

BUSINESS CASE FRAMEWORK AND PROCEDURES

Section	DVC University Services
Contact	Manager – Financial Planning and Analysis
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Introduction

A Business Case (BC) sets out the purpose of and justification for a project and supports leaders to make informed and transparent investment decisions. A BC ultimately acts as the basis for the Go/No-go decision to invest or not in a particular initiative. These procedures should be read in conjunction with the BC.

Purpose

These procedures and the related BC Policy, provide an overview of the university Business Case process integrated with Treasury's Better BCs™ (BBC) methodology. It advises which Business Case process is required at different risk and financial thresholds and provides a brief interpretation of the Treasury guidelines and templates.

These procedures identify the application of the Business Case process within the Massey University (the university) context.

Aim of Better BCs

Business Cases are a critical element of the university's planning and investment decision making.

Policies, strategies, programmes and projects will only achieve their objectives and deliver benefits if they have been scoped robustly and planned realistically, and associated risks have been considered and taken into account.

A Business Case provides a framework for 'thinking' how an initiative or project can be delivered, by providing answers to basic questions, such as:

- Where are we now?
- Where do we want to be?
- What are our options?
- Which option is likely to provide the best value for money?

- How will we get there?

Better BCs (BBC) are fundamentally about planning and managing for success. Providing a robust and consistent methodology that leads to:

- Better informed decisions
- Better value for money
- Achievement of better outcomes

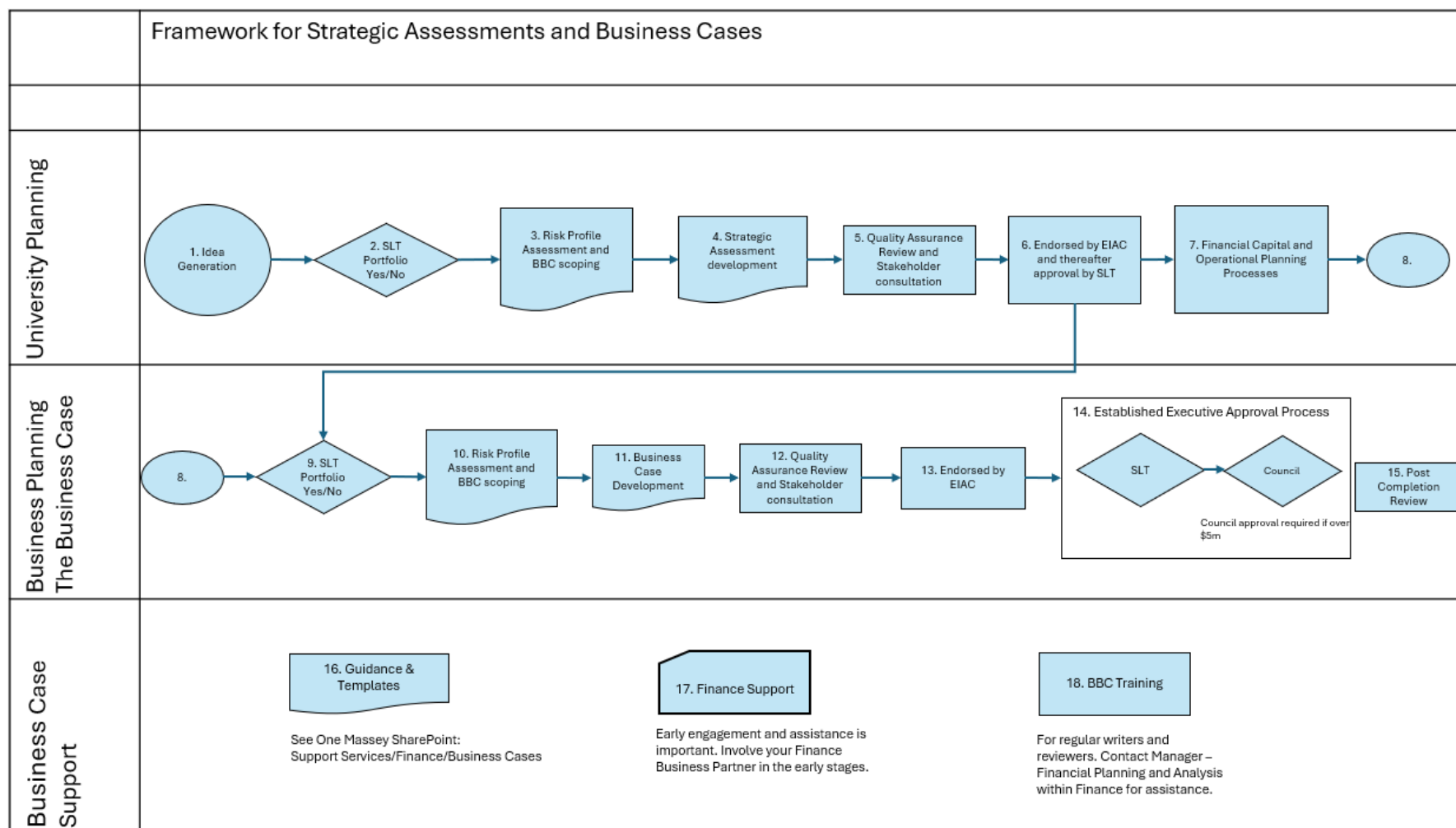
BBC is international good practice that provides:

