

COURSE FINANCIAL BUSINESS CASE ACCOUNTABILITY FRAMEWORK

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2. Background/ Purpose

When a new course is proposed at college and university level, it is a university policy to support the course proposal with a financial assessment of the viability of the proposal.

For new unattached elective subjects, the Head of School may require the completion of a New Subject Calculator ([available on the intranet](#)) to assist in determining the business case for the proposed subject. This is completed without the need for additional support from the Finance team.

For course proposals, Finance supports the course proposal by providing financial modelling to assess the financial viability of the proposal. The Financial Business Case (comprising of Course Calculator and Financial Evaluation) is used to support proposals for new coursework programs and some revisions to existing programs. Requirements are outlined in the following LTU policies:

1. [Course and Subject Management Procedure – New Course and Subject Proposals](#)
2. [Course and Subject Management Procedure – Revisions, Suspensions and Closures](#)

LTU has developed threshold enrolment levels to indicate that courses and subjects should be reviewed. Recognising that there may be other strategic reasons for a course or subject, the business case should recognise the [Courses and Subjects with Low Enrolments Policy](#) where applicable. Proposed courses with low enrolments in their steady state, i.e. after allowing for initial establishment and growth, should articulate the strategic benefit within the financial modelling to ensure balanced consideration of the financials.

The purpose of this framework is to support course planning processes through:

- Outlining the general approach to business case development;
- Clarifying the prioritisation approach for allocating resources to the production of business case modelling;

- Advising of the minimum information and documentation inputs required for business case modelling;
- Establishing the service commitment/delivery timeframes for business cases to support planning;
- Confirming quality assurance processes.

3. Approach to Business Case Development

Business cases recognise the importance of financial sustainability and assess the stand-alone viability of the course proposed. As a result, business cases are developed based on incremental full course cost and at full teaching basis. An incremental full course costing is important to assess the potential development and delivery costs (a financial risk) of course introduction to the University.

Definition: A full teaching basis is a theoretical model that assumes that the teaching revenue generated is only required to cover the cost of teaching and course delivery. No research or service activities are assumed.

This theoretical approach is presented because of the uncertainty around estimating potential research or other revenue that will be generated from research and service activities. To assist with decision making, 70% and 40% teaching scenarios are presented as estimates of the effect on cost of different levels of cross subsidy that exist in practice, noting that revenue from them is not included.

However, understanding that new courses can leverage upon existing subjects/capabilities, there are instances where efficiencies can be made.

Definition: An efficiency is deemed to exist if subjects are shared across multiple courses and if existing subject offerings are part of the new course proposed.

Efficiencies can be factored into the Course Calculator if the following are met:

- Existing subjects are part of the same owning College and are not highlighted for subject closure; and
- The course proposer can demonstrate its School's control over the existing subjects (e.g. course proposer is also the course/subject coordinator of the other subjects or have input to decide if the efficiency can be realised).

Efficiencies will be included for class teaching efforts (e.g. lectures, tutorials, workshops, examinations and subject coordination). Efficiencies should not be included for non-class teaching efforts as these activities represent a standard cost to the course, irrespective of the number of times a subject is offered.

To present overall financial risk to the University, the Financial Evaluation will always present both full cost and scenario with efficiencies for comparison and consideration.

4. Business Case Categorisation and Prioritisation Model

As Finance supports requests from across the University, a prioritisation methodology has been developed to ensure resources are directed to business cases in order of highest priority. The process is outlined below to support a consistent approach and to support School and College planning.

The methodology aims to balance the efficiency of forward planning with the need to respond to opportunities that may arise throughout the year. The parameters below are therefore indicative,

with each request being assessed individually and considering all relevant factors including the other work currently underway.

All business cases are triaged and assessed with consideration to the following:

- Total proposed revenue;
- Urgency/ timeline;
- Business case type.

