*<Agency logo>*

*Template and Guidance*

<Agency Name>

<Project (or Programme & Tranche) Name>

Implementation Business Case (ImBC)

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# <Agency name> <Project (or Programme & Tranche) Name>

# Implementation Business Case (ImBC)

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# Before you start: Implementation Business Case (ImBC)

[*<go to ImBC planning guidance>*](#_Better_Business_CasesTM)

An ImBC builds on a Detailed or Single-stage business case. It provides more accurate time, cost and resourcing data, based on actual supplier proposals, and confirms that the Preferred Option remains the best value.

**The Implementation Business Case should be a brief document. The primary driver for including information is whether it is required to inform the next decision-point.**

It must be developed with the involvement of leadership and key stakeholders, as it commits them to successful delivery.

Sections which revisit and confirm earlier decisions (eg strategic case, benefits) may be a brief paragraph or two describing who was involved and when; supporting documents are referenced or included as annexes.

Other sections mainly summarise and reference the content of procurement, economic and financial analysis, and project management documents. These documents must be detailed in [Annex 2](#_Annex_2:_) and **must** be available to reviewers and central agencies on request, as evidence to support any statements made in the business case.

Signoff of the ImBC is generally delegated to Joint Ministers, if its content is within the parameters set in the DBC/SSBC approval. If it is not, it should go to Cabinet for approval, and may require resubmission of an updated version of the previous business case.

This document provides a template and guidance for an **Implementation Business Case** (ImBC) as part of the Better Business CasesTM (BBC) guidance. The template sets out good practice, and should be adapted to optimise relevance to the required decision. Some sections may be minimised (but not deleted) if less relevant to some investments.

**Scope** of an Implementation Business Casemay be for a:

* stand-alone project
* project (or multiple minor projects) within a programme
* (rarely) tranche[[1]](#footnote-1) of a programme.

**Purposes of the Implementation Business Case:**

The ImBC must provide just enough information for decision-makers:

* To be confident that the initiative is still required and a good strategic fit (Strategic Case)
* To be confident that the appropriate Preferred Option has been chosen and the costs, benefits and public value still holds (Economic Case)
* To approve the selected supplier(s), and the contract arrangements, so that the contract can be signed (Commercial Case)
* To approve funding arrangements and draw-down of funding (Financial Case). For government department and state sector projects, approval generally enables draw-down from ‘tagged contingency’ established on approval of an earlier business case
* To approve plans for the project to execute contracts and deliver (implement) the project/tranche (Management Case)

The ImBC should summarise and reference other planning documents instead of repeating the information. In this case, the supporting document should be listed in Annex 2 and must be available on request to reviewers, central agencies and functional leads. A small number of critical documents or extracts from critical documents are themselves attached as annexes.

Text in blue or blue italics is commentary and guidance for drafting purposes; delete it when no longer required.

Text in black is suggested wording for the business case document – feel free to use it or your own wording.

Boxed text in yellow states the underlying principle for this section.

Boxed text in green is specific to projects seeking to use a Public/Private Partnership (PPP) model. This text is adapted from the Infrastructure Commission Te Waihanga and from Principles for infrastructure project preparation from the G20, which adopted the 5-case model as an international standard for infrastructure business cases in 2018.*[[2]](#footnote-2)*

Text highlighted in yellow should be updated (for example, dates, table numbers).

**Guidance:** The second part of this document provides more detailed guidance for each section if required, and is accessed by links from each section in the template ([<go to guidance>](#_Better_Business_CasesTM)).

# Executive Summary

For smaller low-risk projects an expanded executive summary and annexes may be sufficient to gain approval to proceed.

The Implementation Business Case must confirm that the previously approved business case (DBC/SSBC) still stands and that there is still a need for the investment in the timeframe proposed.

**Complete this last, and keep it short.** Most of the information should be cut-and-paste or summarised from the 5-case sections of the document. The executive summary should meet the needs of decision-makers by setting out the key aspects of the business case in a concise and accessible form. State clearly what decision-makers are being asked to decide.

Structure the summary to follow the five-case model, to allow better comparison between business cases. The executive summary can be the basis for other stakeholder communications after removing any sensitive commercial information.

This Implementation Business Case seeks formal approval from [name of body/joint ministers] to:

1. Invest up to $xxx million (CAPEX) and $xxx million (OPEX) from 20yy/20yy to [20yy/20yy]. This includes contingencies of $xxx million.
2. Increase ongoing (baseline) operating expenses of $xxx000 per financial year, starting from Mmm-20YY
3. Fund this project/tranche from ….. including a draw-down from …… of ….
4. Finalise contracts with the preferred supplier(s) to ….
5. Proceed to deliver the proposed project/tranche to implement and commission the solution (Preferred Option).

## Introduction

The purpose of this business case is to recommend the preferred supplier(s) for the Preferred Option, confirm the five cases for the proposed investment, and seek approval from decision-makers to enter into commercial contracts to deliver (implement) the project/tranche.

Briefly describe the investment proposal in 2-3 sentences:

* The expected outcomes and what will be delivered, in broad terms
* The key driver for the investment
* Why a decision is required now and how this contributes to Government priorities

The key driver for this *investment is* (very simply) – priority-aligning (name the priority); non-discretionary cost pressure; mandatory/legislative requirement; improve customer service; increase capacity; regulatory initiative. The consequences of not taking action now are describe

If this initiative relates to a government priority, list the specific priority/ies it delivers to.

This investment will deliver *[describe/list the assets, service change, etc.).* The expected outcomes and benefits are: *list*

1. *Key outcomes and Primary benefits only*

### Work completed to date:

The previous Detailed/Single-stage Business Case for this investment was approved on [dd mmm 20YY], by [stakeholder group]. It:

* confirmed the case for change and the Preferred Option (the required solution to address the investment objectives)
* directed the project to go to market to procure products and services
* directed the project to finalise project management arrangements in preparation for implementation.

This approval was dependent on the following requirements/ parameters/ tolerances/ commitments to be addressed in this document to obtain approval to proceed:

List here any specific tolerances or requirements noted in the previous approval (eg WoLC to be within 10% of cost approved in the DBC); state how and whether they have been met, and the implication for the attractiveness of the proposal (eg impact on Cost-Benefit Analysis). If they have not, you may need to go back to Cabinet to restate the DBC. Also be sure to include the statements under the Case to which they apply.

## Strategic Case

Summarise any material changes to the Strategic Case since approval of the previous business case. For any changes, describe any implications to the attractiveness of the proposal.

The Strategic Case as set out in the previous business case has been reassessed and confirmed by[stakeholder group] on [dd mmm 20YY] with no/the following significant changes:

1. *List key changes, or state* No material changes

## Economic Case

Summarise any material changes to the Economic Case since approval of the previous business case. Describe any implications to the attractiveness of the proposal, including impacts on outcomes and benefits.

The Economic Case as set out in the previous business case has been reassessed and confirmed by[stakeholder group] on [dd mmm 20YY] with no/the following significant changes:

1. *List key changes, or state* No material changes

The Preferred Option that optimises public value is name and briefly describe. Explicitly describe any key trade-offs between value-for-money and wellbeing or broader outcome benefits that led to the selection of this preferred option.

The whole-of-life cost (WoLC) for investment in the Preferred Option is $xxx million (present value) over the expected lifespan of xx years.

## Commercial Case

Summarise the process used to select the preferred supplier(s), the proposed contractual arrangements and the main risks for the required products and services.

The previous business case approval included a Procurement Plan to approach the market for solutions and develop suitable draft contracts. A Request for Proposal/Request for Tender (RFP/RFT) was issued on [dd mmm 20YY] and closed on [dd mmm 20YY].

The procurement process followed complies with MBIE Rules of Procurement.

 *- or –*

MBIE approved (or recommended) the procurement approach chosen.

An evaluation panel reviewed all valid supplier offers following the process described in the Procurement Plan. The panel applied a consistent process for all proposals and evaluated proposals against documented weighted criteria.

The following suppliers provided offers that met the preconditions and were evaluated:

1. Xxx (preferred supplier) list in evaluation ranking order starting with the successful supplier

The recommended preferred supplier(s) is/are ….. because …

The services and arrangements negotiated with the preferred supplier/s are as follows: list

The proposed supplier payment terms are base principle, eg tied to meeting of key milestones.

The key contract risks are apportioned as shown in [Annex 4](#_Annex_4:_full), based on which organisation is best placed to manage these risks.

## Financial Case

Summarise the overall affordability over the life of the proposed investment, including any additional capital or operating funding required, and the primary funding sources.

The Investment summary table must show the total actual project spend to date, current project cost estimates and contingency estimates to complete the proposed scope, any additional whole-of-life operating cost estimates, and the total WoLC estimate from the previous approved business case (Detailed BC or Single-stage BC).

If the scope of the current business case is less than the previous business case, show the previously approved costs for the equivalent scope. If the total investment is higher than the previously approved BC and project budget, then it may be necessary to review the pathway for approval – for significant investments discuss this with Treasury. The information in this table may also assist with refining estimating methods for future projects by exposing optimism bias and risk/contingency estimation methods.

**Table 1:** Investment summary table (WoLC, $m)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Current cost estimates | $m | Capex | Opex | Total |
| Actual project spend to date: | at xx-20xx |  |  | 0 |
| Estimate to complete this project (all phases): |  |  | 0 |
| Project contingency: |  |  | 0 |
| Other whole-of-life operating costs: |  |  | 0 |
| Total whole-of-life cost |  |  |  |
| Total WoLC estimate from previous BC\*:  |  |  | 0 |
| Change in WoLC since previous BC: |  |  |  |

**Notes**: \*The previously approved business case (a Detailed BC or a Single-stage BC).

The updated total investment in this business case is/is not within the total investment and project budget approved in the previous business case. The cost estimates have changed because ………

Following selection of the preferred supplier/s, the proposed capital and operating costs over the expected lifespan of the project have been updated. Financial modelling of the proposed investment (project costs) and other operating costs and benefits (changes to revenues and expenses) are summarised as follows:

**Table 2:** Financial costing table – summary

| $m | 2021-22 | 2022-23 | 2023-24 | 2024-25 | …….. | Total |
| --- | --- | --- | --- | --- | --- | --- |
| Proposed investment: |
| Capital from baseline\* |  |  |  |  |  |  |
| Capital required |  |  |  |  |  |  |
| Opex from baseline |  |  |  |  |  |  |
| Opex required^ |  |  |  |  |  |  |
| Total Investment |  |  |  |  |  |  |
| Changes to revenues and ongoing operating costs: |
| Revenue baseline# |  |  |  |  |  |  |
| Revenue other |  |  |  |  |  |  |
| Operating costs |  |  |  |  |  |  |
| Dep’n & Cap.charge∞ |  |  |  |  |  |  |
| Net Operating Change |  |  |  |  |  |  |

**Note:** \*From capital reserves. ^Project time-limited funding. #Crown revenue excluding time-limited project funding. Costs include all contingencies. Project Opex includes project-related costs including independent quality assurance, quantitative risk analysis, Gateway reviews, any decommissioning. ∞Depreciation & Capital charge.

