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| Detailed VCC Plan |
| [Project Title] |

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| Stage 2 of the Lifecycle requires the development of a full business case. For projects required to comply with the VCC Framework, the business case will generally need a detailed Value Creation and Capture Plan (unless Government agrees, when considering the Strategic VCC Plan, that a detailed VCC Plan is not required). This VCC Plan will incorporate a selection from the value creation and value capture mechanisms outlined in Figures 6 and 7 and Appendix A. However, the list of mechanisms is not exhaustive and may evolve as Government’s value creation and capture processes further develop and mature. The Plan should:   * outline the value creation and value capture mechanisms chosen for the project, consistent with the Statement of Intent; * provide the rationale and supporting analysis for each mechanism’s inclusion, evidence supporting its deliverability and expected impacts, * quantification of expected value creation and capture wherever possible (and strong qualitative evidence where quantification is not possible), identified beneficiaries and net value created taking to account any associated costs * any challenges or risks it may introduce to the project, and how challenges to delivering value creation or capture opportunities will be addressed; * describe how the project design and delivery is optimised in order to leverage value creation opportunities and enhance value capture potential; * identify additional elements or packages being added to the original project concept to realise value creation opportunities including additional funding required (for example improvements to local amenity, enhanced access for residents in the area immediately surrounding a new asset, or the release of land for development over or around a new asset); * outline inter-departmental collaboration outcomes in relation to integrated land use and planning issues, implementation issues, impacts on interdependent projects, governance, and the roles of third parties such as councils; * canvass the overall impact of the proposed VCC Plan as a whole, including the financial impact; * A description of how any revenue from value capture mechanisms will be used; and * outline the amount and timing of any new funding requirements, including output funding to support any service delivery supported by the project (e.g. operational funding for a new school or hospital).  Using this template This template provides the basic structure of the VCC Plan (both Strategic and Detailed Plans), and guidance to help project populate the content. Please delete the grey guidance boxes from the completed template.  The VCC Plan should be a stand-alone document, but should be considered alongside the project business case as a key document in guiding the project development and delivery. The VCC Plan may cross-reference need not duplicate large sections of the business case. |

