



Business Justifications and Cases Policy

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The purpose of the Business Justifications and Cases policy is to establish the issues, parameters and processes by which those who are seeking governance approval for these decisions must comply.

1 Introduction

- 1.1 The purpose of the Business Justifications and Cases Policy is to establish a clear and consistent approach to the governance and processing of related business decisions. Business Decisions are reasonings, usually documented, that are intended to convince a decision maker to approve a particular action. The Policy is intended to provide clarity, flexibility and proportionality to management and staff.
- 1.2 It is important to establish that the governance of business decisions (business justifications or business cases) relates to more than the seeking of financial approvals or for those that result in a procurement. It applies to all decisions and elements thereof, which are new, bring about change, require resources, carry significant risk or are novel and contentious (subject to the further detail contained in point 3.3).
- 1.3 The policy introduces a new process to the NIAC governance i.e. the separation of the requirements for a business case from those that determine the need for a business justification. The business justification process is recognition that the use of full business cases can be disproportionate as a tool for seeking approval for many simple or straightforward decisions. Therefore, this policy seeks to establish the context by which those who are seeking approval(s) can determine
 - whether a less complex business justification or a more complex business case process is required ;
 - what the approval processes are; and
 - the variation and review mechanisms required.
- 1.4 The policy also relies heavily upon the work of the Resource Planning Group. The terms of reference for this group can be found at <http://sv-sp-01/ProjectCentre/ResourcePlanningGroup/Documentation/Documentation/ASS EMBLY%20RESOURCE%20PLANNING%20GROUP%20Draft%20Terms%20Of%20Reference%20v3.docx>

2 Aims and Objectives of Policy

2.1 The Business Justifications and Cases Policy aims to support the governance and operational needs of the Assembly, recognising that the nature of this support and the times when it is needed may vary between different Business Areas within the Assembly Secretariat.

The objectives of this Policy are to:

- Provide the framework to ensure that the NIAC business justification and business case processes accord with best practice, existing NIAC policy, related legislative requirements;
- Reduce and/or limit bureaucracy and increase transparency; and .
- Provide a consistent approach across the Secretariat for the completion of business justifications and/or business cases.

The aims of this Policy are to:

- Establish a framework of the issues that should be applied to decisions and to determine which process to use;
- Outline a level of detail each process may require;
- Detail the governance processes applicable to each process;
- Detail the variations process;
- Detail the review process;
- Recognise the need for support to users of these processes
- Ensure that there is a robust audit trail attached to such decisions.

This policy sits within wider governance structures particularly those related to project management. This policy has been developed within this context and therefore does not address issues such as post project evaluations etc. as it is anticipated that these actions will result as part of other processes.

3 Scope of Policy

- 3.1 The provisions of this Policy apply to permanent employees, agency staff and inward secondees at all Assembly grades.
- 3.2 The policy applies to all decisions which require resources (financial or otherwise) and which are not covered by any other approval.
- 3.3 This policy **does not** apply to those decisions relating to policy development, strategy development, Commission or SMG papers, staffing requirements and Consultancy Requirements or Single Tender Approvals (as these have separate governance processes), unless these papers have resource requirements inherent within them. In these instances a separate business justification or case will be completed in accordance with this policy. It will be for the responsible Director to determine whether the policy or paper can be approved without the business justification or case and in these instances the business justification or case will be completed following the initial approvals have been granted. In making this decision the Director must take into account whether the approval requires the greater detail which a business justification or case provides. It should also be noted that, where a paper is approved that does not include a business justification or case, this must not significantly alter or undermine the normal best practice required from this policy i.e. the fact that an outline approval has been granted to a paper that did not include the relevant business justification or case must not be used as a reason to either avoid or dilute this policy.
- 3.4 With regard to budgets it is recognised that there may be occasions when, in the financial planning cycle, budgets may have been approved without a Business Justification or Case being approved in advance. In the interests of clarity, it is a central tenet of this policy and financial planning that budget approval is not the same as a financial commitment. It is only when the Business Justification or Case has been formally approved can a Director or line manager assume that they have funds to commit. It sits within the role of the Resource Planning Group to prioritise need (especially during times when there are insufficient funds to meet all requirements) and that there may be occasion's when previously agreed budget lines will have to be reallocated to other priorities.

