

BUSINESS CASE POLICY

Section	Strategic Project Management Office
Contact	Director - Strategic Program Management Office
Last Review	April 2019
Next Review	April 2022
Approval	C19/42
Effective Date	April 2019

Purpose:

This policy defines 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 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 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 assessed in accordance with the Risk Profile Assessment (see Appendix A).
4. 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.
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 New Zealand Treasury Website, <https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/better-business-cases-bbc/bbc-guidance>
6. The Director, Strategic Program Management Office is the business case process owner and business cases will comply with any advisory requirements that the Director, Strategic Program Management Office may request.

7. A business case is required for any funding request exceeding a total project cost (TPC) of \$300,000 (see definition). The type of business case will be determined by the Massey University Risk Profile Assessment tool (Appendix A), and in consultation with the Strategic Project Management Office.
8. The business case shall evaluate the whole of life cost (WOLC) impacts of the investment including all operating and capital costs over the life of the investment.
9. Business Cases will be formally presented to SLT for approval at any scheduled SLT Meetings.
10. 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 SLT. It will be convened by the Strategic Project Management Office 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.

11. The Director of the Strategic Project Management Office will provide commentary on the business case quality assurance review, and this commentary must be included in the SLT committee paper.
12. Business cases must be approved through the established University planning and executive approval procedures, including SLT and University Council. Business cases with whole of life costs of more than \$1m, and which are not in budget, must be approved by Council; while business cases for budgeted investment of more than \$5m whole of life cost, must be 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 & Procedure Page 12.

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.

Whole of Life Cost (WOLC)

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. Costs likely to be incurred for a Quality Assurance Review or Post Completion Review should be included in the Whole of Life Cost. Refer to Business Case Framework & Procedure Page 7.

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:

Catalyse the Future: A Strategy for Massey University (2018-2022)
The Investment Plan
[Business Case Framework and Procedures](#), including the Massey University Risk Profile Assessment
[Delegations Document](#)
[Asset Investment Policy](#)
[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: Director Strategic Project Management Office
Authorised by: Deputy Vice Chancellor Finance and Technology
Approved by: Council
Date issued: 2 May 2014
Last review: April 2019
Next review: April 2022

Appendix A

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

APPENDIX A: RISK PROFILE ASSESSMENT: BUSINESS CASE ASSESSMENT CRITERIA

RISK VALUE	STRATEGIC CONTEXT	STAKEHOLDERS	JURISDICTION	SCOPE	COMPLEXITY	CAPABILITY AND CAPACITY	
5	Explicitly stated in the University strategy. A critical initiative to achieve its 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.	
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	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).