

# Concept Plan

## Guidance Document

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Ministry of Finance and  
Partnerships British Columbia

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## 1 OVERVIEW

### 1.1 PURPOSE OF A CONCEPT PLAN

The concept plan provides decision-makers with information about the need to address service demand pressures, as well as a preliminary analysis of potential service delivery options. Decision-makers will consider the information contained in the concept plan and provide direction on project scope, timing, budget/financing and other priorities before the project's owner commits additional time and resources to develop a detailed business case for the project.

The subject matter of the concept plan is similar to the subject matter of the business case, but at a higher level. The concept plan will provide a detailed assessment of part A (justifying the need for the project) and a higher level review of parts B, C and D (service delivery options to meet the need, procurement options analysis and funding impacts); the business case will update and expand on part A and will provide a thorough analysis of parts B, C and D.

The concept plan typically includes:

- A definition of the problem, need for change, or opportunity, including detailed data supporting the need for the project:
  - For example, service demand forecasts and current facility condition assessments, including risks related to the condition of the current asset(s) used for service delivery
- Preliminary review of approaches to address the service needs based on either service delivery models (e.g., hub and spoke model for health care), or service delivery options (e.g., build new, renovate, do nothing), resulting in a shortlist of service delivery options that will be examined in more detail during business case development;
- Master programs for the service delivery options being considered, including a Class D cost estimate (+/- 25 per cent certainty);
- Total capital cost build-up for the service delivery options being considered;
- High-level timeline for implementation;
- Procurement models recommended for additional analysis in the business case:
- Possible funding sources and estimated amounts of funding that may be provided by each source, if possible;
- Next steps, including identification of the governance model for the project; and
- Decision request.

The concept plan should provide answers to the following key questions:

1. Is there a need for an asset solution (e.g., new or replaced asset) to address the need (e.g. forecasted demand)?
  - a. Do the current / forecast levels of service demand exceed the available capacity of the asset(s)?
  - b. Is the condition of the existing asset(s) inadequate to meet current / forecasted demand? If so, is it cost-effective to rehabilitate the existing asset(s) to address demand requirements?
2. What are the potential benefits of responding to the need?
3. What are the potential risks of not responding to the need (i.e., maintain status quo)?
4. What are possible service delivery options? and
5. What are the respective estimated costs, risks, and delivery timeframes to address the need for **each service delivery option** under consideration?

Approval of a concept plan typically provides the following:

- Agreement that the description of the need and potential solution are consistent with government's strategic priorities;
- A placeholder in the Province's overall capital plan;
- Approval to do a comprehensive business case; and
- In some circumstances, the provision of planning funds.

## 1.2 NEED FOR A CONCEPT PLAN

At the provincial level, government recommends that the owner submit a concept plan for approval prior to investing in a business case for major or complex projects, especially when the project team needs direction from the approval authority.

Examples of projects that could benefit from a concept plan include:

- Projects which may form a first phase, or a pilot intended for replication;
- High-profile projects with public interest sensitivities; and
- Large, complex projects with multiple stakeholders and funders.

A concept plan may not be required for smaller, less complex projects. While the owner should consider a concept plan for each proposed project, general thresholds include one or more of the following:

- Projects smaller in size (typically, less than \$50 million);
- Projects that are straightforward in nature, such as highway paving or bridge rehabilitation.

If there is uncertainty regarding the need for a concept plan, it is recommended that the project team discuss the requirement with the approval authority.

### **1.3 TIME REQUIREMENTS FOR PREPARING A CONCEPT PLAN**

Technical studies are required to support the concept plan and these studies may have a long lead-time to complete. Examples of these studies include:

- a) Demand projections;
- b) Master program; and
- c) Master plan.

It could take the project owner approximately six months to prepare the concept plan for submission; however, this will vary depending on the project's complexity. Depending on the owner's readiness and number of user groups, it may take six months to prepare a master program for a complicated hospital redevelopment, whereas if the owner has recent experience implementing a similar project, then the master program may only take four to six weeks to complete.

