

# Sustainability report



L&Q



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To view our detailed Sustainability Performance Tables

01

# Overview

# Chief Executive introduction

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Photo: Fiona Fletcher-Smith, L&Q Chief Executive

I am pleased to share our latest sustainability report under the Sustainability Reporting Standard for Social Housing. This is our third report and the second to track our progress towards meeting our environmental goals, including achieving net zero by 2050.

The publication of this report comes after the UK has faced a series of economic disruptions. A range of factors, coupled with Russia's invasion of Ukraine, have pushed inflation up to levels not seen in a generation. Soaring prices of construction and supply chain disruption continue to increase the cost of developing much-needed affordable homes. In breaking with the rent settlement, rent levels were capped by the Government for 2023/24, and the picture for what the levels will be beyond 2023/24 remains uncertain.

For social landlords, this came at a time when we were already facing tough choices about how to prioritise spending during a building safety crisis, housing supply shortages and with the urgent need to decarbonise homes.

Despite the challenges we face, L&Q will always prioritise the residents who make their homes with us. In this country it is our residents, and those of organisations like ours, who are at the sharp end of the cost of living crisis.

We know this has been a difficult time for many, and we are committed to supporting anyone who is struggling with the mental and financial strain of rising costs.

Over the last year, our employment support team helped 535 people maximise their earning potential, while our tenancy sustainment team supported 564 residents in financial difficulty by making sure they are claiming all the benefits they are entitled to. We also invested in educational and training programmes to improve people's prospects and continued our debt advice and financial capability service, Pound Advice, which helps residents manage their finances.

We have seen a number of exciting developments over the past 12 months, most notably L&Q and Trafford Housing Trust (THT) coming together as one organisation on 31 March 2023. We are closely aligned on sustainability and together, we will build on that foundation to develop and improve our reporting further.

We have real determination when it comes to making our homes greener, warmer, and healthier environments for our residents. In March 2023, we secured £27m from the Government's Social Housing Decarbonisation Fund, which will enable us to improve over 3,000 homes. Retrofit is a real opportunity to improve material conditions for residents, which, in turn will lower heating costs, and leave more money in their pockets.

We recently carried out a Climate Risk Review, and we will use the outcomes of this to publish our first report this year. The review will make sure we have a credible plan for adapting to climate change, both as a business and social landlord, for whom the priority is our residents. We have strong foundations in place for resident oversight, most notably through our Resident Services Board, and are committed to ensuring all recommendations are resident-driven.

We continued to develop our new model of resident involvement: a programme that we hope will be a powerful catalyst for change, and one that helps to re-build relationships and trust. We adopted a strengths-based approach to resident involvement, reframed the activity as volunteering and began work to produce an outcomes framework that we hope will provide a blueprint for the sector.

We have now started our Major Works Programme, the industry's largest investment programme – over £3bn over 15 years.

This will see us deliver essential improvements to the safety, quality and environmental efficiency of our homes, which will be maintained to the Decent Homes Standard. We want our homes not only to be nice places to live, but exceptional places to be, with the contracts decided by 65% on quality, 20% on price and 15% on social value. As part of this, residents have been involved in shaping plans, helping us to select supply chain contractors and monitor progress on works.

Our goals are clear, but we do not underestimate the challenge they pose to our organisation in this economic climate.

In June this year, I became the new Chair of the G15 group of London's housing associations. I will be working with other G15 colleagues to make sure our voice is heard, our work is understood, partnerships are forged, and we work collaboratively for the benefit of our residents.

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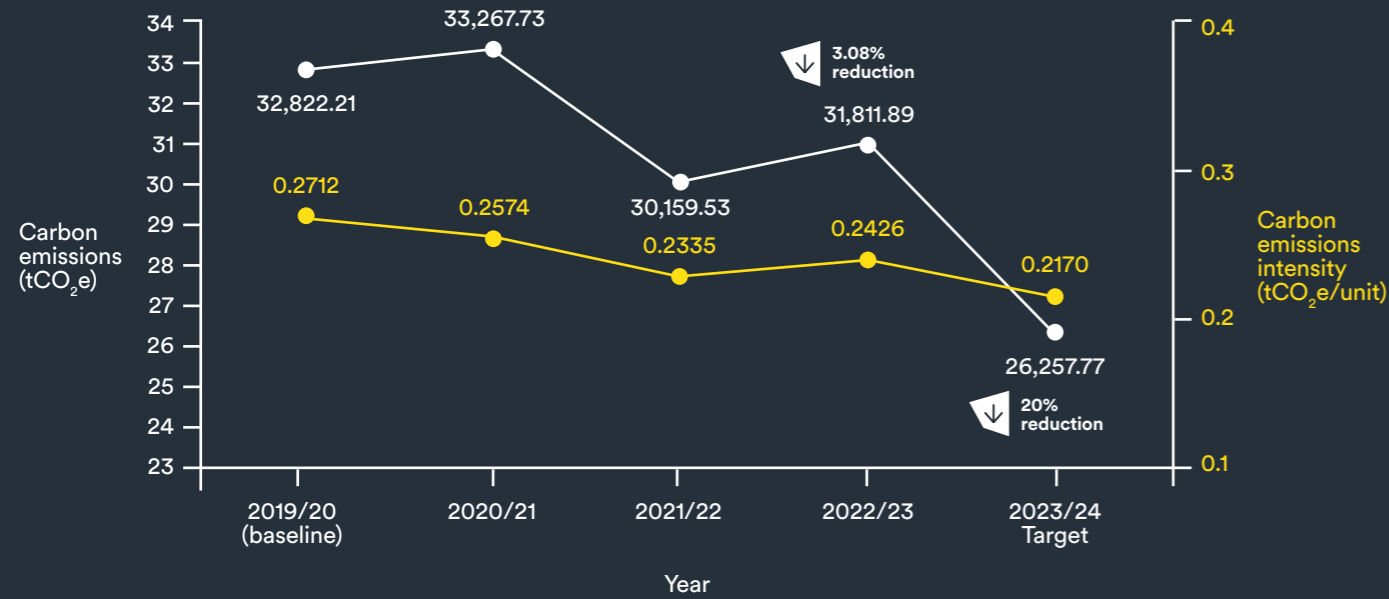
**We have real determination when it comes to making our homes greener, warmer, and healthier environments for our residents.**

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# Our progress and commitments at a glance

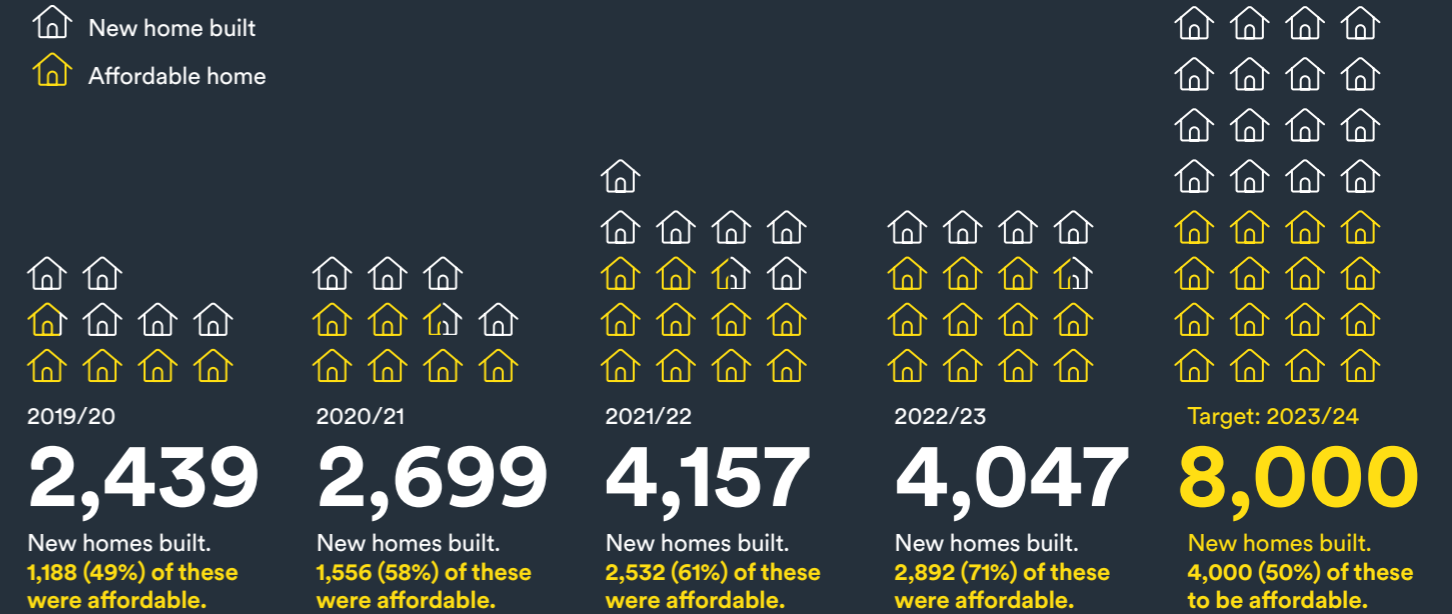
## Reduce Scope 1 & 2 carbon emissions

**Our Target:** Reduce greenhouse gas emissions by 20% in relation to the 2019/20 baseline.



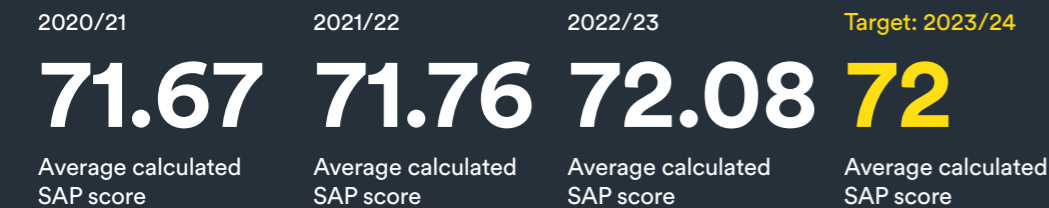
## Build more affordable homes

**Our target:** 8,000 new homes built by 31 March 2024, of which 50% will be affordable.



## Improve energy efficiency of our existing homes

**Our target:** Average calculated SAP score of 72 or above (corresponds to low EPC band C rating) by 31 March 2024.



## Increase community investment

**Our target:** £10 million invested in communities driven by identified social need and measurable impact by 31 March 2024



Note: 2019/20 data not reported.

