



Integrated Capital Planning Manual

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Joint-use school under construction in Martensville.

Introduction

The Capital Planning Manual outlines the objectives and requirements for the Government of Saskatchewan's annual Call for Capital Plans.

For any questions regarding the manual or call for capital plans, please contact SaskBuilds or email saskbuilds.icp@gov.sk.ca.

Objectives

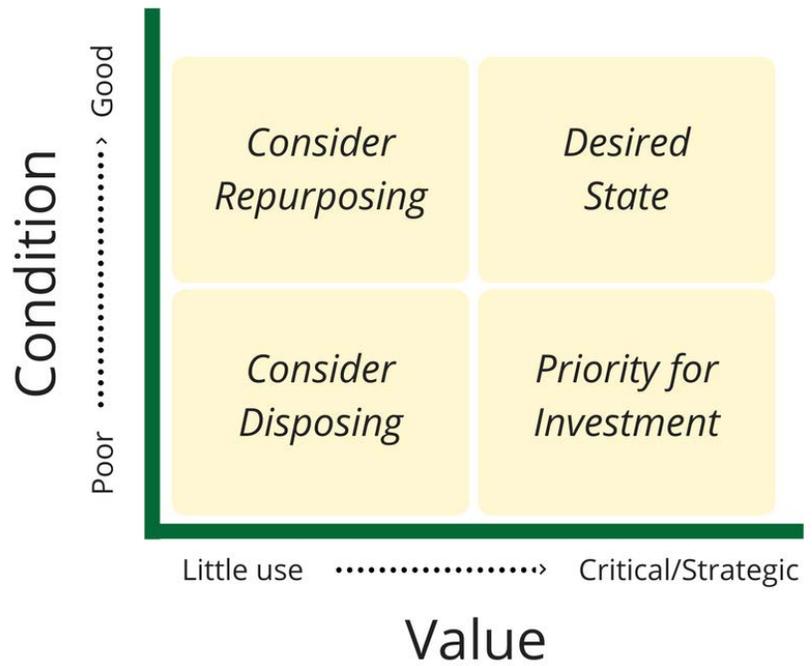
The integrated capital planning process seeks to create a fundamental change in the culture of how capital planning is completed. Change will be achieved through:

- More consistent and robust information to decision makers.
- Business cases with clear scope with detailed lifecycle costing estimates.
- Identification of strategic investments rather than funding "shovel ready" projects.
- On time and on budget project delivery.
- Benchmarking and performance reporting.

Ultimately the goal is to provide better advice and information to support decision making. The government's desired state is to have its critical and strategic infrastructure in good condition in order to deliver programs and services to citizens. In addition to identifying new assets, the integrated capital planning process seeks to identify investments in existing facilities where:

- Critical and strategic assets in poor condition are identified for priority investment.
- Less critical infrastructure in good condition is considered for potential repurpose.
- Assets in poor condition with low utilization are identified for strategic disposition.

