First Nations Child and Family Services (FNCFS) Program Capital Funding

Ontario Final Agreement

November 14, 2025

Indigenous Services Canada
Services aux Autochtones Canada
Canada

Purpose

To provide a brief overview of the **implementation of the FNCFS capital commitment under** the Final Agreement on Long-Term Reform of the FNCFS Program in Ontario (**the Ontario Final Agreement or OFA**)

Current FNCFS Capital Process: 2021 CHRT 41

- As a result of 2021 CHRT 41, Canada began funding the full cost of the planning, purchase and construction of capital assets to support the delivery of the FNCFS Program and Jordan's Principle
- 2021 CHRT 41 capital project requests are assessed by FNCFS Program teams within Indigenous Services Canada's regional offices
- 2021 CHRT 41 capital requests are assessed using the same technical standards as under the Capital Facilities and Maintenance Program (CFMP)
- 2021 CHRT 41 capital project requests are currently funded at actual costs and must support the delivery of at least one of the FNCFS Program funding streams:
  - Protection
  - Prevention
  - Post-Majority Support Services
  - First Nation Representative Services

FNCFS Capital Commitment in the OFA

- On February 26, 2025, Chiefs of Ontario (COO), Nishnawbe Aski Nation (NAN) and Canada signed the OFA

- In the OFA, Canada committed a total of **$455 million** for FNCFS capital assets that support the delivery of the reformed FNCFS Program's funded services and activities, to be administered over the term of the OFA (tentatively April 1, 2026 to March 31, 2034)
- FNCFS capital project requests under the OFA will follow a community planning approach
- OFA FNCFS capital funding is intended to support:
  - needs assessments and feasibility studies
  - the purchase and construction of capital assets
  - the repair and renovation of existing buildings
  - the operations and maintenance costs of owned assets

- Note: $455 million represents Ontario's share of the national capital funding pot negotiated in the rejected draft national Final Settlement Agreement

Transition from CHRT 41 to OFA Capital Process

- First Nations and FNCFS Agencies will continue to have access to FNCFS capital funding under 2021 CHRT 41 until the date the OFA comes into effect
- As of the date the OFA comes into effect, the 2021 CHRT 41 FNCFS capital process will be **immediately replaced in Ontario by the OFA Capital Process**

Applicable Approval Process for FNCFS Capital Requests

- For FNCFS capital proposals submitted before the effective date of the OFA, ISC will apply the 2021 CHRT 41 approval process to determine if the proposal will be funded
- For all capital proposals submitted after the effective date of the OFA, ISC will apply the OFA Capital Process to determine if, and when the proposal will be funded

- For capital projects **where design funding was approved under the 2021 CHRT 41 approval process**, subsequent proposals for construction funding will not be subject to the full OFA Capital Process. These proposals will not require the submission of a plan

Note: After the OFA comes into effect, Jordan's Principle capital will continue to operate under the existing 2021 CHRT 41 process

OFA Capital Eligibility

- Eligible recipients remain First Nations and FNCFS Agencies in Ontario
  - First Nations in Ontario who have concluded a self-government agreement are eligible as long as they are delivering services and receive funding under the FNCFS Program

- It remains, that eligible assets must support the delivery of at least one of prevention services, protection services, First Nation Representative Services, and Post-Majority Support Services (including vehicles and housing for staff in very limited circumstances)

- It remains, that recipients can **purchase or construct off-reserve property** where there is no suitable property available on reserve for construction OR where an off-reserve asset is more accessible for First Nations children, youth, and families ordinarily resident on reserve to receive services

OFA Capital Eligibility, cont.

