

Key issues from Contract consultation meeting held Wednesday 16 May 2007

L&Q confirmed that it had withdrawn its proposal to charge a rent for offices to existing agents in existing properties. L&Q also confirmed that final financial proposals awaited the outcome of this meeting, also additional data on the cost of repairs, etc. All representatives present confirmed that there were no objections to the amendments made by L&Q in Draft 2 of the Contract.

There were various questions and answers (some posed by L&Q to the meeting):

Q: How does L&Q propose to treat **registered care homes**?

A: To be dealt with separately. L&Q is currently undertaking a review and an Interim Access Agreement is being drafted.

Q: **Insurance excess** - how much is it?

A: L&Q believed there is no excess on the buildings insurance, and would recheck. (We can now confirm this is correct) L&Q will amend the excess clause in Contract. [Action L&Q](#)

Q: **Office rents**. Clarify when would a new charge apply? If new charge is only to apply to new schemes, would it apply to an existing agent seeking to remodel an existing scheme to extend/provide new office space ?

A: L&Q would consider applying a charge in this case but would consider a cap limiting this to the lost rent. L&Q will consider an amendment to the Contract to reflect this. [Action L&Q](#)

Q: Won't a scheme to calculate and charge **office rents** be simply too difficult to administer?

A: Yes, possibly, and if so L&Q would reconsider before implementing.

Q: L&Q asked agents for a view on **fees by tenure**: should L&Q revert to 2 bands based on length of stay as this was more consistent with the SP regime which only recognised 2 bands.

A: Agents were happy for L&Q to switch to short and long stay distinction rather than the currently proposed 3 tier banding by tenure type, and L&Q agreed to work it up. Following various comments, L&Q will base it on tenure type as agreed between the agency and L&Q on a consistent basis. 'Short stay' will correspond with licences and ASTs, long stay will correspond with ATs. Where agencies have a mix, a clear basis will be needed. [Action L&Q](#)

Q: **Voids** - L&Q asked agents should the 'flat voids allowance' as proposed be altered to reflect rent charged or tenancy turnover levels?

A: Agencies said it should reflect tenancy turnover levels. L&Q to work up a two tier proposal based on tenure. [Action L&Q](#)

Q: When will full **financial figures** be available ? It will be difficult for agencies to agree to a Contract package involving risk sharing without knowing how much they will get by way of fee.

A: Consultants are currently calculating future maintenance costs across L&Q's stock. It essential to know this in order to calculate a safe maintenance allowance and those figures will not be available before July . Therefore in practice the earliest L&Q could get sensible figures to the agencies would be September. L&Q appreciates that this will give limited time for agencies to finally approve the Contract but L&Q will do everything possible to give the agencies enough time to consult and go to their boards. L&Q will try to produce more accurate indicative figures before the summer but it would have to be on the understanding that these would change once the consultants had produced their figures. L&Q will fully disclose its costings and assumptions - aim is to produce a financial settlement that is viable for L&Q and for agencies, and believes there is scope to do this. Action L&Q

Q One person, who was new to the consultation, felt that a lot of **new costs** were being passed back to the agencies under the new Contract.

A: These elements had been discussed at length in previous consultation, and accepted in principle by the agencies who had engaged in consultation. None of the responsibilities placed on the agencies are unusual.