

|  |
| --- |
| Strategic VCC Plan |
| [Project Title] |

|  |
| --- |
| This document will be a high level, preliminary or strategic version of the Detailed VCC Plan that will be developed alongside the full business case. It will focus on identifying VCC mechanisms that have potential to deliver significant value and warrant further investigation through the development of the Detailed Plan. Early assessment of the Strategic Plan should act as a filter to ascertain the level of value creation and capture mechanisms may present, while also delivering on the Government’s service objectives. The underlying principles that guide Government decision making apply to the Framework (i.e. projects should be assessed on their merits, exhibit a satisfactory benefit-cost ratio and satisfy readiness tests).In proposing the Value Creation and Capture policy, it is recognised that many projects will proceed on very tight timeframes. As such, project sponsors will experience tensions between the time needed to properly scope opportunities for value creation and capture, and hard deadlines in the project schedule. DPC will provide guidance to assist projects in balancing these competing priorities. Using this templateThis template provides the basic structure of the Strategic Plan, and guidance to help project populate the content. Please delete the grey guidance boxes from the completed template. The Strategic 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 Strategic Plan may cross-reference need not duplicate large sections of the business case.  |

# Statement of Intent [Optional]

|  |
| --- |
| For **capital projects** and the development of public land, the Statement of Intent and Strategic Plan may be completed as a combined document, unless DPC advises otherwise. For **precincts**, project sponsors will be required to prepare a separate Statement of Intent and Strategic Plan. This is usually developed further once a precinct vision has been developed.  |

<Include the content of the Statement of Intent>

# Value Creation and Capture Mechanisms

## VCC Mechanisms and Analysis

|  |
| --- |
| 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. Selecting appropriate VCC MechanismsThe 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. Both the Strategic and Detailed Plans require analysis; however, the depth of the analysis will be greater for the Detailed Plan enabling decisions to be made.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. 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 renewable hot water generation at the Melbourne CBD hospital. Utilisation of the heat from the precinct waste disposal can be leveraged to provide heated water for the precinct. This can be utilised for site wide heating.* *Costs** *Implementing precinct wide renewable heating is expected to cost $200k capital investment*

*Benefits** *The proposed savings from heating is expected to be around $30,000 per annum.*
* *The water can be utilised for washing sheets and other onsite services. This is expected to save $20,000 per annum.*

*Risks** *There is a risk that the forecast savings will not be met due to lack of demand from the hospital or precinct.*

*Timeframes* * *The solution needs to be finalised and implemented within the design to ensure any modifications can be implemented. This requires, early engagement with EPA and private suppliers early in design.*

*Next steps** *Mapping current/future state with key stakeholders*
* *Design modification and infrastructure requirements*
* *Engage EPA to detail the environmental benefits from the proposed mechanism*
* *Engage a private supplier to finalise expected cost*
 |

### Value Creation Mechanisms

<Detail value creation mechanisms and supporting analysis>

### Value Capture Mechanisms

<Detail value capture mechanisms and supporting analysis>

# Value Creation and Capture Delivery

## Project VCC Governance and Delivery

|  |
| --- |
| VCC mechanisms can vary significantly in their complexity and the timing for when they 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 *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 project client and will provide subject matter expertise and an assessment of the appropriateness of each mechanism to the 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

|  |
| --- |
| The identification and implementation of 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 mechanism’s delivery. 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.**The role of the Environmental Protection Authority (EPA) – EPA will conduct an assessment of the energy savings delivered by the onsite energy production.* |

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

## VCC Procurement Strategy

|  |
| --- |
| The procurement model of a project will have a significant impact on VCC options, including how they are developed and delivered. The project may not have a procurement strategy but should outline how VCC will be integrated in to the development of the procurement strategy. This includes:* what procurement documents VCC will be included in
* whether VCC options will be specified by Government or developed further in partnership with the chosen bidder
* 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

|  |
| --- |
| Outline the known funding and financial impacts of the VCC measures compared to the project baseline. At the Strategic Plan stage this may be limited. 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

|  |
| --- |
| 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, and the Statement of Intent should have set out the outcomes the identified VCC mechanisms aim to achieve. 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.  |

### Value Creation outcomes

*<Detail project Value Creation objectives>*

### Value Capture outcomes

*<Detail project Value Capture objectives>*