# About L&Q

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L&Q is one of the UK's largest housing associations and leading developers. We house around 250,000 people in more than 105,000 homes, primarily across London and the South East.



We believe passionately that people's health, security and happiness depend on where they live. That's why we're more than a registered charitable housing association. Social purpose is at the core of everything we do.



We are a not-for-profit organisation, and we reinvest all the money we make to help house and support those in greatest need.



As a community partner with an enduring stake in the places we build and manage, we have a duty to deliver wider benefits to society, above and beyond providing homes.



“  
We put sustainability  
at the heart of  
everything we do  
”

Photo: Kirkwall House, Churchfield Quarter, Acton

# Our approach to sustainability

We have committed to putting sustainability at the heart of what we do in our five-year corporate strategy, 'Future Shape', which sets out our commitment to providing homes and neighbourhoods that everyone can be proud of.

We want to make sure we generate value for society, safeguard the environment, and operate our business in a transparent and ethical manner. Our Future Shape strategy identified five key sustainability objectives which we are making progress against.

## Future Shape sustainability objectives



Carbon emissions



Carbon resilience



Construction impacts



Sustainable placemaking



ESG framework

1. We will mitigate climate change by reducing our carbon emissions intensity, procuring purchased electricity from renewable sources, increasing the operational efficiency rate of communal heating systems, developing a long-term decarbonisation plan for our existing portfolio and establishing a roadmap for improving new build efficiency to near net zero
2. We will ensure climate resilience by conducting a climate risk review of the L&Q Group
3. We will better manage construction impacts by ensuring that energy, water, and waste data is being captured for all in-house construction sites
4. We will support sustainable placemaking by establishing environmental design guidelines to be applied to all new developments
5. We will establish an environmental, social and governance (ESG) framework to enable us to meaningfully measure, monitor and improve our sustainability performance and position ourselves to take up relevant ESG related financing opportunities.

Alongside these activities, which will shape how L&Q operates and reduce our negative impact on the environment, we will work in partnership to enable the creation of sustainable communities and we will develop quality, sustainable homes. One of our major priorities is greater investment in existing homes, and making these properties as energy efficient as possible is a huge part of this.



The value we create as a housing association goes beyond building more homes: social housing also has significant environmental, social and economic impacts. For example, we know social housing creates safe and sustainable communities, reducing the burden on emergency services, healthcare and local authorities. A fabric first approach to building new homes and retrofitting existing ones can also reduce environmental harm significantly, whilst helping to end fuel poverty.

Yet measuring and demonstrating that hasn't always been easy. Historically, ESG outcomes have not been recorded and measured in a holistic way. That's why we've strengthened the governance of ESG activities and risks by tracking and reporting targets and progress on a quarterly basis. This includes producing performance reports for our Governance and Assurance Group to make sure actions and resource are in place for delivery, putting sustainability centre stage and allowing additional oversight.

Our Sustainability Working Group (SWG) meets monthly and reports to the Governance and Assurance Group on a quarterly basis. The SWG consists of business leads, including colleagues from Development, Procurement, Energy and Property Services, who are responsible for driving compliance with and delivering against L&Q's sustainability priorities.

Ownership of sustainability is shared. It's the collective responsibility of everyone at L&Q to put this into practice and teams are getting used to measuring and reporting regularly. Our sustainability team coordinate the delivery of our sustainability initiatives, in partnership with a number of other teams, our contractors and residents.

Climate adaptation is an essential part of our sustainability approach. We have recently carried out a detailed Climate Risk Review and will use the outcomes of this to publish our first report in 2023, in line with guidance from the Task Force on Climate-Related Financial Disclosures (TCFD). Key risks are included in our risk management system. We see this as a natural next step in annual sustainability reporting.

In 2023, we set out to improve further our understanding of L&Q's overall environmental impact and appointed a consultant to map out our full carbon footprint through a Scope 3 exercise. The outcomes of this will further support and set direction for our future plan. Improving the governance and reporting of our key sustainability indicators is laying the groundwork to make long-term change.

[Click here](#)

**To view our 'Future Shape' strategy.**

## The Sustainability Reporting Standard for Social Housing

The Sustainability Reporting Standard for Social Housing (SRS) was launched in November 2020. The SRS consists of 48 criteria across ESG measures such as zero carbon targets, affordability and safety standards.

L&Q became an SRS adopter in early 2022. Adopting the SRS means we can benchmark our performance against other housing

associations and use this information to make sure we are targeting service improvements where they are needed most.






















[Click here](#)

**You can view our detailed Sustainability Performance Tables online.**



## The United Nations Sustainable Development Goals

Both L&Q's sustainability priorities and the SRS criteria align activities and their outcomes to the United Nations (UN) Sustainable Development Goals (SDGs). Mapping to SDGs allows us to bring together existing and new activities, and enables us to measure, monitor and report on how we are progressing towards our sustainability priorities to residents, government, partners, employees, and investors.

ESG area	L&Q's sustainability priorities	SRS criteria	Alignment to SDGs
Environmental	Climate change – mitigation	Climate change	<ul style="list-style-type: none"> <li>7 Affordable and clean energy </li> <li>13 Climate action </li> </ul>
	Climate change – adaptation	Climate change	<ul style="list-style-type: none"> <li>13 Climate action </li> </ul>
	Resource efficiency	Resource management	<ul style="list-style-type: none"> <li>12 Responsible consumption and production </li> <li>17 Partnerships for the goals </li> </ul>
	Healthy places	Ecology	<ul style="list-style-type: none"> <li>11 Sustainable cities and communities </li> <li>15 Life on land </li> </ul>
Social	Affordable housing	Affordability and security	<ul style="list-style-type: none"> <li>1 No poverty </li> <li>10 Reduced inequalities </li> <li>11 Sustainable cities and communities </li> </ul>
	Building safety	Building safety and quality	<ul style="list-style-type: none"> <li>10 Reduced inequalities </li> <li>11 Sustainable cities and communities </li> </ul>
	Resident support	Resident support	<ul style="list-style-type: none"> <li>1 No poverty </li> <li>2 Zero hunger </li> <li>3 Good health and wellbeing </li> <li>4 Quality education </li> <li>8 Decent work and economic growth </li> <li>10 Reduced inequalities </li> <li>11 Sustainable cities and communities </li> <li>16 Peace, justice and strong institutions </li> <li>17 Partnerships for the goals </li> </ul>

ESG area	L&Q's sustainability priorities	SRS criteria	Alignment to SDGs
	Community development	Placemaking (links to Healthy places in L&Q's priorities)	<ul style="list-style-type: none"> <li>11 Sustainable cities and communities</li> <li>8 Decent work and economic growth</li> <li>4 Quality education</li> <li>16 Peace, justice and strong institutions</li> <li>17 Partnerships for the goals</li> </ul>
	Youth education and skills training		<ul style="list-style-type: none"> <li>4 Quality education</li> <li>10 Reduced inequalities</li> <li>17 Partnerships for the goals</li> </ul>
		Resident voice (links to Representative governance in L&Q's priorities)	<ul style="list-style-type: none"> <li>11 Sustainable cities and communities</li> </ul>
<b>Governance</b>	Representative governance	Board and trustees	<ul style="list-style-type: none"> <li>5 Gender equality</li> <li>16 Peace, justice and strong institutions</li> </ul>
	Systems and risk management	Structure and governance	<ul style="list-style-type: none"> <li>16 Peace, justice and strong institutions</li> </ul>
	Employee wellbeing	Staff wellbeing	<ul style="list-style-type: none"> <li>5 Gender equality</li> <li>8 Decent work and economic growth</li> <li>10 Reduced inequalities</li> <li>16 Peace, justice and strong institutions</li> </ul>
	Supply chain	Supply chain management	<ul style="list-style-type: none"> <li>12 Responsible consumption and production</li> </ul>

**02**

# Our priorities

# Our environmental, social and governance priorities

We identified our sustainability priorities in consultation with L&Q colleagues, residents and other stakeholders. We have split these priorities into three areas:

<b>Environmental</b> 	<b>Social</b> 	<b>Governance</b> 
<b>Our impact on the environment</b>	<b>Our residents and the communities they live in</b>	<b>How L&amp;Q Operates</b>
<b>We measure our impact on the environment in a number of areas, including:</b>	<b>Our social impact focuses on our residents and the communities where they live, including:</b>	<b>L&amp;Q's governance covers how we operate as a business, house builder and landlord, including:</b>
<ul style="list-style-type: none"><li>• Climate action</li><li>• Resource efficiency</li><li>• Healthy places.</li></ul>	<ul style="list-style-type: none"><li>• Providing affordable and secure homes</li><li>• Community investment</li><li>• Supporting our residents.</li></ul>	<ul style="list-style-type: none"><li>• Employee wellbeing</li><li>• Representative governance</li><li>• How we manage our supply chain.</li></ul>

We want to be transparent about our priorities and whether we are achieving them. This will show our residents and other stakeholders the positive impact we are having and the progress we are making towards our long-term goals. Our investors will be able to assess our performance in key areas, as outlined in our Sustainability Finance Framework.