Appropriate contingencies have been made for risks and uncertainties including…...

The proposed funding arrangements are ……

The organisation’s [CEO/CFO] has reviewed the financial analysis and modelling, and confirmed that the total whole-of-life cost for this investment of [$xxx million] over x years for the Preferred Option is affordable.

## Management Case

Summarise the arrangements for project/tranche management, change and benefit management, contracts and risk management, assurance and post-project evaluation. Highlight the delivery methodology/techniques that will be used (such as Agile) and how this optimises delivery of the project/tranche.

This information must match the information in the Project Management Plan (or equivalent document(s). It may be taken from that document, or used as the basis for developing it. The ImBC should summarise or reference other project control or management documents (eg Benefits Realisation Plans. Contracts). Whether annexed or not, the documents **must** be listed in Annex 2 and made available to your business case reviewer or decision-makers on request, as evidence to support statements in the business case.

The organisation is confident that the proposed investment is achievable, with arrangements in place to manage successful delivery.

The delivery method to be used is *name/describe*. The organisation’s experience with this method and similar investments is *describe.*

The project management arrangements to be used are fully documented in a Project Management Plan *(or equivalent (name)).* This includes an appropriate governance structure *(insert diagram of high-level governance structure showing CE, ELT, SRO, Project Board, Project Director or equivalent, reporting lines).*

Figure X: Governance structure

|  |
| --- |
|  |

The project key milestones and high-level timeline are shown below.

Table 3: Key project milestones

|  |  |
| --- | --- |
| Proposed key milestones | Estimated date |
| Implementation Business Case submitted to [Joint Ministers] for approval |  |
|  |  |
|  |  |
|  |  |

Plans and processes are documented and will be followed for the management of:

* Change
* Benefits
* Contracts and services
* Risks, Issues and Dependencies.

#### Assurance and evaluation

Independent (and Technical) Quality Assurance reviews are planned to ensure that technical planning and deliverables are appropriate, robust and effective. These will occur at agreed critical points starting [mmm 20YY]

A post-implementation review is planned in [mmm 20YY] to confirm that the new system/facilities are operating as intended and delivering the services proposed in the business case, and to identify any lessons learned from the management of the project/tranche that can be applied to future projects or projects in other agencies.

As required by Cabinet Office Circular CO(19)6[[3]](#footnote-3), this project will report back to Cabinet within 12 months of the in-service date on the actual level of benefits achieved compared with those outlined in the Cabinet-approved investment.

A Treasury Operations and Benefits Realisation Review will be undertaken at agreed points; the initial review will be timed to inform the Benefits report-back to Cabinet.

## Next Steps

This approval decision will be formally recorded in [name of formal record].

Following approval of this business case, the CE/SRO will (direct the SRO and Project/Tranche/ Programme Director/Manager) to:

* Finalise and sign supplier contracts *(note that contractors can’t sign contracts on behalf of an agency)*
* Implement management and control arrangements to ensure successful delivery
* Start delivery of the project/tranche including any organisational change and any commissioning/decommissioning,
* Initiate assurance arrangements including, as required or appropriate, Independent Quality Assurance, Technical Quality Assurance, Gateway Reviews and other investment reviews
* Regularly report on status and progress through formal governance channels and reports.

# Background *[optional]*

This section is optional and provides background to the development of this business case. This can provide additional information on previous business cases and stages of the investment. This may assist current stakeholders who were not fully involved in previous business cases. The key points to summarise the strategic context go into the Strategic Case section, and should not be repeated in this section.

For a programme tranche, this section is used to provide an outline of the programme and how this tranche relates to others, in terms of scope, timing and contribution to benefits.

Text

# Strategic Case – reviewing the case for change

*[<go to guidance>](#_Strategic_and_Economic)*

This section revisits the Strategic Case, with a BRIEF update of the strategic context, investment objectives and any substantive changes that may have occurred since the previous business case, and to update any outstanding assumptions. We recommend this be done as a facilitated workshop with key stakeholders.

## Strategic Context and Investment Objectives

A robust and compelling case for change requires a thorough understanding of what the organisation is seeking to achieve – described by the Investment Objectives. Include references to the previous business case; identify impacts to wellbeing and climate change.

This investment enables ……

Table 4: The Investment Objectives

|  |  |
| --- | --- |
| Investment Objectives | Updated? If yes, describe change |
| 1. Xxx
 |  |
|  |  |
|  |  |

Table 5: Key Performance Indicators

|  |  |
| --- | --- |
| Key Performance Indicators | Updated? If yes, describe change |
| 1. Xxx
 |  |
|  |  |

## Review the Case for Change

The Case for Change is described in the previous business cases. If updates or changes have occurred, copy-and-paste the relevant subsections from the previous business case; update and identify the changes.

The stakeholders must confirm that the Case for Change and the proposed Benefits are still valid and that the project/tranche should continue to implementation.

At a facilitated workshop on *(date)* key stakeholders *(list)* reviewed the Strategic Case as set out in the previous business case and confirmed that the strategic context and the case for change remains unchanged*.* *- OR -*

At a facilitated workshop on *(date)* key stakeholders *(list)* reviewed the Strategic Case as set out in the previous business case and has identified the following changes that must be carried forward into this analysis: List any material changes to the below and describe the resulting impact, particularly on the economic case, outcomes or benefits:

* Investment objectives and business needs
* scope and service requirements
* benefits
* risks, dependencies and constraints.

# Economic Case – reviewing the Preferred Option

*[<go to guidance>](#_Action_26:_Revisit)*

This section revisits the Economic Case, with a BRIEF update for any substantive changes that may have occurred since the previous business case. Include references to the previous business case.

In addition, for Public-Private Partnership (PPP) infrastructure projects, this section should demonstrate that using private finance optimises value for money for the government, by comparing it to the same solution using public capital (Public Sector Comparator).

## Review the Preferred Option

The Preferred Option is selected in the Detailed/Single Stage Business Case, by analysis of the short-list of options. Since the approval of the SSBC/DBC, new information may have become available that impacts on the Preferred Option and its selection. For example, relative rankings may have changed as a result of:

* more detailed information provided by suppliers on costs and prices
* lower (or higher) than expected Benefits
* reduced uncertainty in a higher-risk option, making it relatively more attractive
* significant changes within the proposed procurement arrangements.

Update the economic analysis to reflect any changes in the Preferred Option (including benefits and risks) following selection of the preferred supplier(s). Include the updated economic analysis as Annex 3.

If updates or changes are required, copy-and-paste the relevant subsections from the previous business case; identify the changes and update the economic analysis for all impacted options.

In the case of significant change, it is possible that decision-makers’ expectations or conditions as part of DBC/SSBC approval have not been met. A more detailed report-back may be required with alternative recommendations. If an alternative option is to be recommended, the Implementation Business Case should demonstrate that this option provides improved value for money compared to the other available options, including the original preferred option.

Even if the changes are not sufficient to alter the choice of preferred option, this section confirms the conclusions of the economic assessment in the previous business case.

### The Preferred Option

The economic assessment in the previous business case determined that the Preferred Option to optimise value to New Zealand is Option X:……. because….

This was selected from the following short-list of options.

Table x: The key short-listed options

|  |  |
| --- | --- |
| Options | Description |
| 1. Do Nothing (status quo)
 | retained as a baseline comparator |
| 1. Do Minimum
 |  |
| 1. Intermediate
 |  |
| 1. Aspirational
 |  |

At a facilitated workshop on *(date)* key stakeholders *(list)* the Preferred Option has been reassessed and the analysis of key shortlist options updated.

<The agency> confirms that the Preferred Option still optimises public value*.*

*- OR -*

At a facilitated workshop on *(date)* key stakeholders *(list)* identified the following changes that affect the Preferred Option and/or the economic analysis and/or the value and/or timing of benefits:

* xx

The changes have required a reassessment of the estimated costs and benefits for the Preferred Option and other key short-listed options as follows:

Table x: Updated assessment of the short-list options *(include this table even if a reassessment has not been required)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Option 1: Do Nothing | Option 2: Do Minimum | Option 3: Intermediate | Option 4: Aspirational |
| Lifespan (years) |  |  |  |  |
| Capital Costs |  |  |  |  |
| WoL costs\* (PV) |  |  |  |  |
| WoL benefits^ (PV) |  |  |  |  |
| Benefit/cost ratio |  |  |  |  |
| Net PV |  |  |  |  |
| Multi-criteria analysis of non-monetary benefits: |
| Benefit criteria 1 |  |  |  |  |
| Benefit criteria 2 |  |  |  |  |
| Benefit criteria 3 |  |  |  |  |
| **Preferred option** |  |  |  |  |

**Notes**: \*WoL costs = Present value of whole-of-life costs (over the lifespan). ^WoL benefits = Present value of whole of-life monetary benefits.

The full updated Economic Analysis is attached as [Annex 3](#_Annex_3:_Updated).

### The Benefits

The project by should now have a very clear understanding of the benefits. Having a selected solution and an implementation plan, the last assumptions on benefits can be assessed and impacts confirmed. The ImBC is the last off-ramp for the investment decision, so the agency must be sure of the total value and have that information ready for the investor.

Include and update (from the SSBC/DBC) the list of significant benefits for the Preferred Option, with reference to the Wellbeing Domains of the NZ Living Standards Framework*[[4]](#footnote-4)* and the government’s Broader Procurement Outcomes[[5]](#footnote-5). This recognises the wider perspectives of public value and service resilience for decision-makers when making resource allocation choices. Benefits should also reflect any requirements from any related Regulatory Impact Assessment (RIA) and Climate Implications of Policy Assessment (CIPA).

