOTAL	0	0	0	0	0	0	0

Value / Score	>$300k	>= $1M	>= $5M	>= $10M
<=30	L	H	VH	VH
<=24	L	H	VH	VH
<=18	L	M	H	VH
<=12	L	M	H	H
=6	L	M	H	H

INSTRUCTIONS: (1) Assign a risk value for each criteria in the table to the left. Total all rows for Risk Score. Use the matrix above to plot the Risk Score against the Value of the initiative to find the Risk Rating (L/M/H/VH), then use this to determine which business case template to use from the table below.

RISK RATING	BUSINESS CASE TEMPLATE REQUIREMENT
Very High	Single Stage or Two Stage
High	Single Stage or Two Stage
Moderate	Single Stage (Light) or Single Stage
Low	Short Form or Single Stage (Light)

For final determination, please discuss with the Strategic Project Management Office. Note: Projects greater than $10M in total project cost are automatically Very High risk and where you are working on interconnected cases with common benefits you may be required to use the Programme Business Case template (Print the completed RPA form and attach with the business case).

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