[Click here](#) **To view L&Q's Sustainability Finance Framework.**

You can find out more about our performance in all these areas throughout the report. Performance against measures identified in our Sustainability Finance Framework are available at the end of this report. In addition, this information and detailed reporting against L&Q's sustainability priorities and SRS criteria are available in appendices, provided alongside this report.

[Click here](#) **To view our detailed Sustainability Performance Tables.**

# Environment

## Our impact on the environment

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We are committed to reducing the carbon footprint of our business. Our priorities are to improve the energy efficiency of our existing homes and to make sure that our new homes are built in line with best practice efficiency standards.

This means that we can play our part in tackling the climate crisis, while also reducing energy costs for our residents, boosting the economy and creating jobs.



We structure our environmental sustainability efforts into three areas:

- **Climate Action** – decarbonising our homes and activities, while futureproofing our business, residents and communities against the impacts of climate change
- **Resource Efficiency** – using resources more efficiently and minimising the amount of waste produced during the construction, refurbishment and day-to-day management of operational assets
- **Healthy Places** – maximising shared value by creating places that are healthy for both people and planet.

L&Q's environmental policy sets out our commitments to mitigate climate change, our aim to set science-based carbon reduction targets, and better manage construction impacts by making sure that we monitor energy, water and waste data for all developments.

[Click here](#)

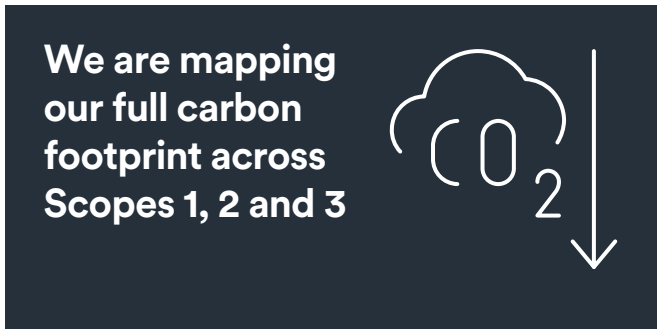
**To view our environmental policy.**

# Environment

## Climate action



We must take climate action in all L&Q's areas of operation, including our offices, the homes we manage, and the developments we build.



In the last year, we have implemented our Decarbonisation Plan for Existing Homes and a roadmap to improve efficiency in our new build homes that will set out how we will reach our long-term goal of net zero by 2050.

These plans will be informed by a review of climate risks affecting the L&Q Group and include science-based targets that define key milestones to make sure we get to net zero by 2050.

In the short-term, we have set challenging targets so we can start reducing our negative impact on the environment immediately, focusing on L&Q's operational carbon emissions and the energy efficiency of our existing and new homes. We continue to share information with our residents and others living in the communities where L&Q operates so they know how to take positive action to address climate change through our Healthy Homes initiative and our schools partnership programme, Learning to Succeed.

### Carbon emissions

The L&Q Group's energy consumption and associated carbon emissions are reported on the following page in line with the UK Government's streamlined energy and carbon reporting (SECR) regulations.

These figures represent the carbon emissions associated with the Group's consumption of natural gas, electricity and transport fuel.

Specifically, they include:

- Gas and electricity used in our offices
- Gas and electricity procured for use in our residential portfolio, for example for communal heating
- Temporary gas and electricity supplies to void units in our residential portfolio
- Mains gas and electricity used on our construction sites
- Fuel used by our transport fleet
- Fuel used for business purposes by all employees within the L&Q Group.

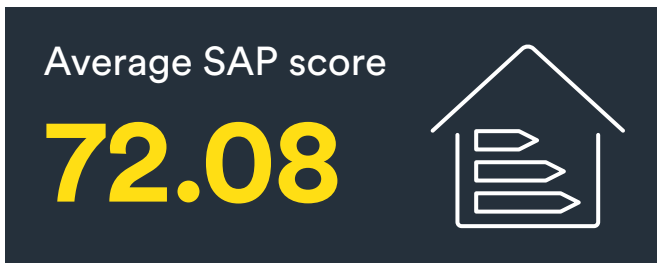
We recognise that the carbon emissions we are responsible for as a business go further than what we have reported on in previous years. In fact, Scope 3 emissions relating to impact areas such as the goods and services we purchase, and homes we build and manage are expected to make up the majority of our total carbon emissions so it's crucial that we are able to start measuring and monitoring these.

In 2022/23, we started work on mapping our full carbon footprint, with the aim of increasing visibility, strengthening reporting and driving our strategy moving forward. While we already report on Scope 3 emissions relating to employee mileage, this year, we are disclosing our additional estimated total Scope 3 emissions as part of our Sustainability Report. These emissions cover several areas including our homes, supply chain, and electricity transmission and distribution losses.

## Scopes 1, 2 and 3 carbon emissions

Measure	2019/20 baseline performance	2020/21 performance	2021/22 performance	2022/23 performance	% Change 19/20 to 22/23	% of total emissions in 2022/23
Scope 1 and 2 greenhouse gas emissions as measured in tCO <sub>2</sub> e	32,822.21 tCO <sub>2</sub> e 0.2712 tCO <sub>2</sub> e/unit	33,267.73 tCO <sub>2</sub> e 0.2574 tCO <sub>2</sub> e/unit	30,159.53 tCO <sub>2</sub> e 0.2335 tCO <sub>2</sub> e/unit	31,811.89 tCO <sub>2</sub> e 0.2426 tCO <sub>2</sub> e/unit	-3.08%	8%
Scope 3 greenhouse gas emissions as measured in tCO <sub>2</sub> e (employee mileage)	403.15 tCO <sub>2</sub> e	202.89 tCO <sub>2</sub> e	144.75 tCO <sub>2</sub> e	508.52 tCO <sub>2</sub> e	26.14%	92%
Scope 3 greenhouse gas emissions as measured in tCO <sub>2</sub> e (other)	Not calculated	Not calculated	Not calculated	418,947.48 tCO <sub>2</sub> e	Not calculated	

Note: Scope 3 employee mileage figures in this table do not include 'well-to-tank' (the extraction of fuels) and upstream transport and distribution (losses in the grid).



### Scope 1 and 2 emissions

In the last year, L&Q's total carbon emissions, across Scopes 1 and 2 have increased by 5%, with the carbon emissions intensity ratio increasing slightly from 0.2335 tCO<sub>2</sub>e per unit in 2021/22 to 0.2426 tCO<sub>2</sub>e per unit in 2022/23. Although these increases are minor, it is a step back in our commitment to reduce our overall carbon emissions.

The increase is partly due to a temporary pause in buying renewable electricity due to unprecedented increases in costs for the Renewable Energy Guarantees of Origin (REGO) certificates.

L&Q remain committed to purchasing renewably sourced electricity and aim to reinstate renewable electricity purchase from 2024.

Scope 1 emissions have increased by 4% in total this year. This is attributed primarily to new home handovers as our stock portfolio continues to grow and we manage more communal heating systems or heat networks.

Based on the data we have, empty homes are anticipated to constitute 4% of total emissions.

It is important to note that where L&Q uses energy from the National Grid, carbon emissions per kilowatt hour (kWh) have reduced because of the continued decarbonisation of the grid. As more energy from the National Grid comes from renewable energy sources, including solar, wind and hydroelectric, it reduces its carbon emissions and, in turn, L&Q's emissions. Details on the methodology applied and an in-depth breakdown of our emissions can be found at the end of our Sustainability Report.



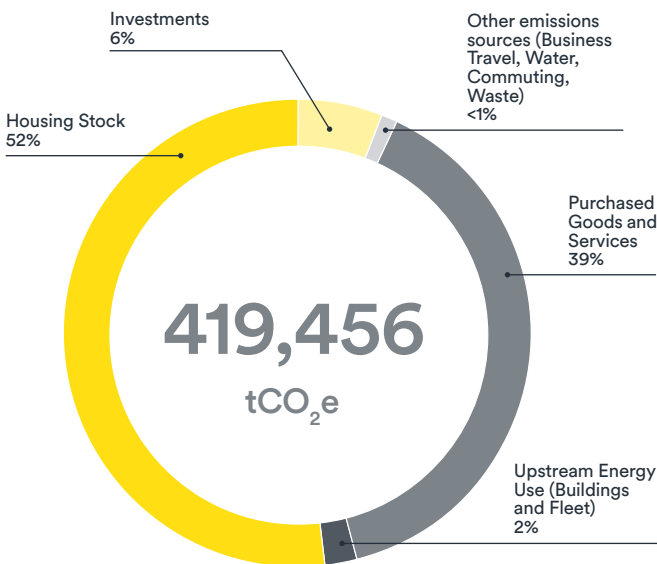
## Scope 3 emissions

As anticipated, business travel has continued to increase following the pandemic and this has meant a significant increase in employee mileage emissions because more colleagues are travelling for work.