Each business case is reviewed and scored with a priority rating (high (3), medium (2) or low (1)) for each of these categories. An explanation of the indicators for each category is outlined in the table below:

Total steady state revenue	<p>Steady state annual revenue is the total predicted annual revenue of the course when it reaches maturity (taken from market assessment).</p> <p>High (3): revenue greater than \$2m is categorised as high</p> <p>Medium (2): revenue greater than \$1m but less than \$2m</p> <p>Low (1): revenue less than \$1m</p>
Urgency/timeline	<p>High (3): delivery is to take place the following 6 months</p> <p>Medium (2): delivery is to take place in 6 to 12 months' time</p> <p>Low (1): delivery to take place in more than 12 months' time</p>
Business case type	<p>High (3): <i>Revisions of existing courses:</i> are categorised as high as there may be a threat to LTU's existing revenue base if courses are not reviewed/ developed to remain relevant.</p> <p><i>New courses that will retain students expected to leave existing courses:</i> are high priority as they contribute to the maintenance of LTU's current revenue base.</p> <p>Medium (2): <i>Entirely new courses that do not impact existing courses:</i> ranked as medium. With high priority reserved for maintaining our current revenue base, the next priority are courses that will contribute new revenue to LTU.</p> <p>Low (1): Revisions to existing courses where a Course Calculator is not mandatory as per the course revision procedure (i.e., the calculator is for information only)</p>

Overall Priority Rating

Once a business case has been assessed and scored in each of the three categories, an overall priority rating is determined based on the ranges of scores below:

Overall Priority Rating	Sum of Individual Category Scores
High	7 to 9
Medium	5 to 6
Low	3 to 4

5. Documentation Requirements

Business case modelling requires several inputs, with the following documents providing the base information to produce the Course Calculator and Financial Evaluation:

- *Product Summary (Market assessment)*
 Note: in recognition of competition and the broad nature of factors that influence student demand, the most up to date Product Summary should be provided. Ideally this has been produced in the last 12 months (at time of submission to finance) and contain student commencement numbers for the applicable 5 years to be analysed (In line with CPSC requirements);
- *A completed “New Course Business Case Proforma” form (provided by finance business partner); and*
- *Subject grid.*

6. Service Commitment

Expected Timeframes

For standard course revision or new course proposals, the table below outlines the expected timeframes to produce a Course Calculator, Financial Summaries and Financial Evaluation according to overall priority rating. The timeframes assume that the documentation outlined in Section 5 is made available.

Early advice to the Finance team of your upcoming business cases will support the planning required to meet timelines. Finance manages a pipeline of requests that may need to be re-prioritised to meet urgent needs and minimising short notice requests benefits other University stakeholders.

Overall Priority Rating	Timeframe**
High	10 Working Days
Medium	15 Working Days
Low	20 Working Days
Revisions to existing business cases	Determined by agreement between the College General Manager and Finance team. This will depend on the extent of changes required.

**Note that these timeframe commitments relate to standard revisions and new course proposals. Intensive modelling and unique complexities may require further time. This will be discussed with the initiating College GM at the time the proposal is submitted to Finance.

Deliverables - Documents provided to support the business case

- *Financial Evaluation:*
This document highlights the expected financial performance of the course, staffing requirements and an outline of risks associated with the assumptions made. These risks may affect the initiating School/College or may be associated with other University outcomes.
- *Course Calculator:*
In addition to the financial evaluation document, the supporting Course Calculator (Ms Excel financial model) is provided containing all supporting calculations.
- *Financial Summaries:* Financial Summaries are tables provided in Ms Excel that present predicted financial outcomes under various teaching % scenarios and any other scenarios that form part of the business case analysis.

7. Quality Assurance Reviews of Business Cases

All Financial Evaluations of business cases are reviewed and will be signed off by a member of the Finance Leadership Team before being released as the final version. The review aims to identify potential omissions and calculation anomalies, noting that the process can only include known factors. Schools and Colleges should conduct their own quality review and confirm the assumptions and outcomes from business case modelling to ensure they are consistent with factors known within the School/College that may not be visible to Finance.

Quality assurance is included in the timeframes outlined in Section 6.

8. Business Case Closure

After review, Financial Evaluations, the accompanying Course Calculator and Financial Summaries are forwarded by the initiating College GM through the Finance Business Partner.

9. Where to Submit Business Cases

Correspondences related to business cases should be sent to businesscases.finance@latrobe.edu.au.

Appendix A: New Course Business Case Workflow