Figure 1 (right), identifying capital investments

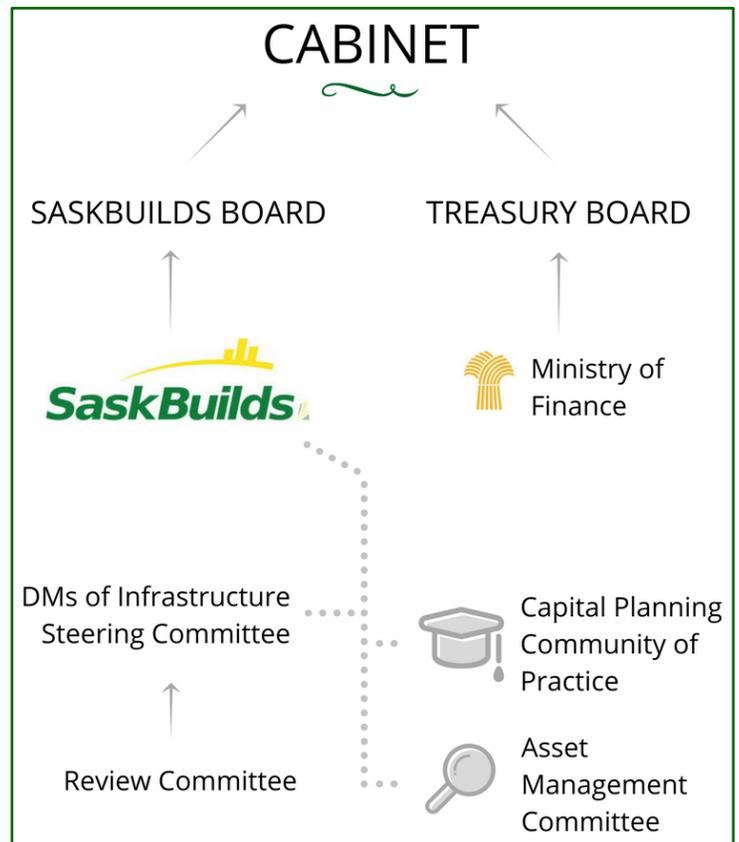


Governance

SaskBuilds is responsible for the delivery of the integrated capital planning process and development of the Integrated Capital Plan. SaskBuilds reports all findings and recommendations to the SaskBuilds Board who then considers further recommendations to Treasury Board and Cabinet. Figure 2 identifies the structure for the various committees which support the planning process:

- A Deputy Ministers of Infrastructure Steering Committee provides leadership for the implementation and ongoing management of the integrated capital planning process.
- The Review Committee is responsible for the prioritization of all new capital requests.
- SaskBuilds seeks guidance and implements improvements with the Capital Planning Community of Practice and Asset Management committees.

Figure 2 (right), capital planning governance



1. Annual Integrated Capital Planning Cycle

As in the past, the planning cycle has been designed to allow for ministries and third parties (such as the Saskatchewan Health Authority, school divisions, universities or colleges) to identify their strategic infrastructure needs in preparation for their budget requests.