The Ministry of Finance recommends that owner's rely on recent experience (including recent engagements on similar projects) to support a concept plan for new projects.

## **2 PREPARING FOR CONCEPT PLAN DEVELOPMENT**

### **2.1 GOVERNANCE**

The first step in project planning is to develop a governance structure to guide decision making for the project. The governance structure needs to be flexible to accommodate different needs as the project moves through the planning, procurement, and implementation phases (e.g., concept plan, business case, procurement, implementation and operations).

The concept plan should explain the current decision making framework. Simple structures, such as a senior steering committee, can be very effective in moving the project forward through concept plan development.

If the owner has already created a Project Board for a different project, the owner has an option to include the concept plan development for a new project under the scope of the existing Project Board, provided that the Board members have the appropriate skills/experience to oversee each project.

## **2.2 DEVELOP A WORK PLAN**

The development of a work plan assists in the overall management of work. The team will identify and prioritize work and create a detailed schedule. Some tasks can be completed in parallel while others will be sequential. Clear identification of the tasks, their precedents, and duration will support estimates (funding and resources) required to complete the work. These may be approved internally, or may require further approvals if multiple stakeholders are funding the work.

## **2.3 IDENTIFY APPROVALS REQUIREMENTS**

It is helpful to fully understand the approvals process for the concept plan. Will approvals be required from executive boards, boards of directors, ministry executives (including Minister responsible), and Treasury Board/Cabinet?

Approval meetings often need to be scheduled well in advance, and if an essential approval step is overlooked, the result can be a significant delay.

### 3 CONCEPT PLAN CONTENTS

The following reviews the elements of a concept plan and suggested content. A concept plan includes the following:

- Executive Summary (the highlights of the concept plan)
- Part A: Need for the Investment
- Part B: Service Delivery Options Analysis
- Part C: Procurement Models for Consideration
- Part D: Potential Sources of Funding
- Part E: Decision Request and Next Steps

#### 3.1 EXECUTIVE SUMMARY

The executive summary of the concept plan should include a high-level summary<sup>1</sup> of the document's key components, including a brief description of the preferred option(s)' scope, budget and schedule.

This information is broken down in the following sections:

- a) General description of the concept plan's purpose;
- b) Approach used to develop the concept plan including:
  - a. detailed assessment of the service need/demand for the asset solution,
  - b. summary of the preliminary service delivery options analysis, including a description of the preferred option(s)<sup>2</sup> (project scope, budget, and schedule)
  - c. whether or not a master program was developed,
  - d. what was used for costing purposes (e.g., unit rates or order of magnitude cost estimate), and
  - e. description of the project team members.
- c) Funding requirements (e.g., total capital cost) and possible sources;
- d) Next steps in the planning phase including governance structure(s) used for the remaining planning, procurement and delivery of the project; and

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<sup>1</sup> The rule of thumb is that the executive summary should not exceed 10 per cent of the document length, to a maximum of ten pages

<sup>2</sup> The concept plan can shortlist more than one service delivery option for further consideration in a detailed business case

- e) Decision request.

## **3.2 PART A: NEED FOR INVESTMENT**

Planning future service delivery is the primary focus of the concept plan and this section sets the foundation for the project rationale. Part A of the concept plan should be as detailed and developed as possible; it forms the basis for Part A of the business case, with appropriate updates.

### **3.2.1 Introduction**

This section provides a general introduction of the project owner and its mandate for providing the program or service.

### **3.2.2 Description of Status Quo**

The concept plan will include a description of the current state, or status quo, which identifies:

- The asset(s) currently used to support program delivery, including when they were constructed and any subsequent changes in service demand / need or asset condition that have occurred;
- Any significant risks or issues that have emerged with service delivery; and
- How the owner is managing these risks and any outstanding concerns (e.g., client / staff safety, negative impacts on service quality, over-crowding of facility space, lengthy travel times on roads / bridges, high vehicle accident rates).