We acknowledge the inherent complexity of addressing Scope 3 emissions, which present unique challenges. By gaining a comprehensive understanding of the diverse sources of Scope 3 emissions, we will be in a position to develop plans and proposals to more effectively address these emission sources.

Our full Scope 3 mapping exercise is ongoing, however early indications suggest our housing stock, purchased goods and services, and investments and joint ventures make up 97% of our Scope 3 emissions.

### Scope 3 carbon emissions



## Energy efficiency of our homes

As well as tackling our operational carbon emissions, we know that we have a responsibility to play our part in reducing carbon emissions from residents' homes.

These are a significant source of downstream emissions and improving the energy efficiency of these homes reduces our negative impact on the environment as well as having a positive impact on residents' financial situations.

This is particularly important when our residents are experiencing fuel poverty and as the cost of living increases.

The energy efficiency of our homes is measured according to Energy Performance Certificate (EPC) scores, underpinned by data calculated using the Standard Assessment Procedure (SAP) methodology to calculate and model our current position and future progress.

We have committed to achieving an average calculated SAP score of 72 or above in homes where we have operational control by March 2024, increasing to 72.7 by 2026. As of March 2023, the average calculated SAP score of homes where L&Q has operational control was 72.08, increasing from 71.67 from our baseline in 2020. Where Trafford Housing Trust had operational control, it was 70.90. Future reporting will combine average SAP across both London and the South East and the North West to include all L&Q homes. We are currently on track to deliver against our targets when combining all our homes.

We have also committed to build all of our new homes so that they achieve an EPC rating of B or above from April 2022. In 2021/22, 99.6% of all homes built by L&Q achieved EPC B. Last year, this decreased to 96.1%. While we have ensured that all new projects in early design stage from April 2022 will achieve EPC B, there are some ongoing projects which were designed and began construction before the target was set.

This means a handful of new homes have fallen slightly short of the EPC B rating where it was not justifiable logistically or financially to do the required redesign and remedial works at later stages of construction.

## Energy efficiency of our homes

EPC Band	L&Q homes	L&Q %	THT homes	THT %
EPC A	236	0.36	18	0.21
EPC B	8,670	13.20	289	3.33
EPC C	36,959	56.28	5,891	67.92
EPC D	18,278	27.83	2,410	27.79
EPC E	1,372	2.09	60	0.69
EPC F	130	0.20	5	0.06
EPC G	24	0.04	0	0.00
<b>Total number of homes</b>	<b>65,669</b>	<b>65,669</b>	<b>8,673</b>	<b>8,673</b>

**Note:** Based on calculated SAP, includes a mixture of data from lodged EPCs, L&Q and THT asset data and some cloned data, and excludes homes where we do not have sufficient SAP data. Only includes domestic homes where we have management responsibility.

### Acting to improve energy efficiency

This year we have implemented a number of measures focusing on improving the operational efficiency of our homes, strengthening our renewable energy generation capacity and streamlining our workspace needs.

In 2022/23, senior leaders across L&Q approved our Decarbonisation Plan for Existing Homes. Following this, we have continued to put in place a range of measures to improve the energy efficiency of our homes and reduce carbon emissions.

In 2022/23 we continued to improve the renewable energy generation capacity of our existing solar PV systems through maintenance and repair. Across the L&Q Group we have 819 operational PV arrays supplying individual homes and blocks.

In March 2023, we were successful in our bid for the Government's Social Housing Decarbonisation Fund (SHDF) and were awarded over £27M to improve the energy efficiency of over 3,000 social homes. You can find out more about this later in the report.

In addition to works to improve the energy efficiency of our homes, we have continued to streamline our workspace needs. L&Q commissioned a report into creating a more energy efficient Head Office that focused on three steps, Clean, Lean and Green. Corporate Facilities Management have been making improvements to controls and Building Management

Systems (BMS) and have plans in place to improve existing plant efficiency for our offices. Over the next few years, we hope to move away from a reliance on gas for heating.

We have continued to offer colleagues 'agile contracts'. This means that where colleagues are able to perform their day to day tasks from home they can, which reduces the need to travel to or between office spaces. This may lead to a reduction in emissions from heating and cooling of offices.

As well as our offices, we currently have around 550 commercial Internal Combustion Engine (ICE) fleet vehicles used for a range of activities from repairs and maintenance to caretaking. We need to begin our transition to fleet decarbonisation as petrol and diesel vehicles are phased out from 2030. In 2022, we obtained a fully funded Ultra Low Emission Vehicle (ULEV) fleet review from Energy Saving Trust to develop a fleet decarbonisation roadmap. It will enable a smooth transition period and we will soon begin trialling a small number of electric vehicles.

We have set up a working group with colleagues from across the business including Finance, Fleet, and L&Q Energy to develop our electric vehicle transition plan. We will put together a fully costed programme to decarbonise the fleet by 2030 with an agreed schedule of vehicle replacements and charging infrastructure construction. We are mapping existing charging infrastructure available across our estates at the moment.

## In 2022/23 L&Q has installed:



**1,316**

Double-glazed windows added to 1,316 homes



**11**

Triple-glazed windows added to 11 homes



**68**

Loft insulation added to 68 homes



**1,916**

External doors upgraded



**4,043**

Upgraded boiler systems



**211**

Solar photovoltaic (PV) arrays

As a large housing association, we're responsible for maintaining a number of communal heating systems or heat networks. These make up a large proportion of our Scope 1 emissions and they are one of our biggest opportunities to reduce carbon emissions, as well as improving energy efficiency in our residents' homes. We want to maximise the efficiency of these systems, so we have carried out optimisation studies. These studies provide a technical review of a heat network focusing on improvement measures that will result in greater efficiencies and optimum performance. In turn, we can reduce high import costs, losses and ultimately save the residents from increased costs both in the form of high energy use and service charge liability. In 2022/23, we started two improvement projects using the recommendations from these studies and we started two more optimisation studies. We will use what we find in our future improvement projects.

### Mitigating climate risk

We mitigate climate risks through our planning processes, but we want to fully understand the climate-related risks that affect L&Q, our existing residents and their homes, and the homes in our pipeline for future residents.

In 2022/23, we worked with external specialists to complete a Climate Risk Review, assessing risks to both L&Q as a business and to our homes. This process has given us a much better understanding of where we are doing well, and what we may need to consider in the future to reduce the impact of climate change on the homes we manage.

The review identified and assessed a number of risks relating to physical climate impacts such as flooding, heat stress, subsidence and extreme weather events, all of which are expected to increase in severity over the coming years and will affect our residents and the homes they live in. We were able to identify geographical trends across L&Q stock where impacts may be seen to a worse degree than others for example, our residents in London and the South East could see the biggest increases in heat stress as well as increasing subsidence. Social and economic inequalities and increases in the costs of living are likely outcomes depending on the level of climate change we experience.

We may need to take action as a result of these impacts, including building adaptation measures into stock investment programmes, changing construction methods and technologies, reviewing our supply chain and estate management.



**Over 6,700 homes visited as part of Healthy Homes and over 4,300 humidity and temperature sensors were installed to tackle damp and mould**

Photo: Maintenance colleague about to start an inspection at an L&Q property

In line with good practice, we will report the outcomes of this review in line with the Task Force on Climate-Related Financial Disclosures (TCFD) framework in 2023/24. We will consult on adopting some recommendations in 2023/24, including actions we can take to improve Board's visibility of climate risks, and improve how we manage and report on climate risks. Going forward, we will review the full suite of recommendations and will be working towards stronger management of climate change risks.

[Click here](#)

**To view the L&Q TCFD Report 2022.**

### Raising awareness on sustainability

We believe that to become a truly sustainable organisation we need to build understanding and engagement of key issues among colleagues, residents and other stakeholders. This is why we have created our Environmental Champions staff network, which you can find out more about later in the report.

In the last year, over 6,700 homes were visited as part of the Healthy Homes project that looked at holistic ways of eradicating mould and damp from our residents' homes. As part of the visit, more than 4,300 'Healthy Homes' humidity and temperature sensors were installed to closely

monitor environmental conditions within the homes, enabling L&Q to tackle the risk of damp and mould within customers home and identify energy-related issues. During the Healthy Homes visit, energy experts optimised boiler, heating and radiator settings and advised residents on how best to save energy within their homes.

As part of our Healthy Homes programme, advice is given to residents in our existing homes on ventilation and heating. Specific advice on reducing the build-up of condensation is given through our lettings teams. For our new build homes, we provide information in our Home User Guide on how to use heating and ventilation systems as well as managing overheating. The Home User Guide also gives advice and guidance on recycling facilities.