- A structured way of thinking
- A step-by-step approach
- A way of working together
- A way to bring convergence, coherence and cohesion across the organisation.

BC Framework

Refer to the Better BCs™ (BBC) methodology for a framework and methodology relating to the Business Case process

Overview of the BC Process:



1. Idea Generation

Ideas, innovations and improvements are generated within Senior Leadership Team (SLT) portfolios. To proceed to a Strategic Assessment (SA), the relevant SLT member (acting as the sponsor to the initiative) is to support the initiative.

2. Sponsor Approval

Prior to any SA or BC (BC) being submitted, The SLT sponsor is to approve the respective SA or BV.

3. Risk Profile assessment and scoping

The risk profile assessment is completed to determine which template to use for the SA.

4. BBC SA

A scalable Strategic Assessment template is completed. The Strategic Assessment is completed at the beginning of the Business Case process and:

- a. Demonstrates the proposal is well aligned to university strategy and responds to a true business need and links to required outcomes and benefits.
- b. Indicates the level of effort and risk.
- c. An indicative budget requirement for a range of options.
- d. This assessment becomes part of the full Business Case with little or no rework.

Small investment proposals which are not funded, and which do not meet the threshold for a Business Case, require approval based on the Delegations of Authority Policy.

5. Quality assurance review and stakeholder consultation

The SA is sent for quality assurance review and stakeholder consultation. Feedback from this is to be incorporated into the SA.

6. Endorsement by Estates and Infrastructure Advisory Committee (EIAC), and thereafter seek approval by SLT

The EIAC is an advisory committee reporting to the Vice-Chancellor and the SLT. The focus is on improving coordination and oversight of estate and technology development, investment and delivery, ensuring alignment to strategic direction and plans. Once endorsement is received from EIAC the BC Strategic Assessment developer will proceed to seek SLT approval/endorsement.

7. Planning process

Once the SA has been endorsed by EIAC it will be incorporated into the capital and operating planning where applicable.

8. After completion of the SA process, it moves to the BC process.

9. Sponsor Approval

Prior to any BC being developed, The SLT sponsor is to approve prior to development of the BC.

10. Risk Profile assessment and scoping

The risk profile assessment and scoping is completed to determine which template to use for the BC.

11. BBC

The development of the Business Case can begin. This is to be completed using the BBC methodology.

12. Quality assurance review and stakeholder consultation

The BC is sent for quality assurance review and stakeholder consultation. Feedback from this is to be incorporated into the BC.

13. Endorsement by EIAC

The EIAC is an advisory committee reporting to the Vice-Chancellor and the SLT. The focus is on improving coordination and oversight of estate and technology development, investment and delivery, ensuring alignment to strategic direction and plans. Once endorsement is received from EIAC the BC developer will proceed to seek SLT approval/endorsement.

14. SLT submission and Council submission if required

The BC will be considered by SLT and approved if within SLT delegation limits. Approval of BCs are in line with the Delegations of Authority Policy as follows:

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

15. Post Completion Reviews (PCR)

An Independent PCR will be completed for projects in line with the Project Post Completion Review Policy or if the project has specific requirements for review as determined by Finance or Risk Management sections. Provision for expenses associated with a Post Completion Review should be included in the BC financials.

Other items to note:

- Financial Capital/Operational process
Once the BC has been approved, it will be incorporated into the operational budget or capital budgeting and planning process.
- Timing and deadlines
Due to the thorough review of BCs and SAs, Finance will publish a timeline relating to submission dates. Currently, there are two SLT meetings per year where BCs and SAs can be presented (April and October).
- BC Templates
The risk profile assessment determines the template to use for the BC development. See Appendix A of the BC Policy.
- Stakeholder engagement
As part of the development of the SA or BC, all relevant stakeholders should be consulted. These can include, but are not limited to, Finance, Estates, ITS and Procurement.