For those projects with an estimated total capital cost over \$50 million, the concept plan **must** include a more detailed analysis of the expected asset condition, any related capacity constraints/risks, and proposed risk management arrangements for the status quo option over the next five to ten years. This will include identification and quantification, wherever possible, of the following:

- Forecast asset condition over the next five to ten years, assuming regular / routine maintenance levels;
- Key risks that may emerge over the forecast period (e.g. client/staff safety risks, non-compliance with municipal building codes and/or legal/policy standards for service delivery);
- Proposed mitigation strategies (e.g. significant upgrades to building systems, roads); and
- Residual / remaining risks.

### **3.2.3 Provincial, Ministry and Agency Strategic Plans**

This section discusses how the program fits into the strategic plans of the Province, ministry and agency. The section is intended to support the need to continue to provide the program/service and can also identify how the new services will support the agency, ministry and the Province's strategic direction and priorities for investment.



The concept plan should address the wider impact on the strategic plan, including direct and indirect impacts on other services. For example, if a hospital project envisages a new model of care with reduced inpatient treatment and lengths of stay, Part A of the concept plan should identify high-level plans to provide the supporting community based services<sup>3</sup> in the concept plan.

### **3.2.4 Establishing the Context**

Establishing or identifying the context and constraints of a program/service requires an understanding of the goals, objectives, values, policies, strategies and required results that may impact the program or service.

This section deals with assumptions and constraints of the program/service. Examples include:

- Critical decision points during the project schedule (planning, procurement, and implementation);
- Program commitments that have already been publicly announced; and
- Other requirements that could impact the viability of various deal structures (e.g., philanthropist requirements).

### **3.2.5 Need/Opportunity for Investment**

This section summarizes the need for new infrastructure to support future demand, supported by available data (physical status of existing asset, demographic pressure, changes in use of asset(s)).

This section must include a comprehensive analysis justifying the need for an investment, for example:

- Forecasted demand for the government service (e.g. client caseload growth, forecast traffic volumes) over a minimum of the next five to ten years.
  - Describe the extent to which the capacity of the existing assets can or cannot meet the forecasted demand (e.g. forecast changes in facility space utilization rates, travel times on transportation corridors)
- Condition of the existing asset(s) using established measures (e.g. facility condition index, road/bridge condition indices) and whether or not the condition of the asset(s) is expected to be adequately to meet future service need.
  - If not, is it cost effective to rehabilitate the existing asset(s) to address future service demand?

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<sup>3</sup> Note that these services may or may not be included in the project definition.

### 3.3 PART B: SERVICE DELIVERY OPTIONS

#### 3.3.1 Project Objectives

This section provides a comprehensive description of what the project is expected to achieve and any relevant linkages to the ministry's / agency's service plan and mandate letter.

Project objectives will be used to assess the service delivery options analysis during the planning phase (including concept plan and business case) and be incorporated into future post-completion evaluations.

For those projects with an estimated total capital cost over \$50 million, the project objectives must be measurable and outcomes-based since they will form the basis of the performance management framework<sup>4</sup> for the project that monitors and reports on outcomes during the project's post-completion period. Project objectives that are qualitative in nature (i.e. not measurable or outcome based) could be presented as Guiding Principles in the concept plan.

#### 3.3.2 Preliminary Service Delivery Options Analysis

This section will include an initial analysis of alternative (non-capital) strategies to address the needs identified in Part A, such as demand management (e.g. wait lists), outsourcing, program redesign and reconfiguring existing infrastructure and program service delivery arrangements (e.g. moving program/service to a larger government facility, extending hours of service delivery).

If the non-capital strategies do not meet the need identified in Part A, then the team should consider capital strategies (e.g. renovate, build new). The probable service delivery options (capital and non-capital), including the status quo option, should proceed to a multiple criteria analysis.

The assessment of various service delivery options should include the use of the Multiple Criteria Analysis (MCA) approach. The MCA methodology compiles quantitative and qualitative information for a decision, including advantages and disadvantages of each option under consideration. Projects with a total capital cost over \$50 million must use both qualitative and quantitative methodologies to assess the service delivery options.