We want to raise awareness on sustainability with children and young people living in the communities where L&Q operates so they know how to take positive action to address climate change, too. The L&Q Foundation's schools partnership programme, Learning to Succeed, is primarily aimed at strengthening students' skills in Science, Technology, Engineering and Maths (STEM), as well as offering careers advice and work experience opportunities. We introduce students to energy and climate change, so children and young people are equipped with the knowledge to address the environmental challenges facing us. You can find out more about this later in the report.

# Environment

## Resource efficiency

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Building new homes and maintaining our existing homes means we are constantly using resources that have a direct impact on the environment, including building materials, energy and water, and creating waste as a result of our activities. We want to make sure we use resources efficiently and responsibly, monitoring what we do, using innovative methods where we can and minimising waste.

### Managing waste and water usage

Minimising waste not only reduces our environmental impact but also supports our housebuilding efforts and helps us save money, too. We are working hard to reduce construction waste and stepping up our use of BRE's SmartWaste data collection tool. This is helping us gain a deeper understanding of the amount of waste generated at our sites, identifying and rectifying problem areas, managing compliance with regulations and setting targets for systematically reducing waste.

Last year, we made real progress monitoring our waste and water usage on all new sites. By the end of 2022/23, 100% of L&Q construction sites monitored waste and water usage. Monitoring our construction waste and water usage allows us to establish a baseline. We have developed a long-term plan that involves tracking data and moving towards setting meaningful reduction targets. A minimum standards policy has been drafted for use on new construction sites along with a recommendations document for new site set up. Moving forward, construction energy will also be monitored. This will allow L&Q to better capture and report emissions associated with construction, giving full transparency, and allowing us to set meaningful reduction targets.

Our Major Works Investment Programme contract partners are also signing up to work with us on designing out waste. As part of their contracts and key performance targets, they will be required to divert 96.5% of waste from landfill.

The use of polluting substances is discouraged as much as possible and a statement to this effect has been included in the minimum standards for sustainable materials procurement that is currently being drafted. Where polluting substances must be used, for example in some construction activities, they are managed in line with health, safety and environmental protection regulations. Expectations on how these substances should be handled on our construction sites have been set in the minimum standards for environmental management for contractors that have been drafted this year.

### Construction materials and methods

We want to improve lives by building thoughtfully designed homes. This long-term commitment comes with significant responsibilities, and we take great pride in the active role we play in building safe and affordable homes that don't cost the earth.

In 2022/23, a long-term approach has been developed to integrate circular economy principles into our development process. A circular economy is about extending the life cycle of products with the aim to reduce waste. In the context of the built environment this means prioritising refurbishments over demolition, designing lighter weight buildings that can be easily disassembled or adapted for future change of use, using construction methods that produce less waste, and reusing and recycling existing building materials to their highest value.

A long-term plan has been developed to integrate these principles in L&Q's development process, with an initial focus on including environmental considerations in regeneration decisions and setting targets for construction waste reduction and recycling.

Working with other housebuilders, we have been pioneering cutting edge technologies for building greener homes, such as Modern Methods of Construction (MMC). Moving to non-traditional methods, such as off-site and modular building, offers a world of possibilities – from faster build programmes and improved quality to new jobs and zero-carbon technology.

As well as using off-site manufactured timber frames at one of our recent developments at Birnam Mews in Warwickshire, we have collaborated with a range of partners to innovate when it comes to sustainability in construction.

In 2022/23, L&Q led the COLAB consortium, partnering with Virtual Viewing, Hawkins\Brown and HTA Design. The group have been working on a project to transform the way homes are designed and built in the UK, using off-site manufactured

technologies to speed up construction and deliver consistently high-quality homes, developing a digital 'Design for Manufacture and Assembly' (DfMA) toolkit. As well as creating a central database where off-site components can be selected for use in new homes, it also displays information about sustainability and waste so housebuilders can build cleaner and greener homes. In September 2022, the COLAB team won three awards at the Offsite Construction Awards in recognition of L&Q's and our partners' commitment to innovation and MMC and to providing the best possible homes for our residents.

Our collaborative approach to exploring MMC resulted in another award for Innovation Of The Year. Working alongside partners including Stewart Milne Group, Barratt Developments, the Construction Scotland Innovation Centre and Forster Roofing Services as part of the Advanced Industrialised Methods for the Construction of Homes (AIMCH) project, we have been trialling solutions to help meet net zero carbon targets. It has researched zero carbon homes, robotics and artificial intelligence (AI) trials, sharing knowledge across the sector to deliver the next generation of homes.

**Our Major Works Investment Programme partners are designing out waste, diverting 96.5% of waste from landfill**



# Environment

## Healthy places



We believe that the public spaces around our homes and workplaces are at the heart of every community and that they are the spaces that keep us connected to nature – and to one another. They have a significant impact on the health, happiness and wellbeing of our residents and as a developing housing association, we contribute to this green infrastructure – from parks to street trees.

Last year, we worked with colleagues across L&Q to launch our new L&Q Place Standard and approach to placemaking. All new schemes will be assessed against the standard and action plans will be developed accordingly. This new approach will make sure that we have a more consistent approach to placemaking and a larger positive impact.

We have aligned our approach with the UN's Sustainable Development Goals. It will improve sustainability, travel, access to amenities and provide a vast amount of opportunities for communities.

As part of this, we have included environmental design guidelines that set out our commitments to renewable energy, biodiversity and the use of sustainable materials.

We are piloting this approach at our development site in Harrow where we are building over 200 affordable homes as part of the regeneration of the former Kodak factory. We've carried out a placemaking assessment at the site and identified actions we can take to make sure the development achieves L&Q's Place Standard, including introducing wayfinding for pedestrians and cyclists so they can navigate Harrow View safely and explore the local area.

Over the last few years, we have been working hard to capture geographical information so we can understand more about our homes and the areas surrounding them. Using satellite information as well as detailed descriptions from colleagues,

we have now mapped our homes, areas where we are responsible for grounds maintenance, green roofs, and playgrounds. Using Ordnance Survey's Mastermap, we can identify key social infrastructure that's within close proximity to our homes, like schools, doctors' surgeries, and community centres. Our new Geographical Information System (GIS), web map, makes this information accessible to all colleagues and mapped data has been informed by business need.

We are regularly adding new layers to web map which means we can visualise spatial information in the areas in which we operate, including Public Transport Accessibility Levels (PTAL) and Indices of Multiple Deprivation (IMD), as well as in relation to our homes and estates, including mapping homes part of the 2023/24 Major Works Investment Programme and Electric Vehicle (EV) charging points.



Photo: Digital Wayfinding screen embedded into the Rivergate Centre wall



Photo: Lower Regents Canal in full bloom

In 2023 we set up a Biodiversity Working Group which brings together colleagues from across the organisation to take a holistic approach to how L&Q improves biodiversity across our estates and beyond.

The group will consider regulatory requirements for Biodiversity Net Gains, as well as how we change the way we manage our green spaces on existing estates to make sure they are also biodiverse. We'll look at opportunities to engage colleagues, residents, and the wider communities we operate within, including schools, in green space enhancement

through volunteering events. Key to the group is ensuring a consistent approach across both new developments and our existing estates while engaging and educating our residents on the why and how we need to improve our green spaces.

Our residents have told us that they are keen to get involved with projects that maximise the potential of the areas they live in. Many are already involved in local initiatives that we want to learn from, from cleaning and greening their local canals, to organising litter picks. You can find out more later in the report.

**200**



affordable homes  
as part of the regeneration  
of the former Kodak factory



Our biodiversity  
working group will  
change the way we  
manage green spaces



## Case Study

# L&Q's Social Housing Decarbonisation Fund award



We are investing over £68 million in making thousands of our homes more energy efficient after securing £27 million from the second wave of the Government's Social Housing Decarbonisation Fund. The grant, which we are matching, will allow us to retrofit 3,401 homes in London, the South East and North West with an Energy Performance Certificate (EPC) rating below C.

The project will be carried out as part of our Major Works Investment Programme. Improvements will include better insulation in walls and lofts and triple glazing. Once complete, the works – which will be carried out between April 2023 and March 2025 – will help to cut fuel bills for residents as well as reduce carbon emissions and strengthen our pathway to achieving net zero by 2050.

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It's very welcome news that we have secured a share of Government funding to make homes warmer, greener and more energy efficient for residents. At a time when we are all feeling the effects of rising costs, the benefits to these works are clear: homes will be of a better standard and residents' energy bills will come down.

This successful funding bid will also help us play our part in tackling climate change, creating jobs, boosting the economy, and making local neighbourhoods even better places to live in.

David Lewis, Executive Group Director of Property Services

## Case Study

# L&Q's Environmental Champion Staff Network



In September 2022, we launched our Environmental Champion staff network. The network enables colleagues working in roles not directly related to sustainability to engage in sustainability issues and influence how we become a more sustainable organisation in the future. Over 20 colleagues attended the first network meeting, representing a variety of departments across L&Q.

At the inaugural meeting, we defined the network's priorities and developed action plans to achieve them.

### These included:

- Environmental Champions completing an 'Introduction to Climate Change' course. So far half of our champions have completed the course
- Complete two green space enhancement volunteering days at our community centres in Lewisham and Waltham Forest
- Work with our Learning and Development colleagues to develop an online training module to be rolled out across the business for all staff.

