Purpose:
This policy defines the business case requirements of Massey University.

Policy:

Massey University has adopted the Better Business Case (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. SLT will approve a proposal in principle, for inclusion in an operating budget or capital plan, based on BBC scoping, risk assessment and strategic assessment processes.

3. Thereafter, if the proposal has been approved in principle by SLT, a scalable business case will be required, consistent with the level of risk and financial value in Table 1 below.

4. The BBC methodology and templates will be used for all business cases presented to SLT, University Council, and the Crown. The business case will also undergo a quality assurance review before submission to SLT.


6. The Chief Financial Officer is the business case process owner and business cases will comply with any advisory requirements that the Chief Financial Officer may request.

7. A business case is required for any capital funding request exceeding $150,000 in capital cost; any operating budget baseline adjustment exceeding $150,000 in operating cost in any one financial year; or any business related venture with a risk assessment of high or greater assessed in accordance with the Massey University Risk Profile Assessment.
Table 1 - The type of business case to be completed for any given project.

<table>
<thead>
<tr>
<th>Business Case Type</th>
<th>Risk Threshold</th>
<th>Financial Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Business Case</td>
<td>To be completed for all interconnected cases with common benefits</td>
<td></td>
</tr>
<tr>
<td>Two Stage Business Case</td>
<td>Any case assessed as extreme risk</td>
<td>All projects in excess of $10 M</td>
</tr>
<tr>
<td>Single Stage Business Case</td>
<td>Any case assessed as high risk</td>
<td>All projects in excess of $5.0 M</td>
</tr>
<tr>
<td>Single Stage Business Case</td>
<td>Any case assessed as moderate risk</td>
<td>All projects in excess of $1.0 M</td>
</tr>
<tr>
<td>Single Stage Light Business Case</td>
<td>Any case assessed as low risk</td>
<td>All projects in excess of $0.15 M</td>
</tr>
</tbody>
</table>

Note: The actual level of risk is determined by completion of a risk profile assessment. Refer to Related Procedures/Documents.

8. At the discretion of the SLT manager, the Business Case Framework and Procedures process may also be adopted for those projects that fall below the financial thresholds in Policy 6 above, but which have been assessed as moderate risk and by their nature justify a formal business case approach. These projects can be approved within the SLT manager's delegated authority.

9. Quality Assurance Review

Business case quality assurance reviews will be completed by a panel of specialists prior to submitting the business case to SLT. A panel will consist of standing representation from Finance and Risk Management sections. It will be convened by Finance and will be augmented and supported by specialists consistent with the type and content of the business case being reviewed.


10. The Chief Financial Officer will provide commentary on the business case quality assurance review, and this commentary must be included in the committee paper’s “Financial Implications and Treasury Comment” section.

11. Business cases must be approved through the established University planning and executive approval procedures including, sub-committee, SLT and, if over $1.0m, University Council.

Definitions:

Scoping
The scoping phase of the BBC determines the scale and risk of the proposal under consideration, identifies who the stakeholders are and how they will be engaged, and determines the level of effort and resource required developing the business case. Refer to Business Case Framework & Procedure Page 10.

Strategic Assessment

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.

© This Policy is the property of Massey University
Whole of Life Cost (WOLC)
The net present value of cash costs of the proposal under consideration. Cash costs include the initial capital or operating costs, plus the operating costs for the expected life of the asset, discounted using Public Sector Discount Rates. Refer to Business Case Framework & Procedure Page 7.

Quality Assurance Review
A planned and systematic review to provide adequate confidence that the proposal optimally fulfils stakeholder expectations, i.e. the proposal is problem-free and will achieve the stated outcomes, in terms of benefits, cost, time, viability, affordability, sustainability, risk and reputation.

Audience:
All staff preparing business cases

Relevant legislation:
Education Act 1989 Section 192 Powers of Institutions

Legal compliance:
All projects requiring TEC or Crown approval must be submitted in BBC format. TEC approval is required for all proposals requiring borrowing outside the Massey University Consent to Borrow, Projects exceeding a $25m WOLC and Public Private Partnerships.

Related procedures / documents:
Shaping the Nation, Taking the Best to the World, The Road to 2025
The Investment Plan
University Sub-strategies including Research, Internationalisation, Maori@Massey, Pasifika@Massey, Teaching and Learning, Sustainability Framework and Finance
Business Case Framework and Procedures, including the Massey University Risk Profile Assessment
Delegations Document
Procurement Policy and Procedures
Tenders Board Terms of Reference and Procedures
Capital Projects Policy
Capital Planning and Approval Procedure
Capital Developments Post Completion Review Policy
Capital Asset Management Plan
Campus Development Plans
Project Management Policy

Document Management Control:
Prepared by: National Capital Manager
Authorised by: AVC Strategy Finance, Information Technology & Commercial Operations
Approved by: C14/71 – July 4.3.3
Date issued: 2 May 2014
Last review: May 2014
Next review: May 2017