At a facilitated workshop on *(date)* key stakeholders *(list)* reassessed the Benefits for the Preferred Option as set out in the previous business case and confirms that the monetary and non-monetary Benefits remain unchanged*.*

*- OR -*

At a facilitated workshop on *(date)* key stakeholders *(list)* reassessed the Benefits for the Preferred Option as set out in the previous business case (OR the updated Preferred Option as identified in this document) and has identified the following changes that must be carried forward into this analysis. The impact of these changes has been included in the updated Economic Analysis in [Annex 3](#_Annex_3:_Updated) and the Benefits Realisation Plan in [Annex 6](#_Benefits_Realisation_Plan):

List any significant changes to benefits previously identified (note this may include identification of new benefits or disbenefits. The impact of any significant changes to benefits must be assessed and included in the updated Economic Analysis, and included or updated in the Benefits Realisation Plan ([Annex 6](#_Benefits_Realisation_Plan)).

# Commercial Case – contracting for the project

[<go to guidance>](#_Commercial_Case_–_1)

This section outlines the significant procurements (one or multiple selected preferred suppliers) and potential contracts (initial negotiations with preferred suppliers).

Provide a brief summary of the Procurement Plan and Evaluation Panel Report/Minutes. These documents must be listed in Annex 2 and available on request.

*Government departments must, and state sector agencies are expected to, apply the Government Procurement Rules 2019:* <https://www.procurement.govt.nz/procurement/principles-and-rules/government-procurement-rules>

*MBIE also publishes guides to procurement:* [*https://www.procurement.govt.nz/*](https://www.procurement.govt.nz/) *:* <https://www.procurement.govt.nz/procurement/guide-to-procurement/> For guidance contact procurementplanning@mbie.govt.nz

Agencies considering the procurement of infrastructure with a total cost of ownership of more than $50 million must consult with the New Zealand Infrastructure Commission Te Waihanga early in the development of the business case and follow all advice and guidance. Contact info@infracom.govt.nz

Agencies considering procurement of ICT solutions must consult with the Digital Public Service Branch early in the development of the business case and follow all advice and guidance. Contact GCDO@dia.govt.nz

If there are multiple significant procurements, repeat the contents and tables for each section below for each separate procurement/contract. If there are no significant contracts, minimise the Commercial Case.

The Commercial Case outlines the processes used to select the preferred suppliers and the proposed contract arrangements for the products and services required to implement the Preferred Option.

The process followed complies/does not comply with the Government Procurement Rules 2019: *(delete whichever do not apply)*

* advice and guidance from the MBIE’s Procurement Planning team has been sought and followed *(mandatory if the process does not comply).*
* advice and guidance from the Infrastructure Commission has been sought and followed.
* advice and guidance from the Digital Public Service branch in the Department of Internal Affairs has been sought and followed.

## Selection of Preferred Suppliers

Procurement must be based on the approach and process set out in the previous business case and the **Procurement Plan**. Briefly explain any variations to the process, and any changes to the procurement process since the previous business case.

Summarise (1-2 paragraphs), the process that was used to approach the market and to evaluate supplier offers, and the key results. Outline the basis for selecting the preferred suppliers, and the process and relevant outcomes of any due diligence checks. Include details of the Evaluation Panel Report/Minutes in [Annex 2](#_Annex_2:_).

### Approach to the market

The procurement process followed complies with MBIE Rules of Procurement.

*- OR -*

MBIE approved or recommended the procurement approach chosen.

The **Procurement Plan** provides more detail on the procurement process and evaluation methodology used. The approved Procurement Plan dated [dd/mm/yy] is listed in [Annex 2](#_Annex_2:_) and is available on request.

The previous business case received approval to approach the [market/AoG Panel] with an open/closed Request for [Proposal (RFP)/Tender (RFT)]. This was issued on [dd Mmm 20YY] and the deadline to receive offers was [dd Mmm 20YY].

### Evaluation of supplier offers

The purpose of this is to demonstrate that the evaluation was conducted by a cross-functional team representing all relevant stakeholder perspectives.

A cross-functional evaluation panel representing, business, technical, commercial, legal and user perspectives was established to review all valid supplier offers following the process described in the Procurement Plan. The panel followed this consistent process for all proposals and evaluated proposals against documented weighted criteria.

The following suppliers provided offers that met the preconditions and were evaluated:

1. Xxx (preferred supplier) list in evaluation ranking order starting with the successful supplier

The recommended preferred supplier(s) is/are ….. because …

The table below summarises the key evaluation criteria and results of the supplier offer evaluation.

Table x: Summary results of the supplier offer evaluation *sample only - your assessment criteria /key considerations may be different*

|  |  |
| --- | --- |
|  | Suppliers |
| Weighted scores | 1 | 2 | 3 | 4 | 5 | 6 |
| *Technical merit* |  |  |  |  |  |  |
| *Supplier capability* |  |  |  |  |  |  |
| *Supplier risk* |  |  |  |  |  |  |
| *Value for money* |  |  |  |  |  |  |
| *Public value (eg Wellbeing, Broader procurement outcomes* |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |
| Rank |  |  |  |  |  |  |

The key supplier risks were also assessed as follows:

Table x: Summary results of supplier risk assessment *– sample*

|  |  |  |
| --- | --- | --- |
|  | consequence | Supplier probability% |
| Risk Description | $000 | 1 | 2 | 3 | 4 | 5 | 6 |
| Risk one |  |  |  |  |  |  |  |
| Risk two |  |  |  |  |  |  |  |
| …….. |  |  |  |  |  |  |  |
| …….. |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |
| Rank |  |  |  |  |  |  |  |

Due diligence was carried out on the two highest ranked suppliers. This included:

* Summarise the process, eg
* Site visits to its head office/ New Zealand office / New Zealand customer / (name of current project site)
* Formal approaches to other customers in New Zealand and (overseas location)
* Independent capability assessment by a Technical Quality Assurance specialist of a …

The **Evaluation Process & Criteria, Due Diligence assessment** and **Panel Report/Minutes** (name the equivalent documents in which this information appears) provide more information on the supplier offer evaluation and due diligence process. The final versions are listed in [Annex 2](#_Annex_2:_) and are available on request.

## Supplier Contract Arrangements

Summarise the potential deal that has been negotiated with the preferred supplier/s.

This is the commercial transaction that the Implementation Business Case is asking management and the approving authority to approve so that the contract(s) may be signed; consider the level of detail and materiality they require. Key issues include:

* the products, services and outputs which are being contracted
* the implementation milestones and timescales that have been agreed for delivery
* the allocation of risk negotiated between the organisation and preferred supplier
* the type of contract used and key contractual issues with confirmation from legal and commercial advisors as appropriate
* the payment criteria for the suppliers, including the premiums for risk transfer.

The Standard Form PPP Project Agreement must be used by all procuring entities undertaking PPP procurement; it is only to be adapted in consultation with the New Zealand Infrastructure Commission, and to the extent required to accommodate any unique characteristics of a specific project: <https://infracom.govt.nz/major-projects/public-private-partnerships/>. Contact info@infracom.govt.nz

The Standard Form PPP Project Agreement has been used for this procurement; it has not been adapted (or) has been adapted in consultation with the New Zealand Infrastructure Commission to the extent required to accommodate the unique characteristics of this project.

Key contractual documents are listed in [Annex 2](#_Annex_2:_) and are available on request.

### Negotiated contract milestones

The products and services negotiated with the preferred supplier/s and the contract period are:

Table x: Contracted products and services and contract period

|  |  |
| --- | --- |
| Product or service | Contract period  |
|  |  |

The key contract milestones agreed with the preferred supplier/s are

Table x: Key contract milestones

|  |  |
| --- | --- |
| Contract milestones | Estimated date |
|  |  |
|  |  |
|  |  |
|  |  |

### Negotiated contract type and key clauses

The agreed key contractual clauses include: list, using a table if necessary

### Negotiated risk allocation

*Mandatory for PPP projects only, recommended to consider for infrastructure projects, consider whether feasible for other projects*. The risks related to contracted services (design, build, transition and operational/ performance) are agreed to be apportioned to the preferred suppliers as follows: *show risk transfer in Design, Build, Finance, and Operate stages, if the supplier is better able to influence the outcome than the purchaser; where the supplier has clear ownership, responsibility and control.*

Table x: Summary of Supplier risk allocation table

|  |  |
| --- | --- |
| Key Risk | Supplier risk allocation |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

If this is complex or longer than 1 page, delete the table above, put the full table in Annex 4 and state) A detailed risk allocation schedule is attached as [Annex 4.](#_Annex_4:_full)

Identify the risks associated with risk transfer and the potential impact on supplier incentives and financing costs.

### Negotiated payment arrangements

*If it is properly constructed, the payment mechanism will incentivise the supplier to deliver services in accordance with the requirements of the procuring organisation. In particular consider:*

* *incentives for suppliers to provide value and innovate*
* *the balance between risk and return*
* *the relationship between delivery of service outputs and performance of supplier (mechanisms and milestones).*
* *the process to manage change.*

*The payment mechanism is the formula against which payment for the contracted services to be made. The underlying aim of the payment mechanism and pricing structure is to reflect the optimum balance between risk and return in the contract. The approach should be to relate the payment to the delivery of service outputs and the performance of the supplier.*

The agreed payment approach is to….

# Financial Case – funding the project

[<go to guidance>](#_Financial_Case_–_1)

## Financial Analysis and Implications of the deal

The layout should update the information provided in the previous approved business case (SSBC or DBC):

*This section summarises the long-term affordability analysis including life-cycle costs, funding requirements and proposed financing of the project/tranche. The financial analysis must demonstrate that the project is affordable and cost-effective over its life, taking account of the public funding required and allowing contingencies for unexpected occurrences.*

* *how the charges for the preferred supplier’s offer have been modelled, including the resulting benefits*
* *what amounts are funded from public sources and what amounts are sought by way of other funding sources, including any net effect on user charges (if any)*
* *Impacts on the financial statements (capital and revenue implications) of the final deal, confirmed by external auditor if needed. including any changes to baseline operating costs for the organisation. Where applicable include how any debt sustainability and project financing will be managed transparently.[[6]](#footnote-6)*
* *how any contingency arrangements are enough to effectively manage uncertainty and risk*
* *the overall affordability for the deal.*
* *written confirmation of support for the proposed funding arrangements from the initiative Commissioner(s)* ([Annex 1](#_Annex_1:_Commissioner’s)). [<go to guidance>](#_The_Chief_Executive’s)

### Financial modelling

The financial analysis model and the associated methodology used are ……..

The key assumptions in the financial model are

1. list the key (in terms of their potential to impact costs) 3-5 assumptions .

The full list of financial assumptions is included as [Annex 5](#_Annex_5:_Full).

The increase to revenues including crown funding and user charges for services describe …..

The Investment summary table must show the total actual project spend to date, current project cost estimates and contingency estimates to complete the proposed scope, any additional whole-of-life operating cost estimates, and the total WoLC estimate from the previous approved business case (Detailed BC or Single-stage BC).

