

# **Discussion Paper**

## **RMI Commercial Extension – Asset Management Services Framework**

### **May 2018**

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## **1.0 INTRODUCTION**

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- 1.1 The purpose of this paper is to outline the opportunity to create an Asset Management Services Framework as part of SROI/RMI+ to enhance the future success of the RMI and build commercial acumen and partnerships with the private sector.
- 1.2 The focus for this proposal is to provide a range of commercial asset management and managing agent based services complimenting those services the RMI can offer.

## **2.0 COMMERCIAL APPROACH**

- 2.1 High level research has been carried out looking at frameworks that already exist and the type of service offered.
- 2.2 Places for People and lately Harlow Council among others provide a range of commercial based one-stop services to the housing sector to registered landlords and Councils.
- 2.3 The success of these offerings is to provide a one-shop approach, competitively tendered, for a range of services selected to reflect the needs of the sector. The range of services to be provided would be determined by the RMI+ to maximise the opportunity of working in partnership with a competitively selected partner with a quality track record. The framework would be open to local authorities, registered providers and other stock holding organisations to join.
- 2.4 Linking a commercially based Asset Management Services one-stop approach to the RMI service would enhance its overall offering and benefit to the deliver of services to the wider housing sector in the borough. By having a wider geographical operational area, the framework could offer national access to its services and benefit the overall needs of the housing sector across the country.

- 2.5 This allows the RMI+ to build relations with a range of housing providers/members of the framework to expand the service offering, build commercial acumen within the RMI and RMI+ activities and enhance working in partnership with the private sector.
- 2.6 The framework would be fully OJEU compliant and meet both the governance requirements of member organisations and value for money on the basis the service provider has competitively won through open competition.
- 2.7 The joining process would be simple and the member organisation would have direct access to a one-stop service for a period of 4 years without the cost of procurement, time delays involved in acquiring service and the opportunity to build commercial partnerships via the RMI venture.

### **3.0 COST**

- 3.1 The initial cost to the Council would be time associated with drafting documents and the OJEU procurement of the Commercial and Asset Management Services Framework.
- 3.2 The management cost of the framework would come from the fees generated from member organisations at no cost to the Council. It is intended to build in a set up cost paid for by the service provider for the first year to eighteen months. This is an incentive to ensure the service provider in partnership with the RMI promote the framework and drive its success in order to recover a minimum guaranteed management fee payable to the Council/RMI, in this instance circa £100,000 pa. and provide separate marketing expenditure dedicated to maximise fee potential.
- 3.3 This would be sufficient to cover the first year set up cost of procurement and administration, hopefully leaving a surplus contribution.

- 3.4 Each year during the 4 year duration of the framework, the management fee would be linked to membership usage and fees generated. For example a 2% admin charge would be paid by the service provider to the RMI based on turnover value relating to the services paid for by the members of the framework.
- 3.5 The service provider will be responsible for the majority of the administration cost and the provision of information to the RMI in relation to the admin charges involved. The RMI commitment is estimated at FTE post who would be responsible for administrating the framework, seeking commercial opportunities for additional income and undertaking relevant administration of the RMI Trading Partnership. Based on a successful framework operating via an incentivised service provider the staff cost would be recovered from the administration fee with the residual income being true profit.

#### **4.0 RISK**

- 4.1 The framework is based on members joining and using the range of Asset Management Services provided as and when required over the 4 year period. The contractual relationship will be between the service provider and the framework member organisation.
- 4.2 The service provider will not have a commitment or secured work flow, the incentive is for them to build the client base and work in partnership with the RMI to make it a success. This is based on the initial incentive paid by them to the RMI for administration and the desire to recover the cost, and their commitment of identified expenditure they shall commit to marketing.
- 4.3 All liabilities will sit with the service provider and full professional indemnities will be required that covers the member service provided, and which protects the RMI should a service failure occur. In short the liabilities sit with the service provider based on them having high level indemnity cover and that there is no risk of transfer to the RMI.

4.4 The risks are simple to manage based on the one-stop service provided as no third party liability would be in place to complicate the process.

## **5.0 BENEFITS**

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- 5.1 The framework would expand the offering under the current RMI+ approach
- 5.2 Framework members would receive the benefit of professional one-stop services under the banner of the RMI+.
- 5.3 The RMI+ will further enhance its commercial acumen, access and influence within the housing sector.
- 5.4 On the basis that the most appropriate and economically advantageous service provider is selected, the RMI+ would gain access to their client base further broadening its position in the sector and driving forward the benefits of the RMI.
- 5.5 Potential for the RMI to create additional income based on a successful framework and robust membership.
- 5.6 Liabilities sit with the service provider.
- 5.7 The set up cost and administration risk is predominately with the service provider.
- 5.8 The set up cost will be a driver for the service provider to grow the frame work membership in order to generate a return on their investment in the project.
- 5.9 It may be more attractive for external organisations to use RMI+ service via a model of this type

## **6.0 CONCLUSION**

- 6.1 The paper is designed to generate discussion to further enhance the RMI+ commercial offering and seek to achieve approval to move forward further building on the benefits of the RMI and its impact locally and now potentially nationally.
  