4 Separation of Business Justification and Business Case processes

- 4.1 This policy introduces the opportunity for Directors of business areas to use either the business justification process or business case process as the means to seek approval for a particular action.
- 4.2 The Head of Business from which the need for a decision emanates will discuss with their Director whether the decision is one which requires a business justification or business case. The Director has discretion to decide which process is most appropriate. However, a business case must always be used in all requirements that:
 - 4.2.1 Are for, or include, any requirement for Consultancy. In such instances, these requirements must be processed in accordance with the policies relating to Consultancy i.e. Consultancy Business Case and Consultancy Approvals;
 - 4.2.2 Are for Capital requirements for a whole life cost* of greater than £100,000;
 - 4.2.3 Are for New (which are not capital expenditure) requirements for a whole life cost* of greater than £50,000. If an approved budget exists this value can be raised to £100,000;
 - 4.2.4 Requires significant** cross directorate involvement or impacts significantly on other directorates;
 - 4.2.5 Are for requirements, which will result in an OJEU Regulated procurement;
 - 4.2.6 Are for variations, which will result in a variation that might bring the requirement into the scope of the OJEU Procurement Regulations. Directors are advised to consult with the Head of Procurement seeking advice whether the proposed variations are likely to bring the requirement under the scope of the regulations or might represent a breach of the same regulations.;

4.2.7 Are assessed to carry significant risks to the organisation. This is a judgment to be applied by the Director taking into account all known factors.

4.2.8 Are novel, contentious or politically sensitive. This term is taken directly from letters of delegation and DFP guidance. However, neither of these sources define what this means. This therefore is a judgment to be applied by the Director taking into account all known factors.

* **Whole life costs** include all associated costs (this should include all costs e.g. purchase costs, maintenance costs, internal costs, finance costs and any other costs i.e. disposal costs) calculated over the maximum allowable life of the period which the decision covers (this should include all extensions etc.)

** Significance is to be determined by the Director taking into account all relevant factors.

4.3 The Director will formally instruct the Head of Business as to the process to be deployed i.e. business justification or business case

The communication process will be;

- Head of Business completes an outline of the requirement (in electronic form) and the respective issues to Director; and
- Director informs the Head of Business as to whether a business justification or business case is required and provides his rationale for the decision.

4.4 When the Head of Business is in receipt of the instruction the decision must be processed in full accordance with this policy

4.5 The finally approved document (either business justification or business case) will form the basis for all resultant actions i.e. procurement, ICT requirements, resourcing etc. and it is therefore important that sufficient detail and structure is included to allow an action or actions, which are fully aligned with NIAC corporate policies, VFM and governance and against which success can be

measured.

- 4.6 Neither business justification or business case processes are to be used to seek Single Tender Approval (STA) as there is a separate policy for this purpose.

5. Business Justification

- 5.1 The business justification process is targeted at decisions which are self-explanatory e.g. recurring legislative requirements (such as the payment of the annual rates bill), those decisions lacking complexity or significant risk and which may already have obtained appropriate budgetary approvals. Decisions related to items covered at 4.2.1 – 4.2.8 are excluded from using the business justification process.
- 5.2 Having received Directors approval to use a business justification process the Head of Business will complete, as a minimum, the attached proforma (Business Justification) and forward to the Director for approval. This proforma provides headline criteria as a guide to how it should be completed. The Director will decide, on a case by case basis, whether additional information not already clearly addressed by the proforma, is required.
- 5.3 Where the requirement has previously obtained budgetary approval no further financial approvals will be required. However, when funds needs to be transferred between budgets, or where additional funds are required, the business justification will require further approval from the Head of Finance/RPG. **See also 3.4**
- 5.4 The business justification must be communicated by the Head of Business as soon as possible with those who will be involved in its implementation. For instance if there is a resultant procurement or ICT requirements etc. it must be shared with these offices. The Head of Business should also give early consideration as to whether the business justification has a need to inform corporate systems i.e. Finance, Pecos, E-Sourcing, HRMS and IWMS