If the scope of the current business case is less than the previous business case, show the previously approved costs for the equivalent scope. If the total investment is higher than the previously approved BC and project budget, then it may be necessary to review the pathway for approval – for significant investments discuss this with Treasury. The information in this table may also assist with refining estimating methods for future projects by exposing optimism bias and risk/contingency estimation methods.

**Table x:** Investment summary table (WoLC, $m)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Current cost estimates | $m | Capex | Opex | Total |
| Actual project spend to date: | at xx-20xx |  |  | 0 |
| Estimate to complete this project (all phases): |  |  | 0 |
| Project contingency: |  |  | 0 |
| Other whole-of-life operating costs: |  |  | 0 |
| Total whole-of-life cost |  |  |  |
| Total WoLC estimate from previous BC\*:  |  |  | 0 |
| Change in WoLC since previous BC: |  |  |  |

**Notes**: \*The previously approved business case (a Detailed BC or a Single-stage BC).

Following selection of the preferred supplier/s, the proposed capital and operating costs over the expected lifespan of the project have been updated. Financial modelling of the proposed investment (project costs) and other operating costs and benefits (changes to revenues and expenses) are summarised as follows:

Table x: Financial costing table – summary

| $m | 2021-22 | 2022-23 | 2023-24 | 2024-25 | …….. | Total |
| --- | --- | --- | --- | --- | --- | --- |
| Proposed investment: |
| Capital from baseline\* |  |  |  |  |  |  |
| Capital required |  |  |  |  |  |  |
| Opex from baseline |  |  |  |  |  |  |
| Opex required^ |  |  |  |  |  |  |
| Total Investment |  |  |  |  |  |  |
| Changes to revenues and ongoing operating costs: |
| Revenue baseline# |  |  |  |  |  |  |
| Revenue other |  |  |  |  |  |  |
| Operating costs |  |  |  |  |  |  |
| Dep’n & Cap.charge∞ |  |  |  |  |  |  |
| Net Operating Change |  |  |  |  |  |  |

**Note:** \*From capital reserves. ^Project time-limited funding. #Crown revenue excluding time-limited project funding. Costs include all contingencies. Project Opex includes project-related costs including independent quality assurance, quantitative risk analysis, Gateway reviews, any decommissioning. ∞Depreciation & Capital charge.

Detailed financial modelling information is documented in name the document(s). These is/are listed in [Annex 2](#_Annex_2:_) and are available on request.

### Contingencies and funding risk

Clearly identify contingencies and the rationale for the total contingency required (such as past agency experience or industry standards). Quantitative Risk Analysis (QRA) may assist to estimate a probability distribution of likely project risks and costs and the funding required.

If project risks materialise, delegation limits should be set to determine the thresholds at which the organisation needs to seek approvals for additional funding. This can inform recommendations for appropriation limits and processes for managing contingency funding.

Appropriate contingencies of [xx]% for capital costs and [xx]% for operating costs have been made for risks and uncertainties…...

### Funding sources

Funding sources can include the Crown (where relevant), user charges (where permitted), third party revenue, borrowing (where permitted) and the organisation’s balance sheet and operating resources.

The proposed funding arrangements are to……

This approval will enable draw-down of funding for this project/tranche from …….

### Impacts on financial statements

The financial impacts of the project/tranche over the intended life span are:

1. list

The revenue projections are …...

The assets to be created or disposed of are list

The impacts of this investment on the operating statements and balance sheet have been assessed by a qualified accountant as …..

Additional documents with more detailed financial information (eg contingencies, funding risk, sources of funding, impacts on financial statements) are listed in [Annex 2](#_Annex_2:_) and are available on request.

### Overall affordability

The proposed whole of life cost of the programme is $xxx million over the X years of the expected lifetime of the programme.

The [Commissioner(s)/Chief Executive(s)/Senior Responsible Owner (SRO*)]* has/have signified his/her/their agreement to the required level of funding required. The Commissioner’s/Chief Executive(‘s/s’)/SRO’s letter is attached as [Annex 1](#_Annex_1:_Commissioner(’s’s)).

[<go to guidance>](#_The_Chief_Executive’s_1)

# Management Case – planning for successful delivery

[<go to guidance>](#_Management_Case_–_1)

This section confirms that the proposed investment is achievable and details the arrangements needed to both ensure successful delivery and to manage project risks. This section must match and should summarise the project/tranche’s Project Management Plan (or equivalent document).

The Management Case shows how the agency has, or plans to develop, capacity and capability to deliver the project/tranche, respecting existing environmental and social safeguards, and showing that the project/tranche will be properly staffed and resourced over its lifetime, with appropriate governance arrangements, management and advice to produce a successful outcome.

Revisit and finalise the project management arrangements outlined in the previous business case. The focus has shifted from the strategy and frameworks stage to the detailed arrangements for project delivery (build/implementation) phases.

### Project and programme management

The approach and methodology are (keep this short – no more than half a page ……

Briefly explain the delivery methodology/techniques (such as Agile/SAFe, traditional development) and how the chosen methodology optimises delivery of the project/tranche.

The organisation’s experience with similar investments is describe; if none, what arrangements have been made to ensure successful delivery? (eg contract in an experienced Project Director, experienced external people on the governance board, establishment of a PMO with appropriately experienced advisors to assist the project, etc.)

### Project and programme governance

The Senior Responsible Owner is name, title

The project/tranche will be managed by name (Project Director or Project Manager).

The proposed key governance roles, responsibilities and reporting lines are outlined in the following diagram:

Figure xx: The project governance chart

Include a project organisation chart here. Show governance roles (ELT, Project Board, SRO, Project leads) but don’t go further than team leads/product owners. Include names to show the status of appointments, or if this gets messy provide a separate table showing positions and their recruitment status.

### Timeframes

For developments using an agile development methodology, the intended deliverables may be changed or reprioritised/rescheduled between tranches. Outline how iterations and changes to deliverables and benefits will be managed and reported.

The following GANTT chart (or other schedule diagram/table, eg showing SAFe increments) summarises the planned delivery schedule (timeline) and key milestones, aligned with timelines supplied by the preferred suppliers.

The project Critical Path has been identified and circulated to relevant managers.

Key internal and external dependencies have been identified and incorporated into the project planning.

Figure xx: Project GANTT chart (or similar)

Include a picture of the current high-level (rolled-up) project GANTT chart or equivalent here, or present as a table; show the high-level activities, eg. Phases, increments, and key dates from suppliers.

### Project Management Plan

The detailed day-to-day control processes that will be used to manage delivery including governance, reporting, risk and issues management, dependency management, resourcing, scope and change, how the development methodology (eg SAFe) will be applied , etc *(add others as needed)*, are detailed in the Project Management Plan *(or equivalent ‘How we do stuff around here’ control document(s)).*

This is a living document; the current version (as at dd Mmm 20YY) is listed in [Annex 2](#_Annex_2:_) and is available on request. This reflects the implementation timescales agreed with the preferred supplier for the delivery of the negotiated services and signed off by stakeholders.

### Resource management

Managers responsible for programme/project management, change, benefits, contracts, risks and assurance are appointed and in place. (or)

Describe the resourcing approach. Show the status of appointments in an organisation chart above and reference here – or, if this gets messy, provide a table showing positions and their recruitment status.

The expectation is to show that enough resourcing is in place to start delivery, or that there is a plan in place to acquire required resources, and that the time to do this and any required onboarding/upskilling activities is provided for in the schedule. This includes resources for project management, contract management, change, risk, benefits, and quality management to support the work in the plan. The resourcing plan, including timeframes, must be listed in [Annex 2](#_Annex_2:_) and must be available to reviewers.

### Stakeholder reporting and communications

The key stakeholders are *summarise and update from previous business case*

Project reports will be …*summarise key reports to governance groups: by whom, frequency, to whom.*

For more detail refer to the Stakeholder Communication Plan. This is a living document; the current version (as at dd Mmm 20YY) is listed in [Annex 2](#_Annex_2:_) and is available on request.

## Change Management Arrangements

The Change Management Plan must reflect the specific training and developmental needs of key groups of personnel and any required communication arrangements. It should be signed off by the stakeholders for the services and indicate customer (end-user) involvement and agreement.

Where change and benefit management are related to a programme, we recommend use of the Managing Successful Programmes (MSP) methodology <https://www.axelos.com/best-practice-solutions/>

### Change impact assessment

An initial change impact assessment (organisational or business change) for the Preferred Option has been completed and highlights the main changes for stakeholders. This information is included in the Change Management Plan.

The following table summarises the initial change impact assessment.

Table x: Summary assessment of organisational changes (example – use the format from your own change planning)

|  |  |  |
| --- | --- | --- |
| **Affected team/group** | **Number of people** | **Summary of impact** |
| (internal) team affected* Number of staff affected

(external) group affected* Number of users affected
 |  |  |

### Managing the change process

The change management approach, reporting lines, roles and responsibilities are documented in detail in the Change Management Plan or equivalent document. This is a living document; the current version (as at dd Mmm 20YY) is listed in [Annex 2](#_Annex_2:_) and is available on request.

## Benefits Management Arrangements

### Benefits Realisation Plan

Summarise the Benefits Realisation Plan (BRP) here and attach the full BRP as [Annex 6](#_Benefits_Realisation_Plan). Secondary Benefits do not need to be itemised in the Benefits Realisation Plan (but should be listed for reference) or in this section.

The detailed Benefits Realisation Plan has been reviewed and there are no substantive changes

- OR -

has been updated to reflect the following impacts from the revised solution and negotiated contract arrangements:

* list.

The Benefits Realisation plan describes expected benefits (monetary and non-monetary), assigns Benefit Owners, and describes how (and by when) the benefits are expected to be measured and reported. The benefit owners have agreed to be responsible for achieving the benefits; this agreement is recorded in the BRP.

This is a living document; the current version (as at dd Mmm 20YY) is attached as [[Annex 6](#_Benefits_Realisation_Plan)](#_Annex_3:_Benefits).

## Risk Management Arrangements

The Senior Responsible Owner is responsible for ensuring that arrangements for the management of risks are in place. The risks must be regularly and frequently reviewed and the register kept updated throughout the course of the programme.

A detailed Risk Register and Risk Management Plan have been developed including key roles and responsibilities, reporting lines, mitigation plans and escalation processes.

The Risk Register has been updated and is regularly and frequently reviewed. The top X risks are included in regular reporting and Risk is a standing agenda item for governance meetings. The current top 20 project implementation risks are summarised in [Annex 7](#_Annex_6:_Top).