# Value Creation and Capture Mechanisms

## VCC Mechanisms and Analysis

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| For **capital projects**, a Strategic Plan should identify the VCC mechanisms that have potential to deliver the greatest VCC benefits and which warrant further investigation through the development of the Detailed Plan. It should also identify whether additional resourcing capacities are required to develop a robust Detailed Plan (e.g. property and commercial advisers may need to be engaged to advise on value capture through land development).  For **precincts**, the Strategic Plan should identify the public land development and capital projects that are planned for the precinct, including identifying which VCC mechanisms facilitate, fund or will be implemented through these projects, as well as which projects (within the precinct) will be subject to their own independent VCC assessment. Analysing selected mechanisms The preferred mechanisms will reflect the context and circumstances of the particular project, and will be designed to optimise the public outcomes achieved through the project. This section should provide the rationale for each mechanisms’ inclusion, including its deliverability and expected impacts.  VCC mechanisms should reflect the context and circumstances of the project. When selecting mechanisms, decision-makers should consider:   * the principles outlined at page 18 of the Framework; * the specific context and circumstances of the project (as the suitability of a mechanism will differ depending on the nature of the core project, with different mechanisms more or less appropriate for a road, a hospital, or development of public land); * the beneficiaries of the mechanism (noting that the beneficiaries of VCC mechanisms may differ from the beneficiaries of the core project); * the incremental value to be created or captured by the mechanism; * for capital projects only, the governance arrangements necessary to further develop the Detailed Plan; * whether the mechanism is proportionate (in terms of value) to the project; * the estimated cost to further develop or implement the mechanism; * any economic, social or environmental impact (either positive and/or negative) of the proposed mechanism; * the distribution of these impacts among the public (e.g. geographically and/or demographically) and the extent to which they are fair, reasonable and equitable; * any threats to implementation of the mechanism, and issues or opportunities, including for other tiers of government or stakeholders; and * the proposed next steps, including resources, stakeholder engagement, to further develop and implement the mechanism.   When identifying value capture mechanisms, project sponsors should be aware that the use of these alternate funding streams can be expected to greatly increase the level of scrutiny by the public and other stakeholders. Accordingly, it is expected that additional transparency in decision-making will be provided for these mechanisms.  At Strategic VCC Plan Stage, it should identify the mechanisms for further investigation and how they will be investigated. At the Detailed VCC Plan stage, it should set out those mechanisms that will be taken forward by the project. Analysis of VCC Mechanisms This section should also set out the analysis underpinning the selected mechanisms. A Strategic Plan should set out the analysis needed to filter the opportunities that will be taken forward, as well as any resourcing or capability requirements needed to develop the Detailed VCC Plan.  The depth of the analysis will be greater for the Detailed VCC Plan. By this stage, the analysis of each value creation and capture mechanism should include:   * evidence supporting the mechanism’s deliverability including any implementation issues or opportunities, including for other tiers of government; * quantification of the value creation and capture opportunities wherever possible, and clear qualitative evidence where it is not possible to quantify value created (e.g. with social and environmental benefits); * identification of beneficiaries; * quantification of net value created after taking in to account associated costs; and any negative impacts or risks.  Example *Mechanism 1: Implement best practice hospital precinct renewable energy solutions to provide environmentally and economically sourced energy available for the entire precinct*  *Description*  *There is an opportunity to provide best-practice approach to segregation of waste streams specified by DHHS Environmental Strategy. Provisions for the segregation of all waste streams will help staff participate in waste saving to improve the environmental sustainability of The Alfred, and could more broadly inform future capital investments in health and other industries.*  *The EDMS can be used to benchmark environmental performance (electricity, water, gas, waste, transport, etc.) against other similar health services. Over time compliance requirements for this system will be increased.*  *DHHS have a list of specialised recycling streams that can be reported within their EDMS. Provision for the segregation of specialised recycling streams as specified by DHHS would considered beyond core scope of the redevelopment. This could provide learning opportunities for the health sector and beyond.*  *Costs*  *Implementing precinct wide renewable energy to*   * *Mapping current/future state with key stakeholders* * *Design modification and infrastructure requirements* * *Capital investment (to be determined)* * *$250k over two years (project resource)*   *Benefits*  *Risks*  *Timeframes*  *Next steps* |

### Value Creation Mechanisms

<Detail value creation mechanisms and supporting analysis>

### Value Capture Mechanisms

<Detail value capture mechanisms and supporting analysis>

## Additional VCC Elements or Scope

<Detail VCC mechanisms, proposed scope changes and the supporting analysis>

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| Value creation and capture opportunities can fall both within the existing scope of the project and outside the scope of the project. When VCC mechanisms and opportunities fall outside of the project scope it is important to present evidence of the net benefits for decision makers to determine whether to increase the project scope to deliver the VCC opportunity, or to undertake complementary activities outside of the project.  This section should make clear any VCC opportunities that would require increased project scope to deliver. The level of detail and analysis should be proportionate to the increase in scope the VCC opportunity would require.  A Strategic Plan should set out the analysis needed for decision makers to assess whether to proceed with any additional scope opportunities, as well as any resourcing or capability requirements needed to develop the detailed VCC Plan. The detailed VCC plan should provide sufficient evidence and quantified analysis to support a decision  VCC opportunities that would result in an expanded scope for the project should be presented as options for government, not as part of the project until Government agreed to pursue them by approving the detailed VCC Plan..  The project may identify complementary opportunities that even if taken forward would not form part of the project. If so, then the Strategic VCC Plan should set out the decision making process for Government and the evidence analysis that will support that decision. The Detailed VCC Plan should set out how the opportunity will be taken forward should the Government wish to pursue it. This should be included in the delivery section of this template |