6 Business Case (As per RPG policy a database will be maintained recording the creation of a business case and how it evolves)

6.1 Having received the Director's approval to use a business case process the Head of Business will expedite the process as follows:

- In the first instance the Head of Business should complete the attached proforma for the creation of an Outline Business Case (OBC). Once completed the outline business case must be issued to the Resources Planning Group for consideration. The Resource Planning Group will confirm that the business case in question has been prepared in line with the Justifications and Business Cases Policy or will recommend additional work required. In particular the Resource Planning Group will,
 - assess the scope, purpose, scale and methodology presented to them and make suggestions and recommendations as to their suitability. The OBC will continue to be revised and presented to the RPG until agreement to proceed is obtained.
 - Having gained agreement for the OBC the Head of Business will conduct the actions as stated in the OBC. Once these actions have been completed the final business case (FBC), utilising the FBC template attached, will be completed online and presented to the RPG seeking approval to proceed to implementation. The FBC will continue to be revised and presented to the RPG until agreement to proceed to FBC is gained.
 - Resource Planning Group will provide comments on draft business cases and a short report to SMG with support/ additional work recommended
- 6.2 Once Resource Planning Group agreement has been gained by the Director the FBC must then be issued, by the relevant Director, to SMG for final approval.

7. Variations

7.1 Business Justifications or Cases are dynamic documents that require regular review often resulting in changes and variation(s). It is anticipated that, as a result of these reviews that pressure might be brought to bear as to the basis upon which the original arguments and decisions were based. It is therefore important that these decisions should be regularly revisited to ensure that the objectives, outcomes and financial profiles remain aligned with the project.

7.2 Following a review if a variation is required i.e.:

- When one of the defining objectives is no longer achievable or it has to be redefined in such a way as to fundamentally alter what was originally intended;
- When it becomes clear that the agreed budget is no longer sufficient to financially support the project and where the variation is equal to or greater than 10% of the business case estimate.
- When the variation relates to an OJEU procurement;

A formal variation process to the Business Justifications or Cases must be applied. The Head of Business, using the attached online proforma, must seek approval from the Director, for the variation. Formal variations to business cases should be noted at the Resource Planning Group.

7.3 The Head of Business must maintain a file (paper or electronic) which clearly demonstrates the approvals process including,

- Final drafts;
- All variations;
- All reviews; and
- All approvals for the above e.g. RPG, SMG and Assembly Commission;

8 Guidance

- 8.1 This policy must be read and applied in association with the guidance and templates provided. These provide further information as to roles and responsibilities as well as the level and detail of the required inputs.
- 8.2 The templates have been significantly influenced by those recommended by DFPNI. This not only aligns the NIAC with the practices deployed throughout Executive Departments and wider public sector (i.e. bodies subject to Managing Public Money NI) it also supports any financial and governance processes when these are required.
- 8.3 Guidance and Templates can be found at;
 - Business Justification Guidance ([hyperlink](#))
 - Business Justification Template ([hyperlink](#))
 - Process Decision Proforma ([hyperlink](#))
 - Business Case Guidance ([hyperlink](#))
 - Business Case Template ([hyperlink](#))
 - Variation Request ([hyperlink](#))

9 Review

- 9.1 Heads of business are responsible for formally reviewing their approved business justifications or business cases regularly and at least on an annual basis. These reviews should focus on progress to date, whether the objectives, assumptions and constraints, financial and resource arrangements and planning remain as stated in the latest approved business justification or business case.
- 9.2 Heads of business should consider the financial planning regime when conducting any review. Such reviews are opportunities to identify a need for additional resources or indeed to release unused resources. In order for this to be fully aligned with the financial planning regime such reviews need to be conducted by the end of October in any given year. This will allow changes to be reflected in the final monitoring rounds.
- 9.3 Whilst not part of this policy it is recognised that these reviews may be subject

to wider project management review mechanisms. However, where this is the case the review should transparently address the review of Business Justifications or Cases.