The Risk Register is a living document; the current version (as at dd Mmm 20YY) is listed in [Annex 2](#_Annex_2:_) and is available on request.

Table x: Top 5/10 current risks

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Key project risks | Prob.(H,M,L) | Impact (H,M,L) |  Mitigation comments  |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
| 3 |  |  |  |  |

Mitigation and Contingency plans are included in the Risk Register / Contingency plan as part of Contract Management documentation.

## Contract and Service Management Arrangements

The contracts related to this project/tranche may be to support delivery of the project and/or for supply of ongoing services.

The Senior Responsible Owner is ultimately responsible for managing contracts for the project; for a major project a Contract Manager (or more than one) is recommended; other service delivery managers may be responsible for ongoing contracts. Summarise how all key contracts and supplier performance will be managed.

A Contract Manager (………) has been appointed to manage the relationship with the preferred supplier over the term of the contract …… Areas of responsibility include:

* Service Delivery Management – ensuring the contracted services are being delivered to the agreed level of performance
* Relationship Management – a partnership type arrangement where open communication will contribute to successful outcomes for both parties
* Contract Administration – ensuring the ongoing consistency and currency of the formal contract documentation as the implementation proceeds.

**Contract change management.** Over the life of the service contract it is likely that there will be some significant change that is unforeseen and falls outside routine contract management. The formal and informal processes which need to be in place to successfully manage contract change are documented in the Contract Management Plan -or- as follows:

* Summarise the change processes

**Contingency plans,** including penalties in the event of non-delivery of the contracted services, are included in the Contingency plan as part of the Contract Management Plan

- OR -

as follows:

* Summarise key contingency plans

The plans, processes and procedures for contract management, are documented in detail in the Contract Management Plan. This includes:

* Roles and responsibilities
* Payment/charging mechanisms and schedule
* Variation and escalation procedures
* Dispute arrangements including management of escalation and penalties
* Contingency plans including processes to enact penalty clauses/remedies in the event of non-delivery
* Treatment of intellectual property rights
* Allocation of risk
* Operational and contract administration Ts&Cs
* Options at end of contract.

The current version (as at dd Mmm 20YY)is listed in [Annex 2](#_Annex_2:_) and is available on request.

## Assurance and Post-project Arrangements

### Quality management

A Quality Plan has been developed to ensure the quality and formal sign-off of key deliverables. This is a living document; the current version (as at dd Mmm 20YY) is listed in [Annex 2](#_Annex_2:_) and is available on request.

### Assurance

An Assurance Plan has been developed in accordance with Digital Public Service Branch Guidelines (if required). Summarise content, e.g.

* Independent Quality Assurance (IQA) has been ongoing throughout the project and recommendations from the IQA have been incorporated ……
* Technical Quality Assurance will be undertaken as follows: *list*

The Assurance Plan is a living document; the current version (as at dd Mmm 20YY) is listed in [Annex 2](#_Annex_2:_) and is available on request.

### Gateway Reviews

This section only applies for high risk projects subject to Gateway review and/or independent quality assurance (IQA).

This investment proposal has been assessed as [low/ medium/ high] risk using the Treasury’s Risk Profile Assessment (RPA)[[7]](#footnote-7) tool and moderation process.

Gateway Reviews are not required as this project/tranche has not been assessed as High Risk - OR -

A Gateway 3 (Investment Decision) (or another Gateway, eg. Combined Gate 0/3) has been undertaken on this project/tranche in the context of the overall programme/on the project as part of the development of this implementation business case. The review recommendations have resulted in the following actions:

* List, or cut-and-paste from the Action Plan arising from the Gateway review

Gateway reviews will be carried out as required and agreed with Treasury’s Gateway Unit.

### Post-project reviews

A post-project evaluation, or implementation review, evaluates the project from business case development to delivery. This is typically undertaken within the first six months after delivery, to confirm that the new system/facilities are operating as intended and delivering the services proposed in the business case.

**For any Cabinet-approved investment,** this project must report back to Cabinet within 12 months of the in-service date on the actual level of benefits achieved compared with those outlined in the Cabinet-approved investment.

If the project/tranche/programme is assessed as High Risk, it must undertake Gateway Reviews. The project must also undertake Treasury Operations and Benefits Realisation reviews; the first should occur in time to inform the mandated benefits report-back to Cabinet.

A post implementation review is planned for [Mmm 20YY] to confirm that the new system/facilities are operating as intended and delivering the services proposed in the business case, and to identify any lessons learned from the management of the project/tranche that can be applied to future projects or projects in other agencies.

As required by Cabinet Office Circular CO(19)6[[8]](#footnote-8), this project will report back to Cabinet within 12 months of the in-service date on the actual level of benefits achieved compared with those outlined in the Cabinet-approved investment.

A Treasury Operations and Benefits Realisation Review will be undertaken at agreed points; the initial review will be timed to inform the Benefits report-back to Cabinet.

# Annexes

*Delete this page*

Attach supporting documents where applicable to support this Business Case (some of the following documents may not all be required, and other documents may be more appropriate). Where the annex is an extract (eg risk register) or summary, record that the full version is available on request.

Note that many of these are living documents. Attach the current/latest version.

# Annex 1: Commissioner(’s/s’) Letter

This template is the basis for developing the letter for a Government department, normally from the Chief Executive (or Chief Executives, for a multi-agency project or programme); customise and individualise it as needed to meet requirements to address proposal-specific issues. Do not change the six key assurance statements.

[date]

[To whom it may concern]

**Implementation Business Case**

This Implementation Business Case is a significant deliverable of a major strategic initiative by <Agency name(s)>to meet future ………… ……………. requirements for….

I/We confirm that: Do not change these statements

1. I/We have been actively involved in the development of the attached investment proposal through its various stages
2. I/We accept the strategic aims and investment objectives of the investment proposal, its functional content, size and services
3. the financial costs of the proposal can be contained within the agreed and available budget
4. the organisation has the ability to pay for the services at the specified price level
5. the agency has the capability and capacity to ensure successful delivery of the work
6. suitable contingency arrangements are in place to work with suppliers to address any current or unforeseen affordability pressures.

This letter fulfils the requirements of the current Treasury Better Business Cases guidance. Should either these requirements or the key assumptions on which this case is based change significantly, revalidation of this letter of support will be sought.

Yours sincerely

<signature(s)>

Title(s)

# Annex 2: Documents supporting this business case

The Senior Responsible Owner and Project Director agency attest that:

* The planning and control documents summarised and referenced in this Implementation Business Case (listed below) are in place or substantially under development and will be the basis for management of this (project/tranche).
* The agency has project management structures, plans and processes in place to ensure successful delivery.

These documents are available to decision-makers, Monitoring Agencies, Central Agencies and Functional Leads for review.

Contact (email address, preferably for a group (eg PMO) rather than an individual) for a copy.

*Note: your agency may call these documents by different names, or may include some material in other documents, or hold the information differently (eg in Jira). If so, rename them, here and in the ImBC. Note in the comment if this material is included in (document x)/held in Jira/etc). Add more documents if you reference them in the ImBC.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **#** | **Title** | **Version** | **Date** | **Comment** |
|  | Previous (Detailed/Single Stage) business case |  |  | Signed off by Cabinet dd-Mmm-20YY |
|  | Updated Economic Analysis |  |  | Attached as [Annex 3](#_Annex_2:) |
|  | Approved Procurement Plan |  |  |  |
|  | Evaluation process and criteria |  |  | *Eg included in Procurement Plan* |
|  | Due diligence assessment |  |  |  |
|  | Evaluation panel report/minutes |  |  |  |
|  | Key contractual documents |  |  | *List, eg Standard form PPP contract (to be signed on approval of ImBC); Contractual Ts & Cs; Contract Management Plan; JD for Contract Manager;*  |
|  | Detailed Risk Transfer schedule |  |  | *(PPP only)* Attached as [Annex 4](#_Annex_4:_full) |
|  | Full list of financial assumptions |  |  | Attached as [Annex 5](#_Annex_5:_Full) |
|  | Detailed financial models |  |  |  |
|  | Further financial documents |  |  | *List* |
|  | Current Project Management Plan |  |  | Or equivalent document(s) /systems |
|  | Resourcing Plan |  |  |  |
|  | Stakeholder Communication Plan |  |  |  |
|  | Change Management Plan |  |  |  |
|  | Benefits Realisation Plan |  |  | Attached as [Annex 6](#_Annex_6:_Benefits) |
|  | Contract Management plan |  |  |  |
|  | Risk Management Plan |  |  |  |
|  | Risk Register – top (20) risks |  |  | Attached as [Annex 7](#_Annex_7:_Top) |
|  | Risk Register – full register |  |  |  |
|  | Quality Plan |  |  |  |
|  | Assurance Plan |  |  |  |

# Annex 3: Updated Economic Analysis

# Annex 4: Detailed Risk Allocation Schedule

*Mandatory for PPP projects only; Table showing risk transfer in Design, Build, Finance and Operate/Performance stages:*

* *If the supplier is better able to influence the outcome than the purchaser; where the supplier has clear ownership, responsibility and control*

The risks related to contracted services (design, build, transition and operational/ performance) are agreed to be apportioned to the preferred suppliers as follows: *show risk transfer in Design, Build, Finance, and Operate stages, if the supplier is better able to influence the outcome than the purchaser; where the supplier has clear ownership, responsibility and control.*

 *– or –*

*(if the Risk Allocation schedule is straightforward or short (under a page) put it in the body of the business case and state here (so you don’t need to renumber all later annexes and references to them).*

The [Risk Allocation table](#_Negotiated_risk_allocation) is provided in the Commercial case.

# Annex 5: Full list of financial assumptions

# Annex 6: Benefits Realisation Plan (BRP)

# Annex 7: Top 20 current risks

Include here an extract from the Risk Register of the top (20) risks specific to the project risks (ie don’t include generic risks (earthquake, tsunami etc.)

**End of Implementation Business Case template.**

**On completion of the document, delete everything after this page.**

# Better Business CasesTM – Implementation Business Case – Guidance

*[<back to template>](#_Before_you_start:)*

This guidance is to assist developers and reviewers to build better business cases using the Five Case Model, the New Zealand Government’s accepted good practice standard.

This guidance document is intended for investors, Senior Responsible Owners, workshop facilitators and business case developers preparing the Implementation Business Case. It is part of a comprehensive and structured toolkit of guides and templates to assist you at every stage of the business case development. This guidance can assist you whether you are considering an investment in change at the portfolio, programme or project level in either the public or private sectors.

This guidance also provides a useful reference for business managers, project or programme managers, business case developers, and other stakeholders who can either influence investment decisions or have an interest in the successful delivery of change.