In March 2023, members of our Environmental Champion staff network volunteered to enhance the green spaces of two L&Q community assets, the Seddon Centre and the Lewington Centre. Before the volunteering sessions, we spoke to residents who regularly used the centres to understand what they wanted from the gardens.

At the Seddon Centre, one of our residents, a keen gardener, wanted a space to teach gardening to other residents and at the Lewington Centre, herb and vegetable plants were needed for a new cooking class that was being established. These requirements were taken into consideration during the enhancement design.

Working collaboratively with contractors in our supply chain, they provided materials and installed raised beds at both centres as part of their social value commitment. We engaged with green space specialists to both design the spaces and manage the sessions. The specialists educated volunteers on green space enhancement including why certain plant species were chosen for planting arrangements and the benefits for the area.

Now the enhancement has been completed, we are exploring how residents may be able to take responsibility for maintaining community gardens, with support from L&Q where needed. The improvement of further community asset gardens will be taken into consideration as part of our newly set up Biodiversity Working Group.

Volunteering days consisted of a number of activities including digging out weeds, turning the soil and planting a mix of edible and ornamental plants.



Photo: L&Q volunteering day at the Lewington Centre

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Volunteering as an environmental champion made me feel connected to like-minded people across L&Q and contribute to L&Q's mission in a way I wouldn't usually in my everyday role. It was really rewarding to take part in a tangible activity like gardening and I would encourage anyone interested to get involved.

Matthias, one of our Environmental Champions

# Social – Our residents, their homes and the communities they live in

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Everything we do begins with social purpose. All our resources, and all our energy, are channelled towards providing better housing at a lower cost than can be provided in the private sector – and building more of it. We provide greater security of tenure and services people can rely on, and we are proud to invest in our residents' communities.

L&Q's distinct social purpose is expressed through both the L&Q Foundation and L&Q Living. The L&Q Foundation works at every level in our communities, focusing on key social issues such as work and training, loneliness and wellbeing, digital skills and debt and financial exclusion. L&Q Living provides care and support services for a wide range of needs, including older people, people with learning difficulties and mental health needs, and people affected by homelessness. Our bespoke services offer choice, involvement and control to help build independence.



**The social impact we have on our residents and the communities where they live includes:**

- **Providing affordable and secure homes** – building new homes and managing homes that are a mix of tenures, that meet Decent Homes Standards and are gas and fire safe
- **Community investment** – distributing funding and other in-kind support to build the capacity of voluntary and community sector organisations that work with our residents and in the communities where they live
- **Supporting our residents** – providing a range of services that help support our residents, as well as making sure we actively listen to our residents and include them in our decision-making processes.



**Building new homes is core to our social purpose and we are committed to playing our part in tackling the housing crisis. We have set an ambitious target to average 3,000 new build homes throughout the lifetime of our Future Shape strategy, from 2021 to 2026. At least half of these new homes will be social housing.**

Last year, we developed 4,047 new homes and 2,892 of these were affordable. This means of all new homes developed last year, 71% were affordable. In 2021/22, we developed 4,157 new homes and 2,532 of these were affordable, meaning 61% were affordable. In the last year, some of our new developments have been recognised, with Beam Park, The Silk District, and The Quarry all winning prestigious industry awards.

Our top priority is keeping our residents and colleagues safe. In the past year, we've worked together within the organisation to meet legal requirements for safety in six main areas: gas, asbestos, water, fire, electrical systems, and equipment that lifts heavy loads.

We've especially focused on fire safety and the safety of our buildings. We've made improvements in how we plan for and handle fire safety procedures to lessen the chances of fires happening and to protect our residents and buildings. We've set up a system called Fire Risk Management System (FRSM), which has been officially recognised as meeting the high standards set by British Standard 9997:2019. This means our fire safety practices are among the best, and our residents can trust that we're handling fire risks well. This system guides our inspections and repairs for our buildings, which are some of the most extensive in the country, covering around 1,900 buildings with over 32,300 homes. So far, we've checked 1,091 buildings. Before we inspect a building, we make sure residents know what to expect and provide opportunities for them to ask questions. We even offer online seminars (webinars) to help them learn more.

We've also created a new booklet with fire safety information for our residents. It explains how

they can keep themselves and their homes safe from fires, what causes fires, and what to do in case of a fire. By the end of March 2023, almost all of our Fire Risk Assessments were successfully completed with a score of 99.7%.

Our compliance with gas safety in homes was also very high, at 99.95% by the end of March 2023. When we start any work, we check for asbestos. If we find it and it's rated as a medium or high risk, we remove or reduce the risk. By the end of 2022/23, almost all of our asbestos re-inspections were completed, reaching a 98% compliance rate. New residents also receive information about asbestos in their homes when they move in. When it comes to electrical safety, we focus on testing installations and appliances. Compliance with Electrical Installation Condition Reports (EICRs) was at 96% by the end of 2022/23. Other electrical safety measures like lightning protection and emergency lighting are also well above 90% compliance.

We also assess the risk of legionella (a bacteria that can cause a type of pneumonia) in all properties. In 2022/23, we made sure any high-risk situations were dealt with quickly to prevent danger. Our compliance rate for legionella risk assessments was 99.5%.

Finally, we follow regulations that require thorough checks of lifting equipment. We also examine lifts in homes. In the past year, we improved our practices and contractor management, reaching a compliance rate of 98%.

In short, our main concern is safety, and we've been working hard to make sure our buildings and procedures are up to the highest standards to keep everyone safe.

# Social

## Community investment

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L&Q is committed to investing in its communities. One of the ways we do this is through the L&Q Foundation. We want to create positive lasting change for our residents that help them live healthy independent lives in thriving communities. We do this by delivering services directly, including employment support and tenancy sustainment. Alongside this, we fund community and voluntary sector organisations that create positive social impact in the communities where our residents live.

We know that engaged communities are essential to creating thriving places. Our Place Makers Fund awards grants to local groups, organisations and charities to develop and deliver projects that bring people and communities together while meeting local needs. In 2022/23, we awarded grants to 56 community organisations through our Place Makers Fund. These grants have funded projects to improve health and wellbeing, such as kickboxing sessions and educational

opportunities like mentoring and employability courses for young people at risk of or involved in crime.

The sessions have also increased the opportunity to connect both online and in person through digital literacy courses.

In 2022/23, we invested a total of £3.3m directly into local community organisations to create a positive social impact in the communities where our residents live. We did this through the L&Q Foundation, Trafford Housing Trust, and community funding through our regeneration schemes. In addition to direct funding, we deliver capacity building sessions to community organisations to improve their sustainability, focusing on monitoring and evaluation, financial planning, and other business support. Through this approach, community organisations will be more sustainable to support our residents' communities long after our funding has come to an end.



**We invested £3.3 million directly into local community organisations to create a positive social impact in the communities where our residents live**

Investing in communities through the L&Q Foundation is designed to have a positive social impact for those involved. We measure this using HACT's Wellbeing Valuation Approach, which places a monetary figure on social activities that are traditionally more difficult to quantify. HACT's approach has been developed for the housing sector and includes the most common outcomes associated with community investment activities. In 2022/23, our funding created £21.1m of social value, calculated using HACT's Wellbeing Valuation Approach.

Additionally, we work with organisations with aligned values to deliver community investment activities. Our Get Set Go project is delivered in partnership with Sport England, supported by funding from the National Lottery. Get Set Go delivers a range of inclusive sports and fitness activities for all ages to support residents' health and wellbeing with the aim to increase participation in sports, recreation and other physical activities.

The project was co-created with L&Q residents and tailored to their needs to help motivate those less active and reach the most engagement possible. We held consultation events with residents to find out what sporting activities they wanted to see delivered. Listening to feedback, we worked with local and larger sports providers to deliver sessions at our two activity hubs; the Seddon Centre in Waltham Forest and the Lewington Centre in Lewisham and additionally delivered sessions in parks, local leisure facilities and schools across both boroughs.

In 2022/23, we have held football tournaments attended by over 250 young people, delivered Tai Chi sessions to bring older people together, and helped over 350 people improve their cycling skills, inclusive of 60 who had never ridden a bike before.

L&Q's community centres are one of our biggest assets. As well as delivering activities as part of Get Set Go, we have been working on our building improvement programme. At the Seddon Centre, we have carried out energy efficiency improvements, including updated sensor lighting, improvements to its roof, double glazing, and upgrades to the boiler system. These improvements make sure that our centres continue to be sustainable options for local organisations, reducing energy consumption and carbon emissions.

We have also worked with contractors through our Major Works Investment Programme to refurbish some of our other community centres as part of their social value commitments, including:

- Removing old, carpeted flooring and replacing vinyl floorings
- Upgrading security systems to improve the safety of those using the centres
- Painting and decorating, including new kitchen facilities and storage
- Installing new fire doors.

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I set myself a goal of learning how to ride a bike after the pandemic. Living alone during Covid, without being able to cycle or drive, left me feeling isolated, claustrophobic and trapped. I would see people riding around in groups and by themselves. I envied the freedom it gave them and decided that was something I wanted for myself.