- 6.2 For information a schedule of services is attached to give an indication of what can be achieved and assist in successfully promoting the further use of the RMI in partnership with a commercial asset management service provider.

**SCHEDULE OF ASSET MANAGEMENT SERVICES**

<b>A1</b>	<b>Stock Condition Surveys</b>	A1.1	Stock Condition Survey including an assessment against any relevant standard e.g. WHQS, SHQS, Decent Homes etc. provision of future investment need and projected cost over 30 year period.
		A1.2	Detailed scoping survey of whole property to establish the overall investment need prior to Constructors commencing design / work including full photographic records, production of programmes of work and affordability analysis.
<b>A2</b>	<b>Asbestos Surveys</b>	A2.1	Asbestos surveys in accordance with HSG264, Management Surveys
		A2.2	Asbestos surveys in accordance with HSG264, Refurbishment and Demolition Surveys
		A2.3	Asbestos surveys to communal blocks in accordance with HSG264, Management Survey
<b>A3</b>	<b>Fire Risk Assessments</b>	A3.1	Fire risk surveys to communal areas of properties including identification of cost and risk management plan in accordance with Regulatory Reform Order
<b>A4</b>	<b>RD SAP</b>	A4.1	Energy certification in accordance with RDSAP's compliant with EU Energy Performance Directive
<b>A5</b>	<b>Hard wire electrical testing carried out as a single programme of work</b>	A5.1	Hard wire electrical testing provision of certified results and priorities and minor defects corrected
<b>A2.1.7.1</b>	<b>Day Rates to be used to form the basis of agreeing additional works ie data base management, training, validation or where the service required is not identified in the items listed above (rates to exclude expenses)</b>	i*	Director
		ii*	Associate Director
		iii*	Associate
		iv*	Surveyors
		v*	Staff
<b>B1</b>	<b>Sales and Marketing Services</b>	B1.1	Outright Sales Programme - Agency service to sell outright sales properties in open market excluding marketing budgets
		B1.2	Low Cost Home Ownership - Agency service to sell LCHO properties excluding marketing budgets
		B1.3	Individual Properties - Agency services to sell individual properties excluding marketing budgets
		B1.4	Stock Rationalisation - production of a stock rationalisation strategy
		B1.5	Stock Rationalisation - Disposal of stock portfolio to RSLs excluding marketing budgets
<b>B2</b>	<b>Property Valuation Services</b>	B2.1	Provision of Loan Security Valuations for funders for mix of general needs rented, support and sheltered housing and shared ownership properties.
		B2.2	Provision of valuation for stock transfer purposes (LSVT)
		B2.3	Provision of valuation of PFI / Keyworker / Student scheme
<b>C2</b>	<b>Asset Management Strategy and Planning Services</b>	C2.1	Prepare holistic asset management strategy and implementation plan including guidance, training and presentations. Bidders should note that this work will involve out of normal working hours information gathering and presentations.
		C2.2	Carry out Investment Planning and option appraisals and reporting as detailed in scope to include investment planning model, packaging programme and strategy to include short medium and longer term aims.
		C2.3	Internal Workforce/Partner Contractor/Service Provider Health Checks and Service Reviews
		C2.4	Provide and Service Improvement and Best Value Plan
		C2.5	Undertake Resource Planning - Service Structure Review and prepare resource plan
		C2.6	Undertake benchmarking of services
<b>D2</b>	<b>Procurement, Project Management and Partnering Advisor Duties</b>	D2.1	Procurement Services - Provide Procurement Services for Major Works programmes including full level of procurement, consultation and final sign off on tender report.
		D2.2	Programme Management - Provide Management Services for the efficient running of programmes and one off projects
<b>D2.3</b>	<b>Partnering Advisor Services</b>	D2.3	Undertake Partnering Advisor Duties as per brief.
<b>E2</b>	<b>Technical &amp; Professional Consultants Resource</b>		
<b>E2.1</b>	<b>Architectural and Building Surveying Services price percentage for work phases as detailed in brief.</b>		
<b>E2.2</b>	<b>Mech and Elec. Eng. Services</b>		
<b>E2.3</b>	<b>Undertake CDM advisor duties as per brief.</b>		
<b>E2.4</b>	<b>Structural Engineering Services</b>		
<b>E2.5</b>	<b>Cost Consultant/Quantity Surveyor</b>		
<b>E2.6</b>	<b>Employers Agent</b>		
<b>E2.7</b>	<b>Environmental Design &amp; Landscaping</b>		
<b>F</b>	<b>Managing Agent Services</b>	F.1	property management inc acquisition, refurbishment, void and housing management
		F.2	leasehold services inclusive of management of freehold
		F.3	estate management
		F.4	tenancy management
		F.5	housing company set up and business planning
		F.6	housing company housing manage services inc of ASB debt recovery and void management
		F.7	client consultation and procurement of repairs, program maintenance and capital works
		F.7	cross tenure Anti-Social Behaviour services inc of animal welfare guidance and prosecution
		F.8	intergarting third sector the private/contractors and public sector into JV
		F.9	social prescription -public health, third sector, GP, primary health, wellbeing and housing
		F.10	social return on investment inc commercial income generating trading partnerships/JVs
		F.11	business continuity services and out-of-hours service