Figure 3, integrated capital planning cycle

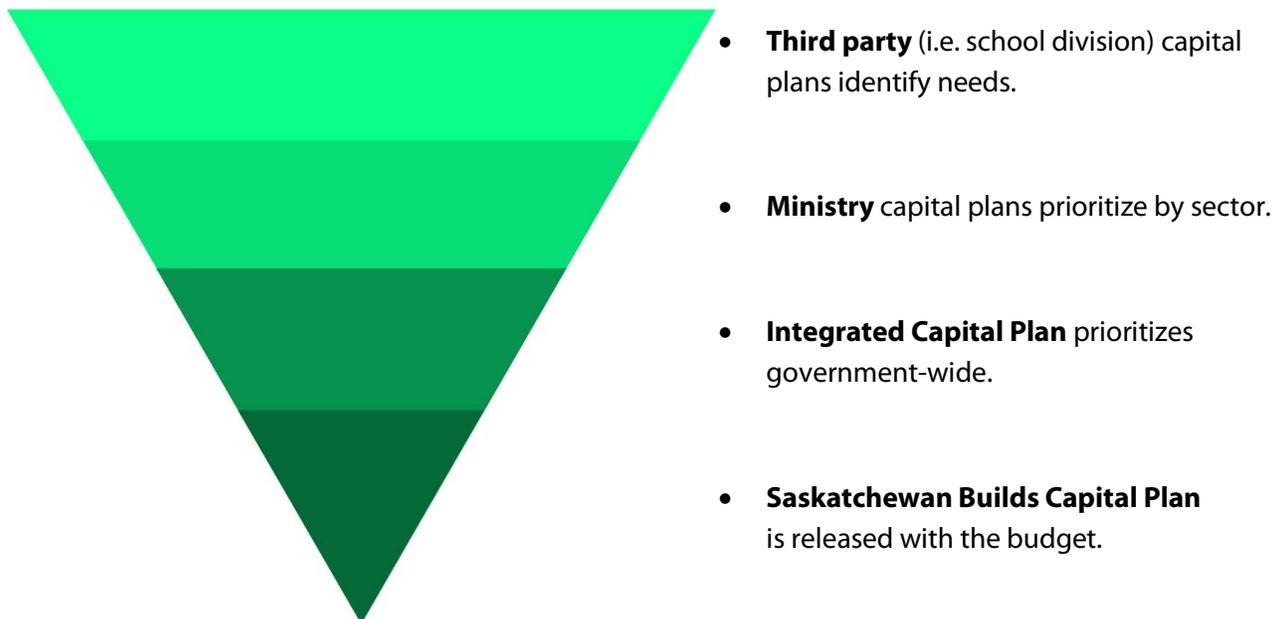


1.1 Ministry Capital Plans

Capital Asset Plans

Ministries and third parties are responsible for the management of their existing stock of infrastructure (asset management) including: asset inventories, assessments, maintenance schedules, asset renewal and development of their capital asset plans. Figure 4 demonstrates that in order to make strategic investment decisions the needs at each level must be identified and filtered based on the established screening processes.