- **Multi-purpose assets** (i.e., assets supporting the delivery of FNCFS-funded services and activities along with unrelated activities) will continue to be proportionally funded. OFA FNCFS capital funding is only available to support the portion of a multi-purpose asset that is intended to support FNCFS-funded services and activities

- Eligible expenses include (see forthcoming OFA Capital Implementation Guide for complete list):
  - ✓ needs assessments and feasibility studies
  - ✓ purchase, new construction, renovation, and replacement of capital assets
  - ✓ insurance for assets
  - ✓ project administration costs as outlined in the OFA Capital Implementation Guide
  - ✓ professional fees
  - ✓ operations and maintenance costs (buildings and vehicles)

OFA Capital Implementation Guide

- Canada, COO, and NAN are working together to create an **OFA Capital Implementation Guide**

- The **OFA Capital Implementation Guide** will detail the OFA capital process, including:
  - how First Nations and FNCFS Agencies can submit capital funding requests
  - the approval and administration process for capital projects
  - eligibility criteria for activities, assets, and expenses
  - the stages of the project lifecycle
  - reporting requirements
  - appeals process/dispute resolution

- The **OFA Capital Implementation Guide** will be available in Winter 2025-26

Capital Project Lifecycle

- Each project that qualifies for FNCFS capital funding under the OFA will be subject to a stage-based project review process

- The FNCFS capital project life-cycle includes the following **six separate stages**:
  1. Planning stage
  2. Feasibility study stage – including feasibility and other pre-design surveys/studies
  3. Design stage
  4. Procurement and construction/acquisition, and commissioning stage;
  5. Operations and maintenance stage
  6. Decommissioning stage

- FNCFS capital funding requests for **straightforward/simple projects** may not need to go through all the stages above

1. Planning Stage

- ISC will administer OFA FNCFS capital funding based on project proposals
- **First Nations** will submit a First Nation Infrastructure Investment Plan (FNIIP):
  - Under the OFA, First Nations will identify their priority FNCFS capital needs each year by creating or updating their community-level FNIIP, with support from the ISC regional office
  - Fiscal year 2026-27 will serve as a transition into the new process. First Nations will be requested to submit a stand-alone FNIIP (date to be determined and communicated in advance) and based on guidance and tools to be share in the near future
  - Beginning in fiscal year 2027-28, the FNCFS portion of each community's FNIIP will be submitted in the fall of each year as a distinct tab in existing FNIIPs
- **FNCFS Agencies** will submit an Agency Infrastructure Investment Plan (AIIP):
  - Under the OFA, FNCFS agencies in Ontario will identify their priority FNCFS capital needs each year by creating or updating an AIIP, with support from the ISC regional office
  - Beginning in fiscal year 2027-28, the AIIP will be annexed to agencies' Child and Community Well-Being Plans (a new planning requirement for FNCFS agencies under the OFA which is due within six months of the OFA coming into effect) with updates to the AIIP submitted to ISC in the fall of each year
  - Fiscal year 2026-27 will serve as a transition into the new process
  - FNCFS Agencies will be asked to submit a stand-alone AIIP containing their priority FNCFS capital requests to ISC at a date to be determined and communicated in advance, for use, if and when the OFA comes into effect

Project Ranking

- Once the plans are received, ISC will evaluate all eligible FNCFS capital requests using a Priority Ranking Framework (PRF) – a tool that helps ensure OFA FNCFS capital funding is directed to the highest priorities using a consistent process

- The framework uses a weighted scoring system to assess proposals against several standardized criteria:
  - For renovations:
    - the condition of the current building
    - if the building meets safety standards and building codes
  - For new builds:
    - whether existing space can meet service needs
    - how far the nearest suitable facility is from the community
  - For both:
    - if the community has received construction funding before
    - how many of the FNCFS Program's funding components will be delivered (for First Nations) or how many First Nations will be served (for FNCFS Agencies)
    - how much of the space will be dedicated to FNCFS service delivery
    - whether essential infrastructure like water, power, and roads is in place
    - whether the request comes from a First Nation
    - if the request comes from an FNCFS Agency, whether a land designation is secured or in progress

Project Ranking, cont.