This section should respond to the following questions:

- What broad service options are available? e.g., centralized vs. decentralized service models, rail/transit vs. road solutions, or outpatient vs. inpatient approaches.
  - Capital and non-capital strategies
- Are there any alternative (non-capital) strategies that can address the need such as demand management (e.g., wait lists), outsourcing, program redesign, or reconfiguring existing

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<sup>4</sup> This framework will be developed and provided in the business case

infrastructure and program service delivery arrangements (e.g., moving program/service to a larger government facility or extending hours of service delivery)?

- What evidence is available that would support one option over another?
- What are the direct and indirect implications of a new service delivery option? e.g., if a port is expanded, there may be ancillary requirements for improved road or rail links.
- If the practices around the delivery of the program have significantly changed, supporting reports including implications of current operations on the program's success would assist in the justification for the project.

This section could also summarize the review of current delivery models, relevant technologies, and experiences in other jurisdictions. For example, the existing infrastructure could be outdated and not providing the program at the current standards or may not be meeting current safety standards.

The owner is encouraged to initiate preliminary consultation with key stakeholders around the current delivery model, opportunities for improvement, future needs and models for service delivery that are under consideration.

### 3.3.3 Service Delivery Option Information

The following information is required for the capital service delivery options under consideration.

#### Preliminary Project Scope

The scope description should be as comprehensive as possible to support a Class D cost estimate.

- Transportation projects – describe what is required, e.g., length of road/highway, transit solution including route.
- Accommodation projects – supported by a master program, describe the general size of the new building, the required programs, and site implications (e.g. build on existing site or new).
  - Health care projects should always include the number of inpatient beds, operating rooms, and other relevant components.
  - Correctional facilities should include the number of cells, classification of cells, and a general description of the programs.
  - Regardless of the sector, if the owner plans to build on the existing site, the concept plan should include a description of the new construction's potential impact on the existing facility's operations.

#### Preliminary Project Schedule

Project duration has a significant impact on cost and impact, and a general understanding of the schedule will be helpful, even at a preliminary stage. The schedule must also confirm the key assumptions or factors important to the schedule such as program delivery constraints, seasonal/weather impacts, permitting, re-zoning (if required), coordination with other projects or initiatives, and government commitments.

The cost estimate (e.g., escalation estimate) must be consistent with the preliminary project schedule.

At this stage, unless instructed otherwise, base the procurement schedule on a design-bid-build approach.

#### Preliminary Project Budget (Total Capital Costs)

This early estimate of total capital costs will establish the initial financial baseline for the project. The total capital cost should include:

- Construction cost estimate<sup>5</sup> (based on Class D estimate) assuming a design-bid-build process;
- Estimate of the owner's procurement and implementation costs;

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<sup>5</sup> Include both hard and soft costs

- Allowances for risk, equipment<sup>6</sup> and IMIT costs; and
- A project contingency or reserve.

The cost estimates should be justified by documented underlying assumptions (e.g., specific inflation / deflation assumptions, project schedule, and a description of the assumptions / risks underlying capital contingencies).

### **Risk Assessment**

This high-level risk identification includes an initial analysis of mitigation strategies for key risks (e.g., geotechnical) relating to the planning, procurement, and implementation of the capital project. The Ministry of Finance does not expect this risk assessment to be “operations” focused.

Those projects that exceed a total capital cost of \$50 million must include a high-level quantification of key risks, mitigation strategies, and residual / remaining risk for each of the service delivery options under consideration; teams can base this information on recently completed projects, if information is available to the owner.

#### **3.3.4 Preferred Service Delivery Option**

The concept plan should recommend at least two service delivery options for further consideration in the business case.

### **3.4 PART C: PROCUREMENT**

This section should identify and describe those procurement models that will undergo further analysis in the development of the business case. The concept plan will identify the likely procurement options for the project, including their relative strengths and weaknesses.

### **3.5 PART D: FUNDING AND NEXT STEPS**

#### **Funding Sources**

Based on the preliminary total capital cost estimate, a description of potential sources of capital funding must be included, including the dollar amounts and timing of contributions from each source. Potential funders of the project may include the federal government, provincial government, Regional Hospital Districts, and private foundations.