This document is part of the Better Business Cases suite of guidance available at the Treasury website: <http://www.treasury.govt.nz/statesector/investmentmanagement/plan/bbc>

The guidance outlined in this document applies until this document is updated or replaced.

## What this document is not

This document does not comprehensively cover all the related aspects of business case development, although it describes where other relevant guidance fits. These may include regulatory impact, economic assessment, procurement, risk management, Public Private Partnership (PPP), Treaty, programme/project management or assurance processes. You should refer to any relevant policies, rules, expectations and practices that apply to your specific organisation or sector.

## Key Changes from the previous version

The key changes to this guidance from the version dated 30 October 2018 are:

* Integration of template and guidance to avoid business case developers needing to seek assistance in two places.
* Updated guidance descriptions and tables throughout the template to improve clarity
* Added minor references to Wellbeing indicators for benefits in the Economic case
* Exec summary: added a work completed to date section, a new investment summary table and a project milestones table. Abbreviated the sections to include only key information.
* Exec summary: added a list of any conditions related to the approval of the previous business case, and a statement confirming that these conditions have been met.
* Background: added a section where the history of the investment may be described if applicable.
* Strategic Case and Economic cases: separated these into separate sections to keep the 5-case pattern. Added a summary of ‘Strategic context and investment objectives’ to provide reviewers some context.
* Economic Case: Added benefits confirmation section, and a table for shortlist options to improve readability
* Commercial Case: moved the ‘Selection of preferred supplier’ section from the Economic case. This fits much better here.
* Commercial case: removed detail of evaluation methodology to reduce duplication of detail –focus on the results of the evaluation. References to the previous business case, Procurement Plan and Evaluation Panel Report.
* Commercial case: Updated guidance on Public Private Partnerships; replaced with references and links to Cabinet requirements for consideration of alternative procurement, to procurement rules and the New Zealand Infrastructure Commission (from 1 October 2019). Replaced the detailed risk allocation table with a simple summary table; details are in procurement documents (now annexed).
* Commercial case: inclusion of references to NZ Government’s Broader Procurement Outcomes.
* Commercial case: Updates throughout to refer to one or multiple procurements (not limited to one prime supplier per project).
* Management case: Refined sub-sections, adjusted some sub-section headings and added reference to MSP and Agile methods
* Updates: reduced duplication of information from supporting documents; replaced with summary information only and a list of supporting documents in Annex 2; these must be made available to reviewers on request
* Inclusion in Annex 2 of confirmation from the SRO and Project Director (or equivalent role) that all project management and control documents required to ensure project success are in place or substantially complete and will be used to run the project.
* Insertion of missing links, update of links, correction of typographical errors.

## Questions and feedback

General enquiries about the information contained in this guidance, and comments on how it could be improved: better.businesscases@treasury.govt.nz.

For state sector agencies, any agency-specific questions should be addressed to your Treasury Vote team or departmental Monitoring Agency.

## Project Implementation Business Case: Actions

The Project/Tranche Implementation Business Case includes the steps and actions shown below. See [Annex 1](#_Annex_1:_The) for an overview of all of the 34 BBC actions.



These Actions develop the Implementation Business Case for a project or tranche. It confirms that the initiative is still required, that the best value solution has been selected and negotiated, and that the initiative is organised and positioned to succeed.

## Purpose of the Implementation Business Case

The Implementation Business Case is used to seek formal approval to finalise the deal with suppliers, proceed to contract signing and deliver (implement) the project.

The Implementation Business Case:

* Confirms and if necessary updates the Strategic case: strategic fit and outcomes
* Confirms and if necessary updates the Economic Case, including benefits *-* –the preferred option and costs, benefit and public value still stack up.
* Outlines the procurement process and confirmsthe preferred supplier(s) for the Preferred Option and the negotiated commercial and contractual arrangements for any procurement – to optimise value for money
* Confirms that the proposed funding arrangements are affordable
* Describes the governance, management and control arrangements to ensure successful delivery of the project.

For government department and state sector projects, approval generally enables draw-down of funding as approved from the previous business case or budget bid.

### Structure of this guidance

This guidance is structured around the five cases and 34 actions. The purpose of each action is described together with what is expected and the evidence that should be provided. It also contains tips and examples to assist business case developers.

### Suggested methods and tools

A variety of methods and tools can be used in the development of the business case. When considering the approach to be used, developers should consider which they will use. Reviewers will consider whether the methods (and tools) are suitable, proven, and inclusive, and capability should exist to apply it.

Methods and tools identified in this guidance, and others that can be used in this and other stages of the business case: <https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/better-business-cases-bbc/bbc-methods-and-tools>

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# Strategic and Economic Cases

## Step 8: Procuring the best value solution

Action 25: Revisit the case for change (Strategic Case)

Action 26: Revisit the Preferred Options (Economic Case)

## Action 25: Revisit the Case for Change (Strategic Case)

### Purpose

The purpose of this action is to confirm (or update) the Strategic Case. Alterations to the case may be needed because of evolving business needs or service changes since the start of the business case process.

### Suggested evidence

We recommend that a facilitated workshop be held with key stakeholders to revisit the Strategic Case – this is the quickest and most effective way to determine if there have been substantive changes.

If there has been no significant change, the *minimum requirement* is to note within the Implementation Business Case that key stakeholders have reviewed the case for investment and have confirmed that it is unchanged. Where material changes have occurred, these must be documented, and confirmation sought that the initiative is still required and meets organisational and government requirements.

### What’s expected

If material changes have occurred then the Strategic Case should be updated, with particular emphasis on:

* strategic context for the proposal
* agreed investment objectives
* business needs
* earlier scope and service requirements
* benefits, costs, risks, dependencies and constraints.

If the changes are major, a review of previous decisions and approvals may be required.

## Action 26: Revisit the Preferred Option (Economic Case)

### Purpose

The purpose of this action is to confirm or update the preferred option. This is required because:

* Since the approval of the previous business case, new information may have become available that impacts on the ranking of the options, and the selection of the preferred option.
* Information received from vendors during the procurement process may have changed the detail of the option or the preferred option itself.

### What’s expected

The analysis from the previous business case stage should be updated for any changes and the results summarised again in the Implementation Business Case.

In the case of significant change, it is possible that decision-makers’ expectations as part of approval have not been met. A more detailed report-back, or even a revised Detailed/Single Stage Business Case, may need to be completed and resubmitted with alternative recommendations and updated analysis to show that a new Preferred Option provides best public value..

### Suggested evidence

If an alternative option is to be recommended, the Implementation Business Case should update the economic analysis, including any changes in the risks, benefits and preferred option, and demonstrate that this option provides improved value compared to the other available options, including the original preferred option. The updated detailed Economic Analysis must be attached as [Annex 3](#_Annex_2:).

The Benefits Realisation Plan must be updated to include any substantive changes to benefits as a result of the procurement process (new benefits or disbenefits, changes to level of benefits, deleted benefits). The reason for the change should be noted. Changes must be reflected in the updated Economic Analysis

#### Confirm the Benefits for the economic appraisals

The project should now have a very clear understanding of the benefits. Having a solution and an implementation plan, the last assumptions on benefits can be assessed and impacts confirmed.  This is the last off-ramp for the investment decision, so the agency must be sure of the total value and have that information ready for the investor.

A benefit is any gain in the wellbeing of individuals and society arising from the investment proposal. For example, it can include the time savings from reduced travelling times on a new motorway, or the increase in quality of life years remaining as a result of a new pharmaceutical treatment. Different stakeholder groups derive different benefits (and dis-benefits) from an investment proposal and will have different perspectives on the value added.

Benefits should not be limited to financial benefits. Although many benefits can be quantified financially, there are others where it is difficult, undesirable, or insensitive to attribute a financial value. These benefits are called *non-monetary* but are quantifiable (eg reduced customer complaints, some Wellbeing benefits). Qualitative benefits may be observable but not easily measured (eg improved staff morale, better decision-making). Disbenefits have negative impacts on stakeholders.

Wherever possible, undertake further analysis to assign monetary values to benefits. The level of effort on any analysis should be agreed with the monitoring agency to ensure it is fit-for-purpose. All benefits and costs that can reasonably be quantified in monetary terms should be included and subject to cost benefit analysis.

For benefits guidance see <https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/plan-investment-choices/benefits-guidance>

#### Priority outcomes, wellbeing and resilience

All significant benefits for the Preferred Option should be defined, with reference to the Wellbeing Domains of the NZ Living Standards Framework[[9]](#footnote-9) and the government’s Broader Procurement Outcomes[[10]](#footnote-10). This recognises the wider perspectives of public value and service resilience for decision-makers when making resource allocation choices. If the previous Business Case (SSBC or DBC) was not developed with consideration of these priorities, revisit the benefits identified from these perspectives.

* [www.treasury.govt.nz/information-and-services/nz-economy/living-standards/our-living-standards-framework/measuring-wellbeing-lsf-dashboard](https://treasury.govt.nz/information-and-services/nz-economy/living-standards/our-living-standards-framework/measuring-wellbeing-lsf-dashboard)
* <https://treasury.govt.nz/publications/template/wellbeing-domains-template>
* <https://www.procurement.govt.nz/broader-outcomes/>

Benefits should also reflect any requirements from any related Regulatory Impact Assessment (RIA) and Climate Implications of Policy Assessment (CIPA).

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# Commercial Case – Contracting for the project

## Step 8: Procuring the best value solution

Action 27: Detail procurement process and evaluation of Best and Final offers.

## Step 9: Contracting for the deal

Action 28: The negotiated deal and contract arrangements.

This section outlines the significant procurements (one or multiple selected preferred suppliers) and potential contracts (initial negotiations with preferred suppliers).

Provide a brief summary of the Procurement Plan and Evaluation Panel Report/Minutes. These documents must be attached as Annexes.

*Government departments must, and state sector agencies are expected to, apply the Government Procurement Rules 2019:* <https://www.procurement.govt.nz/procurement/principles-and-rules/government-procurement-rules>

*MBIE also publish guides to procurement:* [*https://www.procurement.govt.nz/*](https://www.procurement.govt.nz/) *:* <https://www.procurement.govt.nz/procurement/guide-to-procurement/> For guidance contact procurementplanning@mbie.govt.nz

Agencies considering the procurement of infrastructure with a total cost of ownership of more than $50 million must consult with the New Zealand Infrastructure Commission Te Waihanga early in the development of the business case and follow all advice and guidance. Contact info@infracom.govt.nz

Agencies considering procurement of ICT solutions must consult with the Digital Public Service Branch early in the development of the business case and follow all advice and guidance. Contact GCDO@dia.govt.nz

If there are multiple significant procurements, repeat the contents and tables for each section below for each separate procurement/contract. If there are no significant contracts, minimise the Commercial Case.