Resident who took part in Get Set Go

# Social

## Supporting our residents



In addition to funding community organisations to deliver projects in our communities, the L&Q Foundation offers a range of support directly to L&Q residents. Our in-house advisors provide vital employment support throughout the job application process, including mentoring and coaching. We also offer a job brokerage, offering residents access to exciting job opportunities. Last year, we helped 535 people get into work across a range of industries including law, health, and social care, and the public transport sector.

We also provide L&Q residents with financial capability support and debt advice through our Pound Advice service. Managed for us through We Are Digital, Pound Advice is provided by the Citizen's Advice Bureau and other third-sector organisations. In 2022/23, nearly 2,900 residents used Pound Advice, helping residents gain a total of £10.6m of additional income.

# £10.6m

We helped nearly 2,900 residents gain a total of £10.6 million of additional income

As well as seeing immediate financial benefits from Pound Advice, we want to make sure our residents feel like they are in a better position to manage their finances in the long term. Last year, after accessing Pound Advice, nearly two-thirds (61%) of our residents are managing their finances better and over half (59%) feel like their debt is less of a burden.

When our most vulnerable residents face crises, we support them to overcome these challenges and maintain a stable tenancy. To do this, we offer a range of support, including helping

residents to maximise the benefits they receive, providing budgeting advice, and improving their ability to cope with everyday life. In 2022/23, we supported 564 residents to manage their tenancies more successfully. After working with us, nearly two-thirds of residents (64%) felt more confident, over half (59%) felt like they had more control over their lives, over two-thirds (68%) were managing better financially, and around two-thirds (65%) had a better understanding of the benefit system.

We also distributed over £60k through our hardship fund, supporting over 150 residents in need to cover the costs of white goods, beds, carpeting and insulation and emergency removal. By supporting residents to buy essential household items, we can ease pressure on budgets and reduce the need for high-interest borrowing.

L&Q Living, our dedicated care and support service, offers residents a range of ways to get involved, connect with others, and improve their mental and physical wellbeing. L&Q Inclusion offers a wide-ranging programme of monthly activities with varied themes including dignity, disability awareness, and mental health and dementia, as well as bigger events where residents come together from across L&Q Living schemes.

Large events include the annual L&Q Living Games offering an important opportunity for residents who don't often engage with sports to take part in different athletics events. As well as our regular activities, last year saw over 2,000 residents benefit from over £9,000 in grants awarded to mark the Queen's Platinum Jubilee. Celebrations included barbecues, party games and singalongs.

At Woodstock Court, residents from several neighbouring schemes came together for a garden tea party, which was also attended by L&Q staff and local councillors.





Photo: Woodstock Court residents enjoy Jubilee celebrations

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The residents thoroughly enjoyed themselves. I think it was a great opportunity to get to know new neighbours and chat away with old ones. Keeping in the spirit of everyone coming together, it was really great camaraderie, and everyone helped each other on the lead up to the occasion in different ways.

One of our Sheltered Housing Assistants,  
on the success of the event

## Case Study

# Fuel poverty and in-home energy advice



Fuel poverty and the rising costs of living are affecting everyone, including L&Q residents.

We want to improve our homes so that they work smarter for our residents and result in lower utility bills. To do this, we are building more energy-efficient houses using modern methods of construction (MMC) and making improvements to our existing houses through retrofitting.

In addition to improving our homes, we also want to develop the support we provide to residents and make sure our support is focused on our residents' needs, especially during the cost of living crisis. We consulted our online resident panel, L&Q and You, in May 2022 and asked our residents how increasing living costs are impacting them and what we can do to support them. Residents told us that they're making difficult choices between buying food and paying energy bills. They suggested we install energy efficiency improvements in their homes, offer energy advice, and provide fuel vouchers.

We listened to what our residents told us and launched an in-home energy advice service pilot. As part of the pilot, we visited nearly 50 homes, focusing on hard to treat/heat homes with lower EPC ratings. During the pilot, residents were given; advice and support to save money on energy bills,

help to access support like government subsidies or grants, and free energy-saving devices were fitted.

Residents' feedback was positive with most residents saying that they would recommend the service to others. Following on from the pilot, our Sustainability Team have completed extensive research into in-home energy advice visits by Local Authorities that are available for our residents. By utilising and signposting residents to external energy advice services, we can make sure we're not duplicating the offer and we can also invest more funding in immediate support needed by our residents like fuel vouchers.

Last year, we issued over 1,500 fuel vouchers to residents, equating to over £62,000. As part of a refreshed approach from previous years to make sure as many residents as possible could access the vouchers, they were offered digitally where required so residents could use them quickly without having to print them. We also set up a team of 22 'super users' across the business so vouchers were issued more efficiently, residents received a quick response, and any unused vouchers could be monitored so that we could offer further support where needed for redeeming them. We also issued around 1,400 foodbank vouchers to our residents who needed this emergency support.



Photo: Foodbank volunteer sorting through recent donations

Last winter, additionally to offering foodbank and fuel vouchers and in-home energy advice, some of our community centres became Warm Hubs. Our Warm Hubs offered residents a safe and warm space, and the opportunity to meet others living locally. Residents played board games, used

it as a place to work, or just spent time on their own. At one of our hubs, we partnered with a local food bank to offer healthy, home-cooked meals. Run by L&Q volunteers, our colleagues were able to share information about other support residents can access.



Photo: Warm Hub

## Case Study

# Creating opportunities for young people



We want to improve the life chances of our younger residents by giving them opportunities to build the right skills, knowledge, and attitude to thrive in life.

Learning to Succeed, our schools partnership programme, launched in 2018. We designed it based on findings from research with over 1,000 young people. We found fewer than one in ten would consider a career in construction so we set about putting together lesson plans to raise awareness of the wide variety of jobs available in the industry, prepare young people for the world of work, and showcase how what they were being taught in school can be applied in the real world.

In 2022/23, Learning to Succeed worked with over 30 secondary schools across London, delivering sessions on Science, Technology, Engineering and Math (STEM) topics, employment skills, and wellbeing. Over 5,000 students attended lessons as part of Learning to Succeed. Some of the teachers told us the sessions were ‘interactive and very helpful that got students reflecting and thinking ahead’ and ‘pupils were inspired to seek more information about their career choices’. We work closely with over 70 students to provide targeted, one-to-one support and individual learning plans. We worked with teachers who suggested young people that would benefit from focusing on a particular area to inform their

career choices. Individual learning plans were developed with the students, setting short-, medium- and long-term goals looking at their learning and their wellbeing.

We have recently added new sessions to our Learning to Succeed programme, focusing on climate change and education so young people are equipped with the knowledge to address the environmental challenges facing us all. Last year, over 1,000 young people took part. These sessions asked students to consider the impact of climate change on their own lives and those around them, encouraging them to identify small steps they could take to make positive changes. Our interactive Carbon Challenge got students working together in groups to explore their own carbon footprint, the carbon footprint of their school and think about the changes they could make that would have the biggest impacts.

As well as our schools partnership programme, for the last few years we have been supporting some of our young residents directly through L&Q’s Turloch O’Brien Scholarship programme. It enables young people who would not have the means to go to university without significant financial support to complete an undergraduate degree. In 2022/23, seven students receiving scholarships graduated from university.

