Business Case Refresh

Appendix 1:

The proposed changes following consultation feedback and implementation plan

Proposed Change 1 – Emphasise the critical steps of the business case

We propose to emphasise the critical steps along the business case pathways, rather than the documents that are produced, to encourage critical thinking and fit-for-purpose effort.


66% of respondents supported emphasising the critical steps of the business case. Those who supported the change generally commented that it would help clarify and focus effort. Those who disagreed generally felt that the existing pathways diagram was adequate.

"To ensure focus is on the principles and key steps, not the document. The proposed steps are also named in a way that gives a clue to the purpose of that phase which is helpful."

"I think that that we often do SSBC as a way of skipping quickly through the process. I think pausing between opex and capex phases of projects is good practice."

"The steps are well known by the sector. The issue being an inconsistency within Waka Kotahi knowing what it requires and when within each step. With a wide range and unknown quantum of WK feedback and requirements, clients and suppliers develop belt and braces material for all cases."
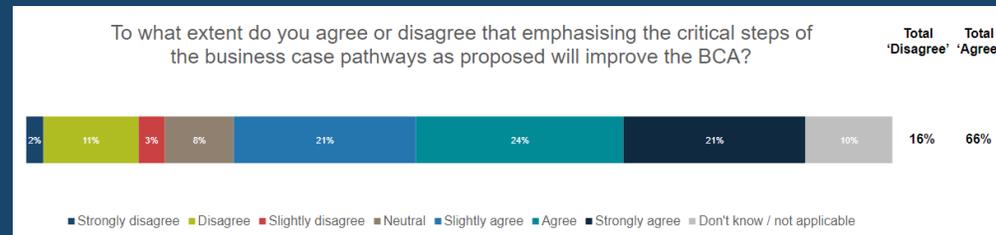
- Amend the current pathways diagram to emphasise the critical steps along the pathway, rather than the documents that are produced, to encourage critical thinking and fit-for-purpose effort.

- Present guidance in a manner that the user can quickly find the level of material that is appropriate for their needs.

Proposed Change 2 – increase the profile of the five case model within the BCA
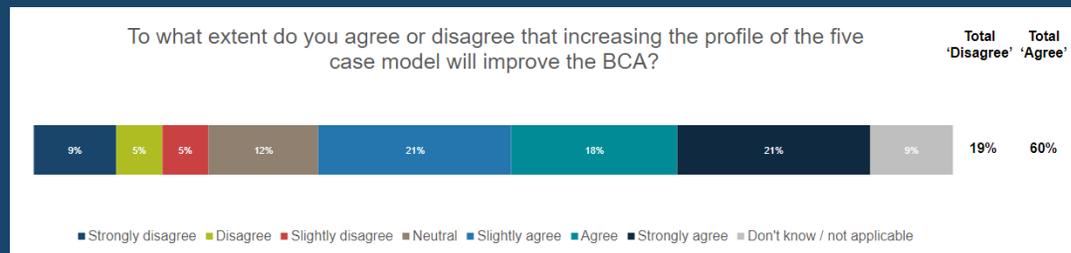
The five case model has been the required standard for government business cases in the UK since the early 2000s.

We are proposing to make the linkages between the BCA and the five case model more explicit. The benefit of this change is to make business case development more efficient by increasing the use and understanding of a common language between developers, advisors, and decision makers

60% of respondents supported increasing the profile of the five case model. Those who supported the change generally commented that it would make the BCA easier to relate to. Those who disagreed generally felt that business cases weren't leading to the right outcomes at the portfolio level.

"Consistency. I think many professional service providers will be able to better relate to the existing and well understood 5-case model than trying to work within a hybridised system, specifically to transport (in NZ). better alignment with the 5 case model will also mean we can compare transport business cases better to other infrastructure or government projects."

"The five case model is biased to the economic, financial and administration aspects of the project, which results in more bottom-up incremental development of the status quo. So often we see an NZTA business case stating that the compelling case for change is delay to motorists."