Figure 4, capital planning prioritization funnel



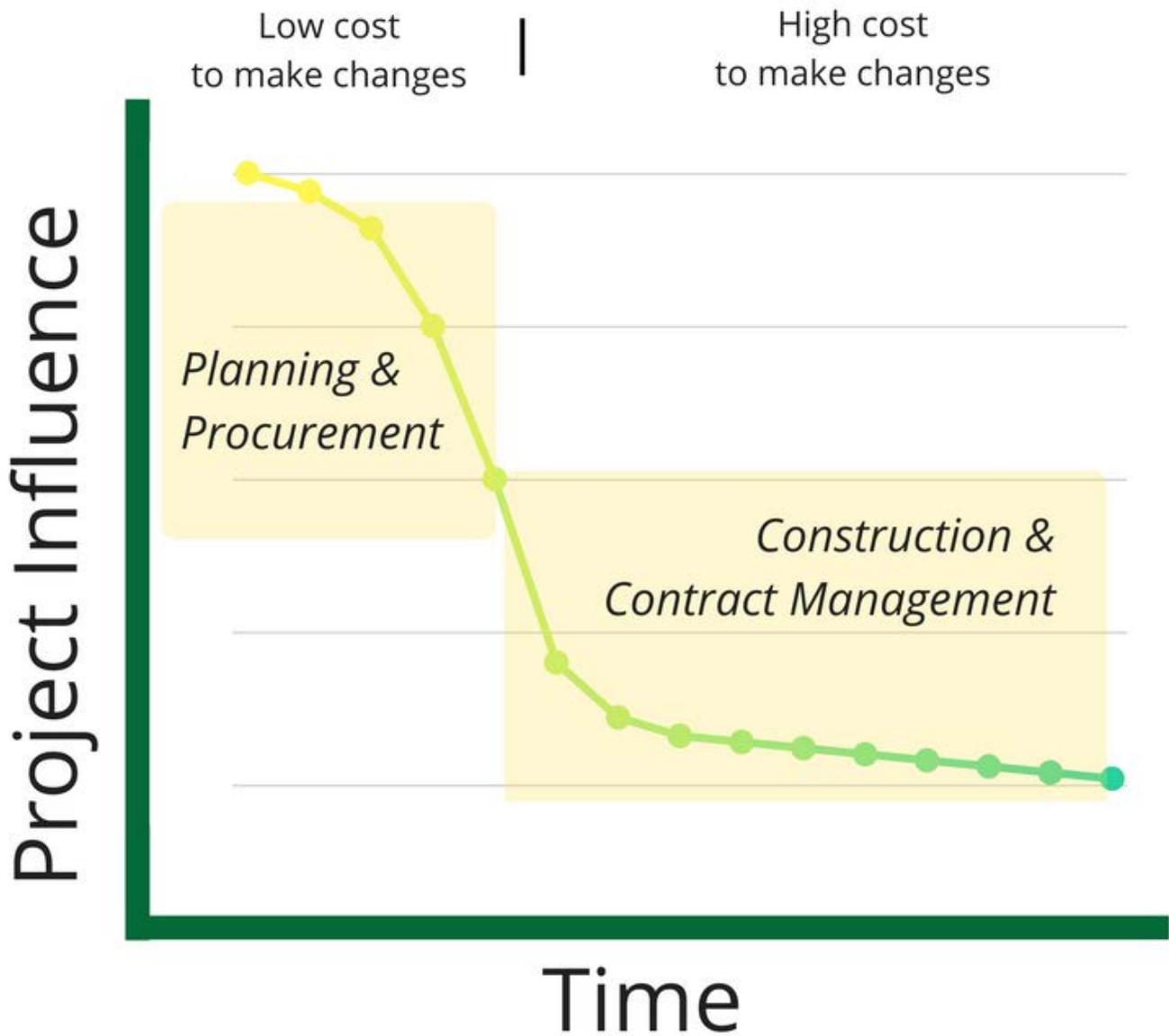
New Infrastructure Projects

The integrated capital planning process has placed increased emphasis on upfront planning rigor to ensure projects have a detailed business case which includes:

- **Needs Assessment:** the project need is clearly articulated and aligns with government/ministry strategic direction and program objectives. For example, the facility is in old and poor condition or growth has created new demand.
- **Options Analysis:** the project demonstrates a thorough analysis has occurred that explores options to address the program need which may include the status quo, program changes, alternative service delivery, asset consolidation or capital investment.
- **Procurement Strategy:** a procurement options analysis identifies viable procurement options in order to recommend the procurement strategy that best achieves the project objectives and value for money. Because different procurement methodologies require different degrees of upfront planning (design, etc.) it is important to complete this analysis at the right time in a project. SaskBuilds has expertise to help complete this work.

Why do we invest time upfront? At the initial planning stage, government has the most control over the outcome of a project. Negotiating scope and design changes once a contract has been awarded results in higher costs and schedule delays.

Figure 5, project influence over time



1.2 SaskBuilds' Screen

SaskBuilds' project screening provides two of the three fundamental lenses for assessing whether to make a capital investment. First, project readiness is assessed to ensure that business cases are complete. Second, new projects are prioritized based on their alignment to government goals and ranked based on their comparison to each other. The third and final lens is affordability which is managed as part of the budget process.

Project Readiness

SaskBuilds completes a risk analysis of all business cases for new capital projects submissions. The analysis considers all elements of a business case, including needs assessment, options analysis and procurement analysis. Best practices suggest that infrastructure investment decisions should be made with consideration of the full lifecycle costs including operational changes and long term asset management and maintenance costs. SaskBuilds reviews all cost estimates and assesses how well projects articulate planning, capital, operation and maintenance costs.

Due diligence efforts will continue to ensure projects complete the necessary planning stages and lifecycle cost estimates before investment decisions are requested.



Prioritization

To prioritize projects, SaskBuilds uses an evidence-based scoring matrix that was developed based on international best practices and input from across government. The prioritization matrix is reviewed annually by the Deputy Ministers of Infrastructure Committee and criteria are shared with the Community of Practice. Figure 6 outlines key steps in the prioritization process.

Figure 6 (right), project influence over time

1

PREP EXHIBITS

SaskBuilds does an initial review and prepares risk analysis for the review committee.

2

EVALUATIONS

An independent internal review committee evaluates each submission and comes to a consensus priority score. The overall results are ranked. Ties are uncommon but allowed.

3

READINESS ANALYSIS

SaskBuilds completes the risk analysis of project readiness, as described above.

4

DRAFT PLAN

A final, prioritized list is included in the year's Integrated Capital Plan

1.3 Report Development

SaskBuilds' findings and recommendations are summarized in the annual integrated capital plan. It is a strategic planning document which provides an overview of the condition of current assets, recommendations for new investment opportunities and provides a status of projects currently underway.