- 9.4 Consideration, especially for large and complex requirements, might also be given to external review mechanisms e.g. Gateway Reviews.

10 Compliance with Regulations

- 10.1 Directors are responsible for ensuring that all staff comply with this policy.

11 Guidance, Support and Training

- 11.1 Guidance will also be available at various sources identified throughout this policy. As the process, particularly business cases, are closely linked to DFPNI processes there is also a significant amount of additional guidance available through DFPNI.
- 11.2 The RPG will also proactively provide support and guidance to those who are developing business cases.
- 11.3 Many business justifications and/or cases will have direct interfaces with procurement and/or ICT. In these instances staff in the procurement or ICT offices will be a valuable resource in assisting in the development of business justifications or cases.
- 11.4 Training will be provided to those who are most likely to be actively engaged in the development of Business Justifications or Cases. It is recommended that where possible Directors identify those who are likely to be involved in the management of the development of justifications and/or business cases and pass these names to Learning and Development to proactively ensure that the training is in place before the need arises. Otherwise where a member of staff has been identified as the lead in the development of a business justification or case and does not currently hold a current training accreditation the development cannot commence until such times as accreditation is achieved.

Accreditation – this simply means that the member of staff has participated in a training course

organized through learning and development. L&D will determine currency based upon policy changes etc. The training will be specific and bespoke to this and other relevant policies.

- 11.5 Training may also be provided to those who request as part of their Personal Development Plans. This will be available through the Learning and Development Team.

12 Governance

- 12.1 The Resource Planning Group will be responsible for ensuring that business justifications and cases are completed in accordance with this policy.
- 12.2 Directors will be responsible for ensuring that the operational, corporate, strategic, financial and compliance issues are fully addressed and maintained. These issues will be governed, where applicable, by SMG and all projects will be subject to both internal and external audit.

Appendix 1

Business Cases Project Management (*greater detail re the Resource Planning Groups relationship to wider project management issues and the general operation of projects and project management will be subject to a separate policy*)

1. It is recognised that the development of business cases is, in most instances, part of a wider project management structure. Project Management is a skill that is considered vital to the successful development, management and delivery of the business case objectives.
2. Directors are therefore required to identify, in the template for the OBC, who the project manager is.
3. Staff who are nominated as project managers will require skills and development in order to fulfill this role. SMG have decided that Prince 2 is the preferred project management methodology to be used in the Secretariat. Therefore, nominated project managers must already be experienced in this methodology must be trained prior to commencing a project management role.
4. Projects carry varying degrees of complexity based on size, risk, strategic importance etc. Accordingly projects require differing degrees of project management experience in order for the project manager to successfully deliver the project. Directors are required to indicate in the project initiation documentation which level of complexity relates to the project. From this the experience required from the project manager will be determined.
 - a) Low – these will usually be projects that are small in scale, risk and complexity. They will not include any business case which will result in an OJEU procurement (however procurements from a framework might fall under this classification)
 - b) Medium – these will usually be projects that may result in OJEU procurements or be highly technical etc but do not have complex or cross directorate consequences.

- c) High – these are projects that are cross cutting, complex, resulting in OJEU Procurements, high risk.

5. Experience

The Human Resources office will maintain a register of staff who have the varying levels of project management qualifications and which are up to date. It is therefore important that all such training and development in the Project Management field and co-ordinated via the Learning and Development Office. In nominating a project manager the Director must ensure that the individual currently holds the required qualification or if training is required that the project will not start before the qualification is obtained.

6. Training

The HR Office will provide training and development support. The requisite qualifications that project managers must have before the commencement of the project are;

Low - 1 day project management familiarization. This training may also be offered to others involved in the project who may benefit from a basic understanding of project management.

Medium – 3 day Prince 2 foundation qualification

High – 5 day Prince 2 practitioners qualification

Directors will be required to plan their project management resources in advance to ensure that the appropriate resources are available (training, especially for the formal qualification may take up to 6 months (depending on numbers, finances etc) to organize. Therefore directors should consider training a few project managers to have a pool from which they can draw when required.

Board – there is also a 1 day training event available for those responsible for project governance ie the project board etc.