To what extent do you agree or disagree that increasing the profile of the five case model will improve the BCA?

								Total 'Disagree'	Total 'Agree'
9%	5%	5%	12%	21%	18%	21%	9%	19%	60%

■ Strongly disagree ■ Disagree ■ Slightly disagree ■ Neutral ■ Slightly agree ■ Agree ■ Strongly agree ■ Don't know / not applicable

Make more explicit the linkages between the BCA and the five-case model.

Proposed Change 3 – refresh the Point of Entry (PoE)

The PoE involves discussion and agreement on the approach and effort required to progress an investment proposal. The PoE step is intended to be a brief exercise using a minimal amount of resource; the main focus is on discussion, fact-finding and critical thinking.

Currently, regardless of scale or significance of different activities the same information is required. Some key information that is critical for high risk and complex projects is not part of standard template.
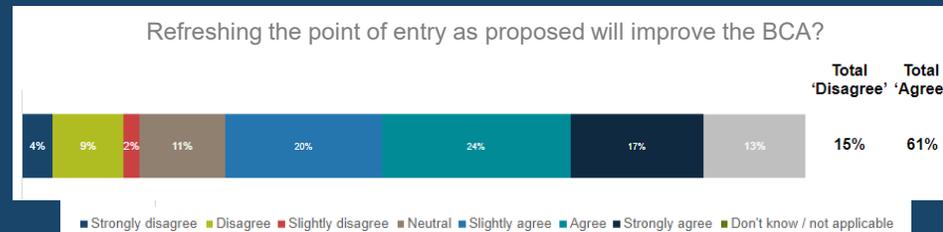
We proposed refreshing the PoE template to better reflect the scale and significance of projects. In addition, considering the right time and process to request the information sought.

61% of respondents supported refreshing the Point of Entry. Those who commented have suggested a range of improvements to the template and accompanying guidance. Comments also illustrate the need for greater clarity of the PoE function.

"The biggest issue with the current PoE is that it focuses on what has already been done. The real question is "Despite all the work we've done so far, what is it that we don't know yet?". Hopefully a rewrite of the template will change the mindset of the sector from compliance, to one of critical thinking at the front end."

"Having confidence in the business case pathway is important as often project planning. consultant engagement, budgeting all hang off the assumptions made here and guidance received from Waka Kotahi staff can heavily influence this. Would like to see more guidance here."

+

Refreshing the point of entry as proposed will improve the BCA?

								Total 'Disagree'	Total 'Agree'
4%	9%	2%	11%	20%	24%	17%	13%	15%	61%

■ Strongly disagree ■ Disagree ■ Slightly disagree ■ Neutral ■ Slightly agree ■ Agree ■ Strongly agree ■ Don't know / not applicable

- Update the PoE to ensure that the PoE process and template is reflective of its role in the BCA and that it is doing what it is intended to do:
  1. Strategic context/RLTP/NLTP
  2. Gap analysis
  3. Project plan & scope of next phase (risk-based, rightsized)
  4. Funding request

- Reconsider endorsement process and delegated authority.
- Develop supporting guidance for each step and provide clarity of PoE function in the BCA process.

Proposed Change 4 – encourage more flexible timing of when technical assessments and testing occurs

Significant work can be put into progressing a project, and the identification and development of a preferred option before site investigations occur.
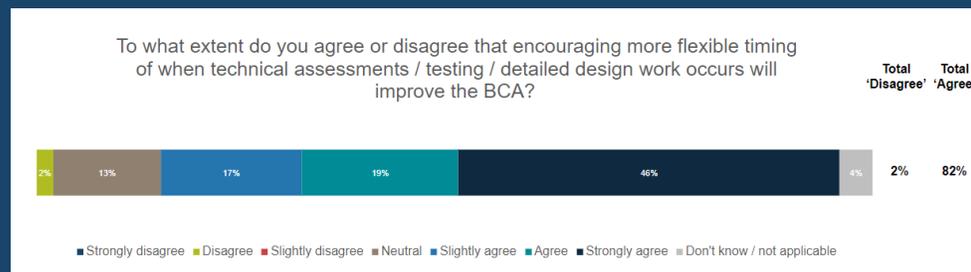
This approach can result in significant issues to the project being uncovered late in project development and subsequent late-stage cost and scope increases.