## Action 27: Selection of Preferred Suppliers

### Purpose

The purpose of this action is to document the process that was used to evaluate supplier offers to select a preferred supplier.

### What’s expected

Supplier selection must be based on the process and methodology set out in the previous business case, the Procurement Strategy and the Procurement Plan, and in the information provided to and by suppliers.

### Suggested evidence

There must be a statement of compliance with MBIE’s Procurement rules, or an attestation that MBIE (or Infracom) have approved variation from these rules.

It is important to remember that the agency must do what it said it will do in the RFx (follow the process).

The evaluation criteria (including weightings) must be documented and the supplier proposals evaluated against these.

Show in the summary table the results of the supplier offer evaluation. A clear and documented evaluation methodology must be used by the evaluation panel members. The evaluation panel should include a range of business, technical, commercial, legal and user perspectives. The procurement process, including evaluation of each supplier offer, recommendations and decisions must be documented in an Evaluation Report.

Due diligence should be undertaken on at least the preferred supplier (or suppliers); if there is more than one supplier which is a close match, due diligence should be carried out on all the leading candidates. Results of the due diligence process must be recorded and available to reviewers.

Only a brief summary of the procurement plan, due diligence report and evaluation criteria and recommendation report should be included here. List the supporting documents in [Annex 2](#_Annex_2:_) and note they must be available to reviewers on request.

## Action 28: The Negotiated Contract Arrangements

### Purpose

The purpose of this action is to outline the deal negotiated with the preferred supplier or suppliers.

### What’s expected

Outline in enough detail the negotiation planning, commercial and contractual arrangements to enable decision-makers to approve the Implementation Business Case and for negotiations to proceed to contract signing and implementation of the project.

#### Projects where a Public Private Partnership is the Preferred Option

The Standard Form PPP Project Agreement must be used by all procuring entities undertaking PPP procurement; it is only to be adapted in consultation with the New Zealand Infrastructure Commission Te Waihanga to the extent required to accommodate any unique characteristics of a specific project: <https://infracom.govt.nz/major-projects/public-private-partnerships/>

### Suggested evidence

For a PPP: provide a declaration that the Standard Form PPP Project Agreement has been used and any variances agreed with Infracom

Provide a *summary* of the deal that is planned. This is the commercial transaction that the Implementation Business Case is asking management and the approving authority to approve; *consider the level of detail and materiality they require*. Include a brief description of the contract type(s) and a summary of contracted products and services, and a summary of the key contract milestones. Provide evidence of consideration of payment mechanisms, preferably tied to completion of milestones.

The Contract Management Plan must be referenced in Annex 2 and only a brief summary is required in this section.

### Negotiated Risk allocation

This action applies primarily to Infrastructure projects. Consider whether it is feasible or appropriate for other projects.

The purpose of this action is to consider how the risks may be balanced between the purchaser and the supplier(s), in the design, build, funding and operational phases or delivery could be shared between the public and private sectors.

The intention is to optimise the allocation and sharing of risk, rather than to maximise the number of risks to be transferred to potential service providers for delivery of the project(s).

A fair and transparent approach to risk transfer is required. This includes:

* Specific risks should be allocated to the party best able to manage it, subject to the risk premium.
* An understanding of the balance of risk between designer and contractor
* The value of risk transfer and acceptance that must be budgeted for and priced
* Risk transfer should be fully assessed and signed-off at the appropriate executive level
* The adoption of an appropriate form of contract.

**Guiding principles**

* The public sector should consider transferring risk to the private sector only when the service provider is better able to influence the outcome than the procuring authority.
* The degree to which risks may be transferred depends on the specific proposal under consideration – hence the need to consider this for each procurement.
* The successful negotiation of risk transfer requires a clear understanding by the procuring authority of the contract risks and service providers cost drivers.
* The private sector should be encouraged to take the risks it can manage more effectively than the public sector; particularly where it has clear ownership, responsibility and control.
* The transfer of risks can generate incentives for the private sector to provide more timely, cost-effective and innovative solutions.
* Be aware that transfer of risk will incur a premium in the contract price.

Consider the commercial risks and how they can best be managed. These risks must be in the risk register; roles and responsibilities for management of each key risk must be clearly defined. Document the assumptions underlying the risk allocation proposed.

#### Projects where a Public Private Partnership is the Preferred Option

The Business Case must include a detailed risk allocation schedule ([Annex 4)](#_Annex_4:_full) to ensure that those risks which are proposed to be transferred to the private sector partner are well understood and valued for the PSC. We strongly recommend seeking professional advice.

#### Negotiated Payment Arrangements

If it is properly constructed, the payment mechanism will incentivise the supplier to deliver services in accordance with the requirements of the procuring organisation. In particular consider:

* incentives for suppliers to provide value and innovate
* the balance between risk and return
* the relationship between delivery of service outputs and performance of supplier (mechanisms and milestones).
* the process to manage change.

The payment mechanism is the formula against which payment for the contracted services to be made. The underlying aim of the payment mechanism and pricing structure is to reflect the optimum balance between risk and return in the contract. The approach should be to relate the payment to the delivery of service outputs and the performance of the supplier.

#### Projects where a Public Private Partnership is the Preferred Option

The performance regime is central to the development of a PPP-specific payment mechanism and this is discussed further below We recommend seeking professional advice.

PPP procurement is predicated on the concept of payment for performance. Together, the performance regime and payment mechanism incentivise enhanced asset performance and service provision (to the extent included within the PPP contract) throughout the operating period.

Additional analysis is required to consider the specific performance standards and penalties which may be applied in the PPP project agreement. This requires the procuring entity to determine how the asset and service will be funded (on either an availability or user charge model) as well as how payment will be linked to the specific performance of the service outcomes required.

The procuring entity will need to consider how the performance regime can incentivise the delivery of those outcomes through performance payments and abatements as well as penalties for incidents which are simply unacceptable to the procuring entity.

The procuring entity should consult with the Infrastructure Commission regarding the proposed performance regime.

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# Financial Case – Funding the project

## Step 9: Contracting for the deal

Action 29: Financial analysis and implications.

## Action 29: Financial Analysis and Implications of the deal

### Purpose

The purpose of this action is to explain in detail the financial implications to the organisation of the proposed deal negotiated with the preferred supplier.

### What’s expected

The layout should update the information provided under the standard headings for the financial case in the Detailed Business Case and explain:

* how the charges for the preferred supplier’s offer have been modelled, including the resulting benefits
* capital, operating expense and revenue implications of the final deal, including any costs falling to the organisation
* any contingency arrangements for uncertainty and risk
* the funding arrangements and any net effect on user charges (if any)
* impacts on the financial statements, confirmed by external auditor if needed
* the overall affordability for the deal.

#### Assess affordability

Review and confirm or update, the sources of funding.

Consider any affordability gaps over the appraisal period, ie, the difference between the funding required in any year and funding available from other sources. Consider any required actions to close the gap such as:

* adjusting the scope of the preferred option
* phasing the implementation differently
* negotiating preferred payments for services
* finding additional sources of funding.

#### Projects where a Public Private Partnership is the Preferred Option

The project must develop a Public Sector Comparator (PSC) to confirm that PPP procurement offers value for money over more conventional procurement approaches. We recommend seeking professional advice.

Additional quantitative, or value for money, analysis is required for PPP procurement. This analysis compares the cost of procuring a project as a PPP with a PSC that represents the cost if the procuring entity were to deliver the asset and services itself using conventional procurement. This assessment requires detailed consideration of costs associated with:

* the design and construction of the asset
* the maintenance and management of the asset throughout a prescribed period of operations
* the delivery of services from the asset (where these are to be included under a DBFMO model)
* those risks relating to the asset and service delivery that are proposed to be transferred to the private sector under PPP procurement.

Where applicable include how any debt sustainability and project financing will be managed transparently.[[11]](#footnote-11)

### Suggested evidence

Summary financial costing table showing financial impacts on the agency.

Full list of financial assumptions included as [Annex 5](#_Annex_5:_Full)

There must be a Commissioner’s letter ([Annex 1](#_Annex_1:_Commissioner’s)) which includes statements confirming the affordability of the proposal.

Detailed financial models, other financial documents listed in [Annex 2](#_Annex_2:_) and available on request

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# Management Case – Planning for successful delivery

## Step 10: Ensuring successful delivery

Action 30: Finalise Project management arrangements

Action 31: Finalise Change management arrangements

Action 32: Finalise Benefit management arrangements

Action 33: Finalise Risk and Contract management arrangements

Action 34: Finalise Assurance and post-project planning

## Action 30: Finalise Project Management Arrangements

### Purpose

Confirm that the project management arrangements outlined in the previous business case(s) have been completed and the project is ready to proceed to delivery.

### What’s expected

The *detailed* arrangements in support of the design, build, and implementation phases. Don’t overlook the necessary arrangements for the post-implementation operational phase of the project, including post project evaluation.

The project management strategy should be revisited and updated if required.

The existing framework (project structure, reporting lines, roles and responsibilities) should be shown, together with named individuals, any vacancies and plans for any future changes.

The initiative must show that sufficient resourcing is in place to start delivery, *or* that there is a plan in place to acquire required resources, and the time to do this is provided for in the schedule. This includes resources for project management, change, risk, benefits, and quality management to support the work in the plan.

### Suggested evidence

Evidence that a governance and management structure is in place with named individuals and/or a documented recruitment process including timeframes. Ideally a governance structure chart including names.

Summary of a schedule *in some form* showing key phases/tranches/increments/milestones; more detailed for the first 6-12 months, higher level further out. This must show alignment with timelines supplied by preferred suppliers.

There must be a Project Management Plan (or equivalent document that details the day-to-day control processes that will be used to manage delivery including governance, reporting, risk and issues management, dependency management, resourcing, scope and change, how the development methodology (eg SAFe) will be applied , etc.) This is a living document (or suite of documents); the current version must be listed in [Annex 2](#_Annex_2:_)and must be available to reviewers.

There must be a schedule reflecting the implementation timescales agreed with the preferred supplier for the delivery of the negotiated services and signed off by stakeholders; this must be listed in [Annex 2](#_Annex_2:_). Note this may be in the contract and/or in the PMP and/or a separate document.

There must be reference to a Stakeholder Communications plan (or equivalent document) and this must be listed in [Annex 2](#_Annex_2:_).