Funding sources will be confirmed during the development of the business case.

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<sup>6</sup> Equipment required for operations, e.g., medical equipment, security, cameras; building equipment will be included in the cost estimate.

## **Governance**

The concept plan will include a general description of the proposed project oversight structure and processes that are commensurate with the project's size, complexity, and risk.

## **Next Steps**

This section should explain the next phase in the process; e.g., preparation of a business case. This section describes the associated workplan, including major tasks, schedule, and budget<sup>7</sup>.

### **3.6 PART E: DECISION REQUEST**

Approval of a concept plan typically provides the following:

- Agreement that the high-level description of the need and potential solution are consistent with government's strategic priorities;
- A placeholder in the overall capital plan, based on a high-level cost estimate;
- Approval to do a business case;
- Depending on the sector, funding for preparing the business case; and
- Approval of governance structure and confirmation of future approval requirements.

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<sup>7</sup> Consultant team includes: architect, engineering team, quantity surveyor, business advisor, and other specialty advisors as needed (e.g. medical equipment, kitchen consultant, security)

**APPENDIX A – CONCEPT PLAN TABLE OF CONTENTS**

**Table 1: Concept Plan Table of Contents**

Section	Content	Comments
Executive Summary	<ul style="list-style-type: none"> <li>▪ The Purpose</li> <li>▪ The Approach</li> <li>▪ Service Delivery Options</li> <li>▪ Scope, budget, schedule</li> <li>▪ Risks of not proceeding</li> <li>▪ Total capital cost and potential funders</li> <li>▪ Decision Request</li> </ul>	<ul style="list-style-type: none"> <li>▪ Purpose of concept plan</li> <li>▪ Approach used to plan for and write concept plan</li> <li>▪ Conclusions reached</li> <li>▪ Summary and decision request</li> </ul>
Part A: Need for Investment	<ul style="list-style-type: none"> <li>▪ Introduction and background</li> <li>▪ Description of status quo and associated risks</li> <li>▪ Need/Opportunity for investment</li> <li>▪ Fit with strategic plan and program's context</li> </ul>	<ul style="list-style-type: none"> <li>▪ This section should be well- developed.</li> <li>▪ Ideally there should be minimal changes in Part A when moving to business case.</li> </ul>
Part B: Service Delivery Options	<ul style="list-style-type: none"> <li>▪ Identification of viable service delivery options to meet need</li> <li>▪ Identification of risks in not proceeding with project</li> <li>▪ Use of MCA for Service Delivery Options Analysis</li> <li>▪ Preliminary project scope, budget, and schedule for preliminary preferred option</li> </ul>	<ul style="list-style-type: none"> <li>▪ Use a Multiple Criteria Analysis approach for service delivery options analysis.</li> <li>▪ Preferred service delivery option:               <ul style="list-style-type: none"> <li>○ Project Scope</li> <li>○ Project Schedule</li> <li>○ Project Budget</li> <li>○ Risk Assessment</li> </ul> </li> </ul>
Part C: Procurement	<ul style="list-style-type: none"> <li>▪ Description of procurement models for analysis in the next phase</li> </ul>	<ul style="list-style-type: none"> <li>▪ An appendix is required that contains project information helpful in a screen.</li> <li>▪ Sample wording for this section is:                The Agency will undertake a detailed assessment of procurement options and related risk assessment upon approval to proceed to the business case. It is anticipated that all models of procurement will be considered including traditional Design-Bid-Build, Design-Build, and private-public partnership procurement models such Design-Build-Finance and Design-Build-Finance-Maintain.</li> </ul>
Part D: Funding and Next Steps	<ul style="list-style-type: none"> <li>▪ Potential funders should be identified</li> <li>▪ Work plan for next planning phase</li> </ul>	
Part E: Decision Request	<ul style="list-style-type: none"> <li>▪ Approval of concept plan request</li> </ul>	