

Schedule Four

Agency Management Fees & Allowances

The Agency Management Fee shall be determined by the formula and variables A and B as set out below.

Variables

A - Agent's Repairing Option

- Repairing Option 1 ("L&Q responsible for repairs"), or
- Repairing Option 2 ("Agent responsible for repairs")

B - Service Type †

- Short Stay (service users have Licences or Assured Shorthold Tenancies), or
- Long Stay (service users have Assured Tenancies).

Formula

Amount to be retained by Agent from rent due will be calculated by L&Q before the start of the Agreement, by reference to the formula below.

All Agents will be entitled to retain an allowance for Housing Management Services and Void Loss. Agents on Repairing Option 2 will be entitled to retain an Additional Allowance for Void Works and for Day to Day Repairs.

Weekly Allowances have been set with reference to L&Q's 2006/07 actual cost of providing comparable services (indexed by RPI to 2007/08 level) and in all but one case are equal or higher. L&Q has sought as far as possible to achieve the financial expectations of Agents within a business model that will be sustainable for L&Q and for Agents.

All figures (£) will be subject to a further inflation review for 2008/09 and annually thereafter in accordance with the mechanism stated in clause 12 (d) of the Management Contract: "an annual inflationary adjustment based on the increase (if any) in the Retail Prices Index over the year ending in the September of the previous year to be notified by the Trust by 1 February each year."

Management Allowances 2007/08

	L&Q 2007/08 (2006/07 plus RPI)	Agency Short Stay Allowance 2007/08	Agency Long Stay Allowance 2007/08
Housing Management	£15.47	£17.00	£15.47
Voids and Bad Debts	6.00%	8.00%	5.00%

Repairs Allowances Option 2

	L&Q 2007/08	Short Stay	Long Stay
Void Works	£4.15	£4.35	£4.15
Day to Day	£7.21	£7.57	£7.57

† (tenure type as agreed between the agency and L&Q. 'Short stay' will correspond with licences and ASTs; 'long stay' will correspond with ATs. Long stay schemes likely to receive Block Gross SP funding.