The latest version of the Project Management Plan (or equivalent document(s)) must be listed in [Annex 2](#_Annex_2:_)and must be available to reviewers on request. Although this is a living document, it must include a schedule reflecting the implementation timescales agreed with the preferred supplier for the delivery of the negotiated services and signed off by stakeholders.

## Action 31: Finalise Change Management Arrangements

### Purpose

Revisit and update the change management arrangements outlined in the previous business case.

### What’s expected

The change management strategy should be revisited and updated, as required.

### Suggested evidence

Extracts from and references to a detailed and realistic Organisational Change Management Plan. This must reflect an analysis of impact of change on all relevant groups, the specific training and developmental needs of key groups of personnel, and any required communication arrangements. It should be signed off by the stakeholders for the services and indicate customer (end-user) involvement.

Te latest version of the change management plan must be listed in [Annex 2](#_Annex_2:_) and must be available to reviewers.

## Action 32: Finalise Benefit Management Arrangements

### Purpose

Revisit and update the benefit management arrangements outlined in the previous business case. This includes updates to reflect any changes arising from engagement with the market (ie impact of the agreed solution on the benefits identified in earlier business cases) and from the contracting and negotiating process.

### What’s expected

The strategy for the realisation of benefits during the key phases of the project should be revisited and re-affirmed within this Implementation Business Case, including confirmation that the benefits realisation plan is still viable.

Re-validate the approach to benefits realisation outlined in the benefits realisation plan, developed as part of the previous business case. The organisation’s plan for the ongoing management and delivery of benefits should be encapsulated within the Benefits Realisation Plan. Confirm that identified review times and processes are still appropriate.

Review and confirm that benefit measurements and metrics are still valid and achievable.

The BRP should continue to be used during the implementation and operational phases of the project, for any financial, non-financial and qualitative benefits identified during those phases.

### Suggested evidence

By this stage the Benefits Realisation Plan should include details of the organisation’s plan for the ongoing management, delivery and measurement of benefits.

The detailed, realistic and current Benefits Realisation Plan for dealing with the management and delivery of benefits must be attached as [Annex 6](#_Benefits_Realisation_Plan). This should include:

* All expected benefits, monetary and non-monetary
* Benefits monitoring and reporting plan including detailed measures
* Signoff/acceptance by Benefits Owners
* Any changes to arising from the procurement must be identified and addressed
* Benefits profiles for any new/emerging benefits or disbenefits identified as circumstances change.

Each benefit must be assigned to a Benefit Owner and their agreement to responsibility for achieving the benefits must be recorded in the BRP.

There should be an overall owner of the benefits realisation plan with responsibility for oversight of benefit tracking and reporting and for gathering information from benefits owners during the implementation phase.. This person must be identified and their reporting relationship to the Senior Responsible Owner during the implementation phase shown.

## Action 33: Finalise Risk and Contract Management Arrangements

### Finalise Risk Management Arrangements

### Purpose

Revisit and update the risk management arrangements outlined in the previous business case. The strategy for the management of risks during the key phases of the project should be revisited and reaffirmed within the Implementation Business Case.

### What’s expected?

#### The risk register

The organisation’s plan for the ongoing mitigation and management of risk should be documented in the risk register, which must be completed in full and the current version attached to the Implementation Business Case. The register should cover all the business and service risks identified during the design, build, implementation, operational and re-procurement phase (if applicable) of the project.

Register should include both agency and supplier-side risks and should cover the full project life-cycle, not simply the current stage - not just around short-term project delivery but broader impacts; benefits, business change, procurement, workforce, migration. The register should include risk ownership, categorisation, current status, review date(s), required treatments, triggers and timeframes for action, consequences of risk and residual risk after treatment.

The owner of the risk register must be named, and an owner identified for each risk. Confirm that the risk register will be reviewed regularly and form part of the standing agenda at all project management board and/or risk management board meetings.

### Suggested evidence

There must be a completed, detailed and realistic Risk Register and Risk Management Framework, which is regularly and frequently reviewed and updated. These must be listed in [Annex 2](#_Annex_2:_) and must be available to reviewers on request.

Confirm that the risk register will be reviewed regularly and form part of the standing agenda at all project management board and/or risk management board meetings.

Top 20 current risks must be listed in [Annex 7](#_Annex_6:_Top). This should be a printout/extract from the active risk register

### Finalise Contract Arrangements

### Purpose

Outline the formal and informal arrangements which need to be in place to successfully manage the selected supplier. Reference the detailed Contract Management plan (or equivalent document).

### What’s expected?

Refer to and follow the guidance provided around procurement by:

* MBIE procurement [www.procurement.govt.nz/](http://www.procurement.govt.nz/)
* Infrastructure Commission Te Waihanga [www.infracom.govt.nz](http://www.infracom.govt.nz)
* Digital Public Service Branch [www.digital.govt.nz](http://www.digital.govt.nz)

For a major project, there should be a dedicated Contract Manager (or a team if needed) with relevant experience.

#### Contingency plan

Provide details of any contingency plans in the event of non-delivery of the contracted services.

### Suggested evidence

There must be a Contract Management Plan (or equivalent document) listed in [Annex 2](#_Annex_2:_) and available to reviewers on request. This plan should include information and management processes and procedures for:

* Roles and responsibilities
* Summary of payment/charging mechanisms
* variation and escalation procedures
* contingency plans including processes to enact penalty clauses/remedies in the event of non-delivery
* Treatment of intellectual property rights
* Dispute arrangements including management of escalation and processes to enact penalty clauses in the event of non-delivery
* Allocation of risk
* Operational and contract administration Ts&Cs
* Options at end of contract.

## Action 34: Finalise Assurance and Post-project Arrangements

### Purpose

Revisit and update the post-project evaluation arrangements outlined in the previous business case.

#### Project Assurance

Gateway Peer Reviews are mandated for significant programmes and projects in organisations in scope for Cabinet Office Circular CO(19)6[[12]](#footnote-12) which have been assessed as High Risk (through completion and review of a [Risk Profile Assessment](https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/think-investment-possibilities/risk-profile-assessment)).

Project assurance provides independent and impartial assessment that the project’s investment objectives can be delivered successfully, and improves the prospects of achieving intended outcomes and benefits.

These projects also require an Operational & Benefits Realisation review, and must report to Cabinet on the achievement of benefits one year after go-live (refer CO(19)6).

#### Quality Assurance

Other forms of assurance include: Independent Quality Assurance; Independent Technical Assurance; security assurance.

ICT-enabled projects must develop an Assurance Plan; high risk projects must provide this to the Digital Public Service Branch in the Department of Internal Affairs (under the Government Chief Digital Officer (GCDO)).

* Engage with the DPS Branch early to ensure that the project meets its requirements in terms of assurance: GCDO@dia.govt.nz

#### Post project evaluation

Three to six months after the in-service date, a post-project evaluation should be held. Considerations include:

* Were the objectives of the project met? Were there any unexpected outcomes or issues?
* How well did the project meet key stakeholders needs?
* Were the critical success factors achieved?
* What were the key organisational lessons learned post-implementation?

For any Cabinet-approved investment, unless otherwise agreed by Cabinet, CO(19)6 requires that agencies:

* report back to Cabinet within 12 months after the in-service date on the actual level of benefits achieved compared with those outlined in the Cabinet-approved investment.
* provide information to Treasury at agreed intervals on the actual level of benefits achieved compared with those outlined in any significant investment.

### What’s expected?

The Implementation Business Case records the arrangements for post-project evaluation.

#### Quality Plan

The initiative should include processes to ensure the quality of its products. This may include robust quality processes (eg Pair programming in projects using an agile delivery methodology), quality reviews with formal signoff, Technical Quality Assurance or other mechanisms.

### Suggested evidence

The initiatives quality management plan should be listed in [Annex 2](#_Annex_2:_) and available to reviewers on request.

For a high-risk ICT projects, there must be an Assurance Plan, listed in [Annex 2](#_Annex_2:_) and available to reviewers on request.

There must be statements of the project’s assurance requirements including commitment to Gateway Reviews, Benefits & Operational Reviews and Cabinet report-back (all mandatory for High risk projects) as required. These activities must also be documented in the Project Management Plan and shown in the schedule.

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## The Commissioner(’s/s’) (Chief Executive’s) Statement

Where approval of the Implementation Business Case is sought, a letter should be provided by the commissioner(s) of the proposal and be included as [Annex 1](#_Annex_1:_Commissioner’s). Where external approval is being sought, the commissioner should be the Chief Executive to ensure that accountability sits at the appropriate level of organisation. Typically this requires an early discussion with the Treasury Vote team and (any) appropriate monitoring agency and is documented in the relevant [Business Case Scoping Document](https://treasury.govt.nz/publications/guide/better-business-cases-significant-investment-proposal-point-entry).

This statement should:

* demonstrate that the Chief Executive has been actively involved in the development of the investment proposal through its various stages
* confirm acceptance of the strategic aims and investment objectives of the investment proposal, its functional content, size and services
* confirm that the financial costs of the proposal can be contained within the agreed and available budget and a willingness and ability to pay for the services at the specified price level
* state the margins of leeway beyond which support must be revalidated
* demonstrate that suitable contingency arrangements are in place to work with suppliers to address any current or unforeseen affordability pressures.

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# Annex 1: The 34 Better Business CasesTM actions



# Annex 2: References

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The Five Case Model is the best practice standard recommended by HM Treasury for the preparation of business cases, published as The Green Book: <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf>.

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1. Within a programme, a group of projects, transition activities and governance structured around distinct step changes in capability and benefit delivery (Managing Successful Programmes) [↑](#footnote-ref-1)
2. <http://www.g20.utoronto.ca/2018/principles_for_infrastructure_project_preparation.pdf> [↑](#footnote-ref-2)
3. <https://dpmc.govt.nz/publications/co-19-6-investment-management-and-asset-performance-state-services> [↑](#footnote-ref-3)
4. <https://treasury.govt.nz/information-and-services/nz-economy/higher-living-standards> [↑](#footnote-ref-4)
5. <https://www.procurement.govt.nz/broader-outcomes/> [↑](#footnote-ref-5)
6. <http://www.g20.utoronto.ca/2018/principles_for_infrastructure_project_preparation.pdf> [↑](#footnote-ref-6)
7. <https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/think-investment-possibilities/risk-profile-assessment> [↑](#footnote-ref-7)
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10. <https://www.procurement.govt.nz/broader-outcomes/> [↑](#footnote-ref-10)
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12. <https://dpmc.govt.nz/publications/co-19-6-investment-management-and-asset-performance-state-services> [↑](#footnote-ref-12)