

## New Zealand Better Business Case Evaluation Report

### Summary of the report and the Treasury's response

Evaluation Report			The Treasury		
Findings	Assessment	Recommendations/Observations	Accepted/ Not Accepted	Responses	Completion date
<b>Part A-Review of Business Cases</b>					
Type of business case	Excellent	None	Noted		
<b>Strategic Case</b>					
Strategic alignment	Excellent	None	Noted		
Case for change	Excellent	None	Noted		
Investment objectives	Good	Expert practitioners, reviewers, Treasury vote teams, and BBC trainers should focus on the need for robust investment objectives.	Accepted	We have highlighted the importance of the identification of robust investment objectives in the updated business case <a href="#">guidance</a>	CLOSED
<b>Economic Case</b>					
Critical success factors	Excellent	None	Noted		
The long list	Good	Expert practitioners, reviewers and Treasury vote teams to encourage the continued use of the options filter in a workshop environment, with particular focus on service scope.	Accepted	We continue to encourage agencies to explore a broad range of possible options during business case development, and have begun offering ' <a href="#">clinics</a> ' to support review of options identification.	CLOSED
The short list	Good	Expert practitioners and reviewers and Treasury vote teams to ensure that the "do minimum" for spend is always considered alongside the status quo/do nothing and the preferred option.			
Economic appraisals	Good/Fair	Good because it is being undertaken. Fair, because the findings are not being sufficiently documented and attached to business cases.		Treasury's Cost Benefit Analysis guidance has been recently updated, which supports Economic appraisals. A <a href="#">link</a> is available under the Economic Case heading.	CLOSED

Findings	Assessment	Recommendations/Observations	Accepted/ Not Accepted	Responses	Completion date
<b>Part A-Review of Business Cases continued</b>					
<b><i>Economic Case</i></b>					
				We have launched a CBAX tool for agencies to use when developing CBAs. A <a href="#">link</a> is available under the Economic Case heading.	CLOSED
<b><i>Commercial Case</i></b>					
Procurement strategy	Excellent	None	Noted		
Service requirements	Fair	Expert practitioners, reviewers and Treasury vote teams should ensure that a summary of service requirements is provided in business cases.	Accepted	We have highlighted the importance of service requirements as one of the lenses in the long-list options assessment in updated <a href="#">guidance</a> .	CLOSED
Charging mechanisms	Fair	Expert practitioners, reviewers and Treasury vote teams should ensure that the business case provides a clear understanding of how payment will be made to suppliers and assist to manage delivery risks.	Accepted	New Zealand Government Procurement will be launching updated procurement guidance & capability support on their website. A <a href="#">link</a> is available under the Economic and Commercial Case headings.	CLOSED
Potential risk transfer	Fair	Expert practitioners, reviewers and Treasury vote teams should ensure that the business case provides a clear understanding of the basis upon which the apportionment of service risks has been made.			
<b><i>Financial Case</i></b>					
Capital and revenue requirements	Fair	Expert practitioners, reviewers and Treasury vote teams to ensure that financial appraisals are attached to business cases in order to verify the anticipated whole-of-life-costs of the investment.	Accepted	We will continue to focus on the accuracy of agencies' financial analysis and whole of life cost estimates. We are completing a review of the use of whole-of-life cost estimates and will report to you on this in March 2016.	March 2016

Findings	Assessment	Recommendations/Observations	Accepted/ Not Accepted	Responses	Completion date
<b>Part A-Review of Business Cases continued</b>					
<b><i>Financial Case continued</i></b>					
Balance sheet treatment	Fail	The next version of the guidance is to explain the need for an assessment of the investment's impact on the organisational balance sheet.	Accepted	We have updated the Detailed Business Case <a href="#">guidance</a> booklet.	CLOSED
				Treasury have introduced a new fiscal management tool that identifies and allocates risk across agencies according to the governments preferences through Crown Asset & Liability Management (CALM).	December 2016
Funding and affordability	Fair	Expert practitioners, reviewers and Treasury vote teams to ensure that funding gaps are fully understood and accounted for.	Accepted	We have reinforced the importance of this in updated business case <a href="#">guidance</a> .	CLOSED
<b><i>Management Case</i></b>					
Programme, project management arrangements	Good	Expert practitioners, reviewers and Treasury vote teams to ensure key roles and responsibilities are accounted for with named individuals, with the requisite training and skills, at the Implementation Business Case stage, with robust delivery plans.	Accepted	We have reinforced the importance of this in updated business case <a href="#">guidance</a> .	CLOSED
Benefits realisation	Good	Expert practitioners, reviewers and Treasury vote teams to ensure that the benefits register /benefits realisation plan is attached to business cases, as required, at the review and approval stages.	Accepted	We have reinforced the importance of this in updated business case <a href="#">guidance</a> .	CLOSED

Findings	Assessment	Recommendations/Observations	Accepted/ Not Accepted	Responses	Completion date
<b>Part A-Review of Business Cases continued</b>					
<b>Management Case continued</b>					
Risk management	Excellent	None	Noted		
Assurance	Excellent				
Post evaluation	Excellent				
Contingency planning	Fail	Next version of the guidance to explain the need for contingency plans in the event of a failure to deliver.	Accepted	We have updated the Detailed Business Case <a href="#">guidance</a> booklet.	CLOSED
<b>Part C – Expert Practitioner and Reviewer Forum</b>					
Executive leadership, strategy and policy	N/A	Provide briefings on investment principles and how policy, strategy and programmes fit together.	Accepted	We published the Government's Investment Strategy <sup>1</sup> which includes investment principles <a href="#">here</a>	CLOSED
				We have updated the Guidance webpage to show fit with strategy and polic. <a href="#">here</a> .	CLOSED
				We are Introducing Long Term Investment Plans to show what will be invested in to support delivery of an agency's or sector's strategy <a href="#">here</a>	June 2016
Capability development of leadership development	N/A	Ensure there are competent and fully trained reviewers. Reviewer training for Treasury staff best to be delivered in-house. Establish a way of sharing knowledge within a network.	Accepted	We will enhance the existing BBC Reviewers Course for vote teams and others reviewing business cases.	June 2016
				We are Introducing an Investor Confidence Rating to assess agency capability in investment intensive agencies <a href="#">here</a>	December 2016

<sup>1</sup> <http://www.treasury.govt.nz/statesector/investmentmanagement/publications>

Findings	Assessment	Recommendations/Observations	Accepted/ Not Accepted	Responses	Completion date
<b>Part C – Expert Practitioner and Reviewer Forum continued</b>					
				We will publish case studies and examples of business cases.	February 2016
Perception time and cost of BBC is prohibitive	N/A	Demonstrate how BBC mitigates and manages risk associated with investment proposals. Use tools proportionately and appropriately.	Accepted	We are actively encouraging access to BBC support available on the website. <a href="#">here</a> We will undertake an evaluation of the capability support available for business case development.	CLOSED  February 2016