We propose to develop guidance of how and when to include technical testing within the scope of business cases whilst also balancing the cost and risk of completing this work in advance of a preferred option being approved by decision makers.

82% of respondents supported this change, most who explained their response commented on the efficiencies to be gained and the potential to increase accuracy of price estimates for construction.

"Technical assessments at the early stage are most important to identify and inform potential challenges that need to be addressed early in the project life cycle...the due diligence upfront provides a much better project design and estimated cost. "

"In my experience a lot of things change through the design phase due to a lack of investigation to really test the preferred option in the BC phase. Flexibility to put more investigation / design elements will provide greater clarity for investment assessments..."

To what extent do you agree or disagree that encouraging more flexible timing of when technical assessments / testing / detailed design work occurs will improve the BCA?

	Total 'Disagree'	Total 'Agree'
2% 13% 17% 19% 46% 4%	2%	82%

■ Strongly disagree ■ Disagree ■ Slightly disagree ■ Neutral ■ Slightly agree ■ Agree ■ Strongly agree ■ Don't know / not applicable

Create guidance of how and when to include technical testing within the scope of business cases whilst also balancing the cost and risk of completing this work in advance of a preferred option being approved by decision makers.

• Review past projects/case studies
• Develop case study informed guidance
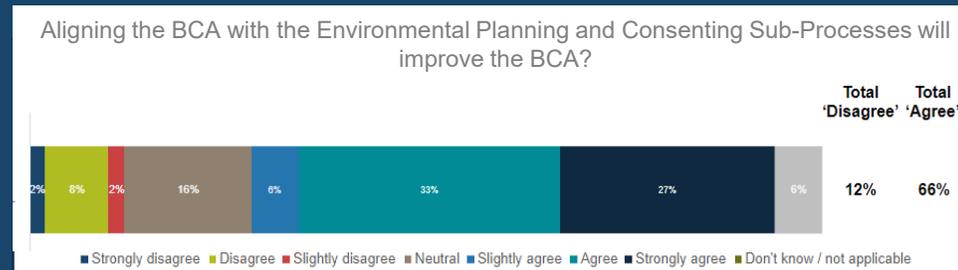• Implement changes ✓

Proposed Change 5 – align the BCA with environmental planning and consenting sub-process

Where consenting is likely to be a factor in activity development, we propose to better align the BCA with the environmental planning process to reduce the likelihood of repeating work and any undermining of either process

66% of respondents supported better aligning the BCA and the environmental planning processes. Those who commented generally shared the view that these changes would reduce rework and churn later in project development

"Currently the BCA carries out MCA and Option selection independently from the RMA. this leads to potential rework once the consenting process happens… "

"We undertook this approach on Supporting Growth and it makes enormous efficiencies in the pre and post lodgement stages and a much more robust alternatives assessment. Also knowing likely next step on project approvals approach early is very helpful"

Aligning the BCA with the Environmental Planning and Consenting Sub-Processes will improve the BCA?

	Total 'Disagree'	Total 'Agree'
2% 8% 2% 16% 6% 33% 27% 6%	12%	66%

Strongly disagree · Disagree · Slightly disagree · Neutral · Slightly agree · Agree · Strongly agree · Don't know / not applicable

- Develop the touch points with the environmental planning team into guidance
- Undertake lessons learnt review of past examples of projects where Notice of Requirement and consents have been prepared and lodged during different stages of the project life cycle
- Develop these findings into guidance around when these processes are best to occur in the BCA, under different scenarios)

Proposed Change 6 – refresh the engagement sub-process within the BCA

Engagement has been identified as a common source of cost increases and delays in the BCA

When the BCA was introduced, one of the aims was to enable earlier, more meaningful engagement in how transport investments are developed and implemented. To achieve this, the way we develop business cases needs to be retested.