BC Support

16. Guidance and Templates

BC information is published on OneMassey (intranet) to provide a repository for Business Case information including guidance, templates, links, exemplars and support contacts. See One Massey SharePoint: Support Services/Finance/Business Cases:

<https://masseyuni.sharepoint.com/sites/SupportServices/SitePages/Business-Case.aspx>

17. Finance Support

Finance Business Partners provide guidance and support for the preparation of Strategic Assessments and Business Cases. Early engagement with finance, as a key stakeholder, is essential for resource planning and to avoid wasted effort.

18. BBC Training

Contact 'Manager – Financial Planning and Analysis' within Finance for assistance in developing SAs and BCs.

Applying the BC Process

All funding proposals with the following criteria must complete a BC:

- 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. See BC Policy.

The BBC process provides a comprehensive suite of guidelines and templates to accommodate low risk and small-scale projects through to high risk and large-scale projects. Templates are scalable and the level of effort required will be consistent with risk and scale. The Massey University Risk Profile Assessment tool is used to determine which Business Case template is appropriate for an investment proposal.

What is included in a good Business Case

A good Business Case is the foundation planning document for a project or programme that demonstrates:

- The stated outcomes and how they will deliver on specific aspects of the organisation's strategy.
- A full range of options and market analysis are considered to maximise value for money with an assessment of risk and uncertainty. Including in-house delivery, mixed/hybrid delivery, ownership, leasing, partnerships and outsourcing.
- The procurement strategy, service requirements, risk allocation and payment methods are defined.

- The current and future, capital and operational funding requirements for sustainable financial planning. Is this affordable? What are the costs/ benefits? When will the costs be incurred and financial benefits realised?
- Evidential project planning, resources management, quality assurance processes, risk management and mitigation planning, post implementation management and post completion review.

A good Business Case will:

- Have SMART (Specific, Measurable, Achievable, Realistic and Time-bound) objectives, setting and managing expectations.
- Clear the way forward with decision making, removing ambiguity and providing greater certainty of success.
- Have demonstrated project planning and detailed management structures.
- Provide effective change management and quality assurance, providing high levels of confidence.
- Define responsibilities and resource requirements agreed with stakeholders.
- Become a reference document for the project.

Documents and Tools to assist in Business Case preparation

<https://one.massey.ac.nz/professional-services/finance-and-procurement/business-case-development>

Guidelines for BCs

Templates

Related Guidance [BBC guidance](#) | [The Treasury New Zealand](#)

Massey University Risk Profile Assessment

Investment Logic Mapping

<http://www.treasury.govt.nz/statesector/investmentmanagement/plan/bbc/methods/investmentlogicmapping>

Cost Benefit Analysis Tool

<http://www.treasury.govt.nz/publications/guidance/planning/costbenefitanalysis>

Public Sector Discount Rates

<http://www.treasury.govt.nz/publications/guidance/planning/costbenefitanalysis/currentdiscountrates>

Gateway Reviews

<http://www.treasury.govt.nz/statesector/investmentmanagement/review/gateway>

Definitions

Key Stakeholders - have an interest in the expected outcomes or can influence the investment proposal.

Key stakeholders who can assist in the process should be identified and engaged at an early stage of the BC

development process. Key stakeholders do the BBC thinking together and can be highly influential and highly impacted. They include writers, reviewers, approvers, senior clients and major interest groups.

Resourcing - for scoping, SA preparation and BC development includes internal staff time (pre-agreed with staff), backfilling of staff, operational funding for feasibility studies and concepts, funding for external facilitators, contractors, consultants and quality assurance.

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.

Whole-of-Life (WOL) cost - the net present value of cash costs over the lifecycle 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. Operating costs should include essential personnel costs and excludes depreciation expenses.

Quality Assurance Review - 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.

Sponsor – The SLT member who is supporting the development of the SA or BC. Each SA and BC must have a sponsor for the paper.

EIAC – Estates and Infrastructure Advisory Committee

Audience

All university staff preparing Business Cases.

Related Procedures and Documents

Asset Financial Procedures
BC Policy
Capital Asset Management (CAM) Policy
Delegations of Authority Policy
Health and Safety Procurement Procedures
Information and Records Management Policy
Progressive Procurement Policy
Project Management Policy
Project Post Completion Review Policy
Risk Management Policy

<http://www.treasury.govt.nz/statesector/investmentmanagement/plan/bbc>

<https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/better-business-cases-bbc>

<http://www.tec.govt.nz/Tertiary-Sector/Crown-Interest/Business-Cases>

Document Management Control

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