

BUSINESS CASE POLICY

Section	Finance
Contact	National Capital Manager
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Next Review	May 2017
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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.
5. Business cases will comply with the Business Case Framework and Procedures aligned to this policy. This document references the Better Business Case guidelines detailed on the National Infrastructure Unit Website, <http://www.treasury.govt.nz/statesector/investmentmanagement/plan/bbc/guidance>.
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 \$250,000 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.

8. Business Cases will be presented to SLT for approval at their full SLT Meetings in April and October of each year. Only critical/urgent cases will be considered outside of these dates at the discretion of AVC Strategy, Finance, IT and Commercial Operations.

Table 1 - The type of business case to be completed for any given project.

	Risk Threshold	Financial Threshold
Programme Business Case	To be completed for all interconnected cases with common benefits	
Two Stage Business Case	Any case assessed as extreme risk	All projects in excess of \$ 10 M
Single Stage Business Case	Any case assessed as high risk	All projects in excess of \$5.0 M
Single Stage Business Case	Any case assessed as moderate risk	All projects in excess of \$1.0 M
Single Stage Light Business Case	Any case assessed as low risk	All projects in excess of \$0.25 M (capital) / \$0.15M (operating)

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

9. 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.
10. 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.
- Panel membership is determined using the policy risk and financial thresholds. Refer to Business Case Framework & Procedure Page 10.
11. 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.
12. 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

The strategic assessment phase of the BBC demonstrates alignment with strategy, estimate of cost and identifies strategic risks. Refer to Business Case Framework & Procedure Page 10.

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.

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:

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