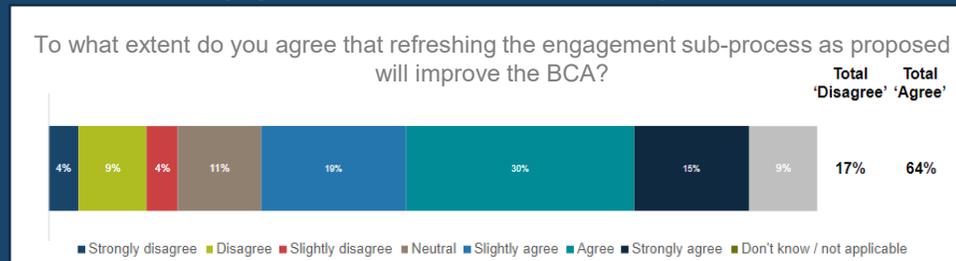We propose a principles-based approach to engagement that aligns to international practice (IAP2).

Respondents were generally supportive, with 64% agreeing that the proposed changes will improve the BCA, and 66% agreeing that the vision and principles will support better engagement.

Slightly fewer (56%) agreed that the principles are aligned to requirements of the local government act.

Engagement often feels disconnected from the rest of the business case process. It will be good to have a more integrated approach so that engagement is useful and meaningful.

Early and genuine engagement with Partners and Stakeholder improves the outcomes of a business case or investment.

The principles are a good start - but need more specific principle around engagement consistent with LGA requirements

To what extent do you agree that refreshing the engagement sub-process as proposed will improve the BCA?

								Total 'Disagree'	Total 'Agree'
4%	9%	4%	11%	19%	30%	15%	9%	17%	64%

■ Strongly disagree ■ Disagree ■ Slightly disagree ■ Neutral ■ Slightly agree ■ Agree ■ Strongly agree ■ Don't know / not applicable

- Finalise engagement principles, reflecting both local government *and* Waka Kotahi needs
- Develop guidance and identify learning and development resources to support principles-based approach
- Identify and update related guidance and standards to ensure consistency of advice

Proposed Change 7 – conduct trials to explore whether some tasks that are currently outsourced could be better performed in-house
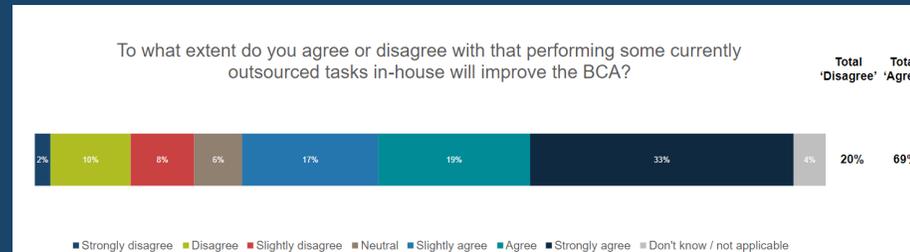
As a sector, we operate a primarily outsourced model with consultants developing business cases on behalf of clients as a professional service offer.

We propose conducting trials to explore whether some tasks that are currently outsourced could be better performed in-house

69% of respondents agreed that performing some currently outsourced BCA tasks inhouse would improve the BCA. Feedback demonstrated that respondents were supportive of insourcing; particularly in the strategic, economic and commercial cases, and the need for additional guidance from Waka Kotahi in this space. Those disagreeing generally commented on RCA and Waka Kotahi current resource constraints

"there would be significant benefit to additional ownership taken from in-house representatives. Particularly ownership of the Management Case …. At present it feels there is a disconnect on some business cases where it feels the ownership is shifted to the outsourced consultant team and not held by the client"

"Waka Kotahi and other approved organisations are currently resource short across all functions. The focus should be on owning the problem and becoming highly skilled project managers, and knowledgeable clients, for ensuring that any work outsourced and delivered is fit-for-purpose "

To what extent do you agree or disagree with that performing some currently outsourced tasks in-house will improve the BCA?