- ISC will prepare an initial ranking report that identifies the projects that ranked highest through application of the PRF
- The **Ontario Reform Implementation Committee (ORIC)** will examine the initial ranked list of projects and provide feedback to ISC, including any concerns or observations regarding the prioritization of projects
- Projects that rank high enough and can be funded within the yearly funding envelope will proceed to the next step

<u>Projects that do not rank within the funding envelope for the current year:</u>

- ISC will notify the recipient that their project was not selected for funding in the current fiscal year
- Projects not selected for funding in a given fiscal year will remain in the FNIIP/AIIP (unless revised the subsequent year during the FNIIP/AIIP update) and will be part of the prioritization process the next year
- Recipients may request additional information from ISC about how their project was scored/ranked
- If a First Nation or FNCFS Agency disagrees with the scoring/ranking of a project, they may pursue a **Claimant Dispute under the OFA's dispute resolution process**

2. Feasibility Stage

- When a project is selected for funding through the Priority Ranking Framework, the recipient will be invited to submit a feasibility study
  - The recipient must submit a funding application for the feasibility phase. This phase identifies what infrastructure and resources are needed to deliver programs and services. The study usually looks at: the services currently being offered, staffing requirements, the type and amount of infrastructure or capital needed, and the availability and condition of existing assets
- The feasibility study must include detailed information such as project description, rationale, implementation plan, cost estimates, cash flow projections, environmental assessment, land survey, and risk mitigation measures
- Its purpose is to demonstrate the viability, sustainability, and value-for-money of the project before significant resources are committed
- ISC reviews the feasibility study submitted to confirm technical options and cost analysis
- ISC then approves the project for funding, allowing it to go forward to the design stage

3. Design Stage

- After the feasibility study is finalized, the recipient prepares and submits a Project Approval Request (PAR) with support from ISC
  - The PAR includes the feasibility study, cost estimates, risk assessments, project schedules, and supporting documentation

- Once ISC endorses the PAR, design stage funding is provided through an amendment to the requestor's funding agreement and design activities can proceed
- During the design stage, the recipient develops the option selected from the feasibility study and prepares complete design documents with sufficient detail for tendering, including a Class "A" cost estimate
- ISC endorses the final design documents and then the project can proceed to the procurement and construction/acquisition stage

4. Procurement and Construction/ Acquisition Stage

- Following project approval, the recipient's project design team moves forward with the tendering and construction phases
- Funding is released in steps according to a pre-determined payment schedule based on agreed progress milestones through an amendment of the recipient's funding agreement
  - A separate funding application **will not be required** for each phase. Instead, project approval occurs at the outset, and ISC will support the full life cycle from start to finish, subject to funding availability. Under the OFA, capital projects will be approved for funding once, after which they will not be re-assessed using the PRF
  - ISC officials with infrastructure experience can provide ongoing support as needed, and a stage-based review process will be applied – for example, ISC will conduct a technical review of the feasibility study and design before approving the construction phase
- Once an asset is constructed, the recipient submits closure documents to ISC
- After project completion, the asset enters a one-year warranty period during which the contractor must address any deficiencies identified by the design team or recipient, in coordination with the recipient and ISC as needed
- ISC reviews all documents before making the last payment, and inspections are scheduled within three years to check asset condition

5. Operations and Maintenance Stage

- The preservation of the functional integrity of OFA-funded capital assets is a priority

- All assets should be:
  - Maintained to achieve their full design life, including regular inspections, preventative maintenance, and repairs when required
  - Operated to ensure their proper day-to-day functioning and service delivery outcomes as intended, with due regard to the health and safety of the community and the environment

- When the asset is in place and operational, the FNCFS Program will provide funding for operations and maintenance for the duration of the OFA

- ISC covers **100%** of operation and maintenance costs of approved FNCFS capital assets using a formula that factors in the base and variable unit costs of the asset, its size or quantity, the nearest city-centre cost index, and a remoteness adjustment (using the approach to remoteness in the OFA)

Contact Information

- For more information about the implementation of the **OFA's FNCFS capital commitment or the OFA Capital Process**, you can contact: immobilisation-edon-onfa-capital@sac-isc.gc.ca