Recommendations made in the integrated capital plan are provided to the SaskBuilds Board before proceeding to Treasury Board and Cabinet.

It is important to note that an individual project planning lifecycle may not be aligned with the annual capital planning cycle. Figure 7 provides an overview of the steps that an individual capital project typically would follow for a ministry. The project lifecycle extends over several steps from the generation of the idea to construction and throughout the operation, maintenance and rehabilitation lifecycle phase. SaskBuilds supports business case development throughout the year and provides advice to Treasury Board and Cabinet as required.

Figure 7, lifecycle of an individual capital project



Project Performance

Monitoring and reporting on projects is a key component of effective project management. The purpose of the annual Project Status Updates and Post-Project Reviews is to take a first step towards a government-wide database of project performance. Ministries are asked to submit data on a regular basis in order to ensure the province is aware of any major changes to projects, including changes to scope, costs, schedule and risk profiles. Information collected will offer valuable insights and beneficial lessons to improve future capital planning processes.

1.4 Budget Development

The third lens for capital planning is affordability. This lens is applied by Treasury Board in the budget process. Capital funding and new infrastructure investments are announced in the Provincial Budget as part of the Saskatchewan Builds Capital Plan.



Joint-use school interior near completion.

2. Integrated Capital Plan Submission

Section 2 of the Integrated Capital Planning Manual provides instructions on completing the submission requirements from the Call for Capital Plans. Sections 2.1 through 2.5 discuss each requirement in more detail.

Figure 8: Relationship between Capital Planning documents



2.1 Capital Asset Plan Template and Guide

It is important that capital investments are protected over the long term through maintenance and lifecycle planning. Protecting the longevity of capital assets will contribute to business continuity and minimize disruption to public services. This requires long-term asset management planning. A long-term capital asset plan is one component of effective asset management which allows government to prioritize needs and strategically allocate funding. Ministries are encouraged to develop rolling, multi-year capital asset plans that flow from and support their strategic plans, and reflect the cost of managing assets through their life cycles.

This section outlines a detailed description of the ministries asset management plan and assessment methodology. This includes an assessment of the overall state and functionality of the ministry's asset portfolio and the ability of current infrastructure to meet the needs of the province now and in the future.

2.2 Capital Projects and Programs List

The capital projects and programs list is required as a summary of all ministry capital infrastructure projects and programs with the exception of IT, fleet, equipment and leasehold improvement projects. This list should indicate all projects (in progress, advanced in the planning process, or early stage ideas; funded or unfunded) for the next 10 years. The number of projects submitted is at the organization's discretion. Ministries will need to indicate how the funding will be allocated between planning and capital. An excel template is provided for this requirement.

This list should reflect a ministry's anticipated capital needs over the next 10 years. The list must include all projects submitted with a business case and may include additional new project or program ideas. As we recognize that planning often requires funding, specific columns for planning requests have been separated in the template.

The list should be prioritized to reflect the internal prioritization of the ministry.

Ministries should attach a supporting document with a description for each project or capital program (similar to a glossary) that is not supported by a business case or capital funding proposal.

It is reasonable to predict that a ministry's list submitted for the integrated capital plan may change prior to the ministry's budget submission. This may be due to better developed costing information, ministry re-prioritization, meeting budget targets or emergent needs. Any updated information must be provided to SaskBuilds and Treasury Board branch as part of the budget process.

2.4 Business Case

The Business Case requires an evidence-based rationale for government to invest in the proposed project. The business case allows ministries to describe the key components of the project, identify the need for the project, and demonstrate that a thorough analysis has occurred to explore options that will address the program need.

2.5 Program Business Case

SaskBuilds has developed the Program Business Case to summarize an evidence-based rationale for government to invest in the proposed program. The Program Business allows ministries to describe the key components of the program, identify the need for the program, and demonstrate that a thorough analysis has occurred to explore options that will address the program need.