								Total 'Disagree'	Total 'Agree'
2%	10%	8%	6%	17%	19%	33%	4%	20%	69%

■ Strongly disagree ■ Disagree ■ Slightly disagree ■ Neutral ■ Slightly agree ■ Agree ■ Strongly agree ■ Don't know / not applicable

During 2022/23, we propose to trial increased inhouse development of business cases with the benefit of:
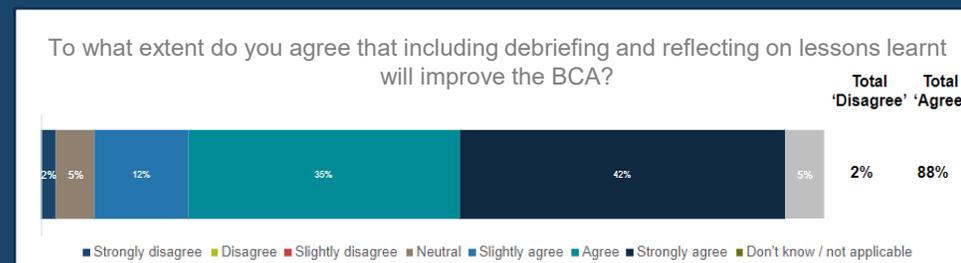• Increasing ownership, and emphasis on scope adaption and risk targeting (rather than procured fixed scope).
• Increasing the price tension (value for money) for business case development work.
• Providing a deeper inhouse understanding of the developer's perspective on our guidance and frameworks.
• Upskilling across the industry by sharing resources

Proposed Change 8 – include a debriefing/lessons learnt step in the BCA

We are proposing to include debriefing in the BCA. It provides an opportunity to reflect on how the business case went, celebrate success (which empowers behaviour change) and learn from challenges

We received an overwhelming level of support with 88% of respondents agreeing with this change. Feedback showed it will help to identify trends and patterns. A strong recommendation was to record and centralise lessons learned and to share it with the wider sector for continuous improvement.

"We have very little feedback on the business cases past submission. Feedback and lessons learned will be essential, especially if we are to encourage more in house business case work. I think evidence and examples from across the country of good business cases and issues including how they were resolved will be fundamental to ensuring we get the right sizing and fit-for-purpose effort correct."

To what extent do you agree that including debriefing and reflecting on lessons learnt will improve the BCA?

	Total 'Disagree'	Total 'Agree'
2% 5% 12% 35% 42% 5%	2%	88%

■ Strongly disagree ■ Disagree ■ Slightly disagree ■ Neutral ■ Slightly agree ■ Agree ■ Strongly agree ■ Don't know / not applicable

Investigate how we could incorporate debriefing sessions and the model or mechanism we could use. This includes exploring:
• When and how to debrief (mandatory or not)
• Recording and sharing
• Implementing lessons learned – continuous improvement
• Monitoring trends and patterns to identify issues earlier – continuous improvement
• Leveraging the BCA community practice to provide an environment and digital tools for sharing lessons learned.
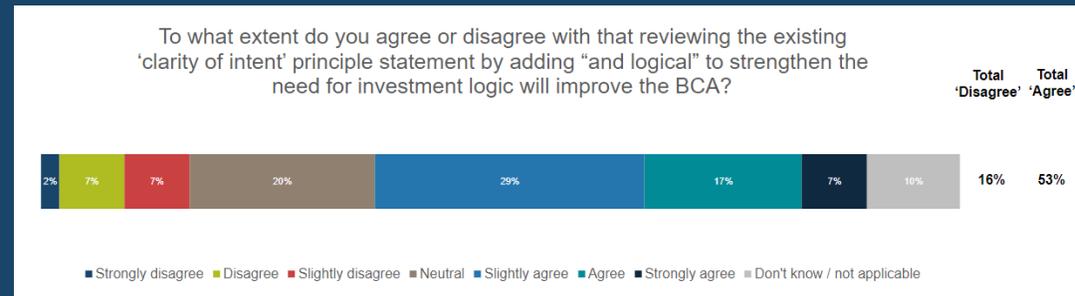• Learning content created to support debriefing practices.