# Value Creation and Capture Delivery

## Project VCC Governance

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| Project governance should be removed if it varies from the Strategic VCC Plan.  VCC mechanisms can vary significantly in their complexity and the timing for when the VCC opportunities can be implemented. It is important that their delivery is overseen with the proper governance arrangements. This section should either set out how VCC will be delivered within the existing project governance, or any bespoke governance arrangements put in place to deliver VCC. Example – CHANGE WORDING *The role of the Project Sponsor - The Project Sponsor is DHHS. DHHS will provide oversight of the development of the Project’s VCC mechanisms.*  *The role of CBD hospital – The CBD hospital CEO is the client of the project and will provide subject matter expertise and an assessment of the appropriateness of each mechanism to a hospital environment.*  *The role of the Department of Premier and Cabinet (DPC) -* *DPC will be responsible for ensuring the VCC Framework is implemented in accordance with the policy requirements.*  *The role of Treasury and Finance (DTF) - DTF will be responsible for the ensuring the business case complies with the High Value High Risk (HVHR) Framework in accordance with the Investment Lifecycle Guidelines. DTF will also ensure the proposed VCC mechanisms are commercial and represent value for money for the State.* |

## *<Detail the VCC governance arrangements for the project, including by mechanism if appropriate>*

## Collaboration and Integration

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| VCC mechanisms may require collaboration or integration with departments or government bodies not delivering the core project. This may occur during the planning phase of the mechanism or through the mechanisms delivery. There are also a range of Government policies in place that are designed to enhance value and that projects are required to comply with, including Victorian Industry Participation Policy (VIPP), Climate Change Framework and Major Projects Skills Guarantee.  Detail any collaboration, integration or policy compliance required for VCC delivery, including:   * any integrated land use and planning issues; * any policies being met by the mechanism such as local content, apprenticeships, employment and environmental targets; * implementation issues; * impacts on other interdependent projects; * governance; and * the role of third parties such as councils or departments.  Example *The role of the Department of Environment, Land, Water and Planning (DELWP) – DELWP will undertake a land use assessment for the proposed CBD site.*  *The role of Transport for Victoria (TFV) – TFV will undertake a strategic transport planning assessment to determine whether transport services to the proposed hospital need to be altered.* |

## *<Detail collaboration and integration points for the project, broken down by mechanism if appropriate>*

## VCC Procurement Strategy

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| The procurement model of a project will have a significant impact on VCC options, including how they are developed and delivered. This section should, outline:   * how VCC mechanisms will be delivered within the proposed project procurement strategy; * whether VCC options will be specified by Government or developed further in partnership with the chosen bidder.   If bidders will be requested to develop VCC options as part of the tender process, detail:   * how VCC will be integrated into the assessment process; and * how Intellectual Property (IP) of VCC bids will be handled to give Government maximum flexibility in implementing innovative solutions from all bidders. |

## *<Detail the projects procurement strategy and how the VCC mechanisms will be developed to a deliverable solution through the procurement strategy>*

# Value Creation and Capture Outcomes

## VCC Funding and Financial Impacts

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| Outline the funding and financial impacts of the VCC measures compared to the project baseline. This should include:   * the financial and funding impacts of the VCC measures on the project; and * the funding options for the VCC mechanisms employed by the project; and * the revenue streams associated with any value capture mechanisms employed by the project. |

## *<Detail funding and financial impacts>*

## VCC Outcomes and KPIs

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| The VCC mechanisms identified in the VCC Plans should deliver a range of positive impacts to the community. The VCC Framework sets out the high level outcomes the policy aims to deliver. The Statement of Intent should set out which of these the project aims to deliver.  The Strategic VCC Plan should set look to break these down into greater detail. This should draw on the early assessment of the VCC mechanisms. For example, the VCC Framework lists “increased public safety and amenity” as a desired outcome. By this stage, the project should be able to provide further detail as to what social and/or environmental capital it may deliver. For example, a VCC opportunity may be to deliver bicycle path. This will lead to safer cycling, and increased community fitness opportunities.  By the detailed VCC Plan, the project should be able to convert the desired outcomes into KPIs that the project can then report against. As set out in the VCC Guidelines, the project is required to report on delivery of VCC objectives. An important part of this is ensuring that the desired outcomes are achieved. |

### Value Creation outcomes

*<Detail project Value Creation objectives>*

### Value Capture outcomes

*<Detail project Value Capture objectives>*