Proposed Change 9 – review the clarity of intent principle statement

We are proposing revisiting the Clarity of intent principle statement to add the words 'and logical':
Clarity of intent: The intention driving investment must be clear **and logical**. Simple concepts and plain language will provide a clear understanding of the problems and benefits.

Although further clarity is supported by 53% of respondents and especially to help with the investment story, some respondents had the opinion that a change in wording won't enable real change.

"Investment logic is already a core part of the BCA. Adding "and logical" will do nothing if behaviour and practice doesn't change."

"Instead, I think the Clarity of Intent should be "the intention driving an investment must be to deliver on the Government's strategic priorities, as per the GPS. This must be demonstrated."

To what extent do you agree or disagree with that reviewing the existing 'clarity of intent' principle statement by adding "and logical" to strengthen the need for investment logic will improve the BCA?

								Total 'Disagree'	Total 'Agree'
2%	7%	7%	20%	29%	17%	7%	10%	16%	53%

■ Strongly disagree ■ Disagree ■ Slightly disagree ■ Neutral ■ Slightly agree ■ Agree ■ Strongly agree ■ Don't know / not applicable

We would recommend removing this proposed change from of the refresh. We could encapsulate the intention behind this change by emphasising the importance of simple concepts and plain language that tells a clear and connected investment story. For example, through learning, community of practice, debriefing, etc.

Proposed change 10: review capabilities and behaviours

We are proposing reviewing the **capabilities** and **behaviours** to encapsulate (1) Thinking critically to analyse and evaluate evidence, (2) Crafting a clear investment logic and (3) Partnering with stakeholders in multi-disciplinary teams. We are also proposing to include a **support package/plan** with processes, systems, planned activities and interventions post-learning to help support the performance of critical behaviours on the job.

88% of respondents support this change, especially for supporting insourcing development. A shift in thinking and culture was also a theme in the feedback.

"Lack of capability and poor culture is 99% of any issues related to poor quality business cases."

"All three should be viewed together. An integrated client/consultant team will be able to bring the best capabilities to particular roles. Behaviours strongly influence the success or otherwise of projects, and this needs to be developed as a team from the outset. Any support package that can assist with moving teams in the right direction is a great idea."

To what extent do you agree that including debriefing and reflecting on lessons learnt will improve the BCA?

								Total 'Disagree'	Total 'Agree'
2%	5%	12%		35%		42%		5%	2%	88%

■ Strongly disagree ■ Disagree ■ Slightly disagree ■ Neutral ■ Slightly agree ■ Agree ■ Strongly agree ■ Don't know / not applicable

As this is a critical gap that needs to be addressed, we will need to respond to this in a bold and visible way:
- A learning campaign that drives engagement and scaffolds the desired behaviours.
- Change management support will be required to support this journey of change.
- Design all new and review existing learning to align, raise awareness of and provide opportunities to engage with these capabilities, behaviours.
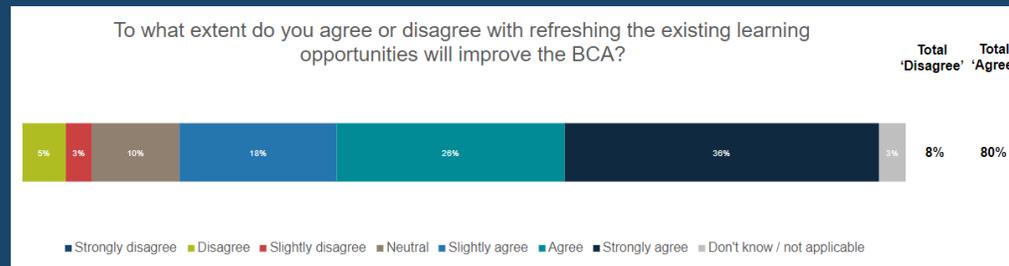
Proposed change 11: refresh existing learning opportunities

We are proposing refreshing existing learning opportunities. These include existing modules, branding refresh, communities of practice, facilitated workshops and InvestHub.

80% of respondents agree to this change. Feedback showed that learning was hard to find, out of date and not aligned with IQA and the investment decision-making process. A lack of motivation to complete due to it taking too long was also a theme. However, learning alone will not drive behaviour change.

"There's no real entry point into business case work that ensures that everyone has the same base level of understanding, and that includes a majority of Waka Kotahi staff. Dealing with inconsistent understanding needs to be the highest priority."

"At the moment it can be difficult to find the right information as it is spread across multiple locations and has been updated at different times. Refreshing the existing learning opportunities will help address this issue. I also strongly support the use of te reo Māori titles."

To what extent do you agree or disagree with refreshing the existing learning opportunities will improve the BCA?

								Total 'Disagree'	Total 'Agree'
5%	3%	10%	18%	26%	36%	3%		8%	80%

Strongly disagree · Disagree · Slightly disagree · Neutral · Slightly agree · Agree · Strongly agree · Don't know / not applicable

- Review existing learning opportunities to bring this in line with the investment decision-making process and this BCA Refresh Project changes.

- Improve user experience and accessibility of existing learning content and navigation.

- Include blended support packages of learning to enable capability and behaviour change. ✔
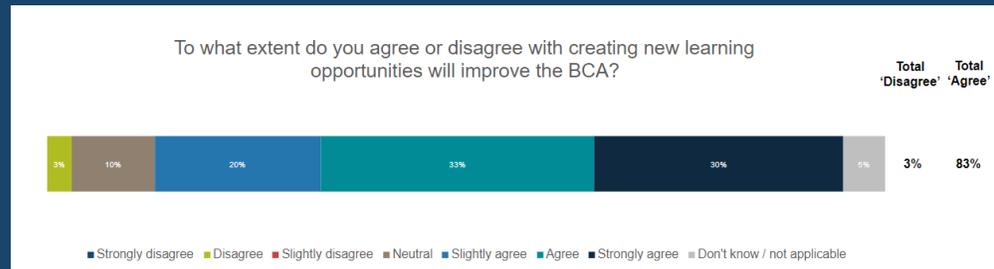
Proposed change 12: create new learning opportunities

We are proposing new online learning supported by social learning opportunities (for example, community of practice). This includes learning on the BCA process, debriefing/lessons learnt, critical thinking, investment logic and fit-for-purpose/risk-based rightsizing.

83% of respondents support continuous improvement, especially lessons learnt. The more opportunity we can provide the better. However, there was an underlying theme of the time required to spend on this and the support provided to learners.

"These new learning opportunities will help people understand and enact the changes that are proposed to be implemented."

"A genuine supportive learning environment is necessary to create the change you are after."

To what extent do you agree or disagree with creating new learning opportunities will improve the BCA?

						Total 'Disagree'	Total 'Agree'
3%	10%	20%	33%	30%	5%	3%	83%

Strongly disagree ■ Disagree ■ Slightly disagree ■ Neutral ■ Slightly agree ■ Agree ■ Strongly agree ■ Don't know / not applicable

- The learning campaign will drive engagement and increase visibility of learning opportunities available.
- Include blended support packages of learning to enable capability and behaviour change. This blend will highlight the importance of learning on the job and how this supports overall capability uplift.
- Refreshing the existing BCA community of practice to algin with the WK communities framework