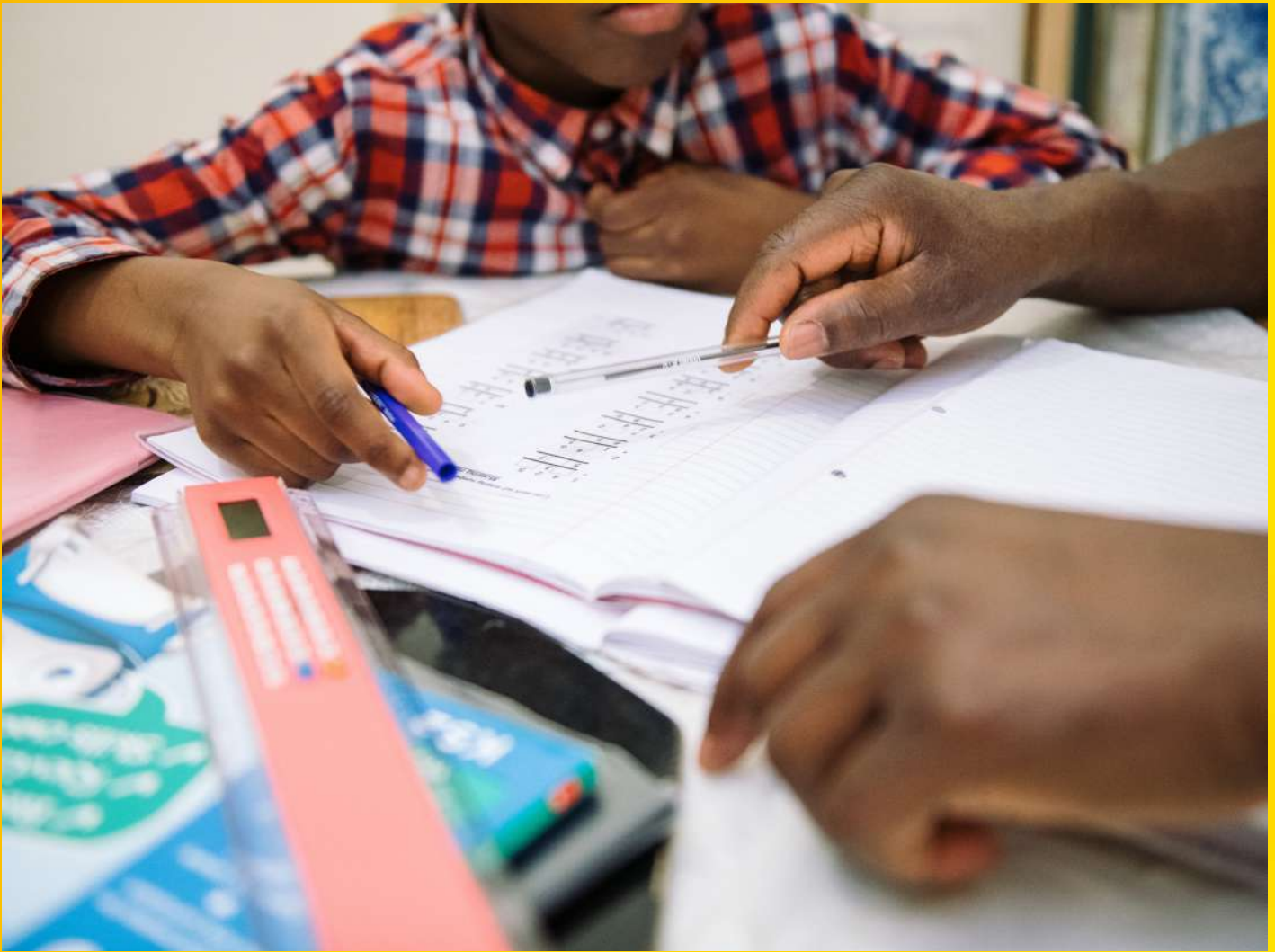


Photo: Studying at home

One of the scholars got their dream job working for PlayStation, and others went on to graduate in Computer Science, Law, Politics, Biochemistry, Adult Nursing and Business Marketing.

One of our graduates, Ingrid, is completing an undergraduate degree in Medicine and Surgery at medical school and hopes to become an ophthalmologist after she graduates. Recently, Ingrid has taken the opportunity to take part in an international placement in Egypt to get more experience. Ingrid told us 'I hope to gain insight into healthcare in other parts of the world and

further improve my clinical skills and knowledge so that I can become a better clinician'. Ingrid grew up in a single-parent household in South London and didn't see many people who had similar aspirations, saying 'it sometimes felt as if those very aspirations weren't achievable for people like me. Today, I'm pleased to see black and minority ethnic groups beginning to excel in many important fields. I am grateful for all the excellent teachers I've had along the way; L&Q and the various other programmes that have supported me; and my personal and academic mentors for their encouragement'.

# Governance

## How L&Q operates



At L&Q we take our regulatory, statutory and legislative responsibilities seriously. Good governance is a key driver to delivering our mission, aims and values. It is essential for us to achieve our objectives and drive improvement, as well as maintaining legal and ethical standing in the eyes of our stakeholders, regulators and the wider community.

We are an ethical, inclusive, and values-based organisation with a long-term vision. Our co-production approach to working with residents helps us to deliver high quality homes, thriving neighbourhoods, and empathetic, locally responsive services. We aim to reflect our residents in our diverse and inclusive workforce and ensure that our residents' homes and services contribute to building communities that have equality at their heart.



**L&Q's governance covers how we operate as a business, house builder and landlord, including:**

- Employee wellbeing
- Representative governance
- How we manage our supply chain.

Our annual governance report sets out our regulatory requirements and how we meet them, as well as our plans for the future.

[Click here](#)

**To view L&Q's Annual Governance Report.**

# Governance

## How L&Q operates

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**As a charitable housing association regulated by the Regulator of Social Housing, we must comply with several regulatory standards including:**

- The Governance and Financial Viability Standard, so we have effective governance arrangements, operate in an effective, transparent and accountable way, and manage our resources effectively
- The Value for Money Standard makes sure we have an approach agreed upon by our Board for achieving and demonstrating delivery of value for money
- The Rent Standard determines our rents, so they are set in accordance with the Government's Policy Statement on Rents for Social Housing 2018
- The Home Standard makes sure our properties meet the Decent Homes standard
- The Tenancy Standard, which ensures our homes are let in a fair and transparent way
- The Neighbourhood and Community Standard that makes sure our neighbourhood and communal areas associated with our homes are clean and safe
- The Tenant Involvement and Empowerment Standard makes sure we have accessible complaints policies and a wide range of resident involvement and empowerment opportunities.

# Governance

## Representative governance



L&Q is a not-for-profit organisation and is a registered Community Benefit Society under the Cooperative and Community Benefit Societies Act 2014. L&Q is registered with the Regulator of Social Housing. In November 2022, the Regulator published the results of our latest In-Depth Assessment (IDA). This resulted in us maintaining the highest G1 governance rating. In common with many other Housing Associations that develop homes, our financial rating is now V2, which remains a compliant grade.

In April 2021 we adopted the National Housing Federation's (NHF) Code of Governance 2020. This requires us to review our code of governance annually and report the outcomes to our Board. The first review against the new code was undertaken in 2022 and reviewed in detail by the Governance and Remuneration Committee prior to consideration by the Group Board. We concluded that we meet the requirements in all material aspects but are working to strengthen compliance over the next year.

### About the L&Q Board

L&Q's Board is chaired by Aubrey Adams and includes resident representation, with Fayann Simpson OBE joining the board in 2018. Our Board demographics are as follows: 50% male and 50% female, 30% Black, Asian and Minority Ethnic, 30% reported having a disability, average age 56 years old, as at 31 March 2023. The maximum tenure for board members is generally two terms of three years, which can then be extended annually up to a maximum of nine years in total, although this is in exceptional circumstances when the board member holds a Chair position.

At 31 March 2023, eight of our 10 board members (80%) are non-executive directors. Two members of the Board sit on our Audit and Risk Committee and have recent and relevant financial experience. There are no current executives on the Remuneration Committee. In the last two years, there has been a 57% turnover in our Board and 26.6% turnover

in our Executive Team. Board turnover has been particularly high in the last two years as members have left because they reached their maximum tenure term and we have welcomed new Board members.

We have a recruitment and succession plan in place, which is considered annually in November. Our first externally facilitated board-effectiveness review was in March 2020 and we completed our second review in 2023. Conflicts of interest at the Board are governed by our Code of Conduct captured through a register of interests that is published on our website.

### L&Q Board demographics



**50%**  
Male



**50%**  
Female



**30%**  
Black, Asian  
and Minority Ethnic



**30%**  
Have  
a disability



## Risk management

Our Board has overall responsibility for risk management and for reviewing its effectiveness. L&Q's Audit and Risk Committee is responsible to the Board for monitoring risk and reporting on how effectively it is managed. Our Risk Management Policy, Risk Register and Risk Appetite Statement detail our approach. More information on our internal control and risk management is available in our Financial Statements.

Our Financial Statements are audited by KPMG, who have been our auditors for 11 years. We went out to tender for a new five-year contract earlier this year, which KPMG won. They remain independent through their internal requirements of signing partner rotation and adhering to UK ethical requirements. The length of service is available publicly in the Auditors Independent Report in the Financial Statements each year under their "basis of opinion" paragraph.

## Embedding resident involvement

Residents are at the heart of L&Q, and our governance structure makes sure our residents have a powerful voice across the business. Our Resident Services Board (RSB) are a formal committee of our Group Board that is almost entirely comprised of people who make their homes with us. The RSB are equal peers of our Group Board members and skilled partners with the authority to make an impact. Our Board is now directly accountable to residents and their views are at the heart of our strategic decision making. RSB look at a wide range of services to residents such as performance data, complaints and service feedback to provide ongoing challenge. They also draw on feedback from the wider resident involvement network, which sees residents work with different parts of the business to help us improve.

We continue to encourage residents to get more involved with us, formally through RSB, regional resident committees and other forums, or more informally by taking part in their local Residents Associations or becoming Neighbourhood Champions. Involving residents continuously helps us improve our service and provide more resident-focused ways of working. Our resident involvement programme is informed directly by residents following consultation with our online resident panel, L&Q and You.

Based on what residents told us, we have committed to supporting frontline teams to get to know local communities by working in partnership with the people that live there, share how we're performing in the areas that concern residents most and what we're doing to improve resident experiences, and we'll bring residents closer to business areas to help us continually improve and build more resident-centred working cultures.

We have made great progress over the last year to build our resident involvement programme, developing an outcomes framework that defines what we want to achieve and how we will measure success. You can read more about it later in the report.

## Resident voice

We want to give all residents the chance to be heard, through active involvement, sharing their views as part of our online resident panel, or by giving feedback on their experiences of L&Q. We have two main approaches to measuring customer satisfaction. Our annual Perception Survey asks a representative sample of residents a range of questions about L&Q, our offer, and residents' experience of the services they receive. In 2022/23, we included the new Tenant Satisfaction Measures in the Perception Survey before their official implementation from 1st April 2023 so we can begin to understand resident views across the 12 areas being measured. The official Tenant Satisfaction Measures for 2023/24 are due to be reported to the housing regulator in summer 2024, with results from all social housing providers due to be published in autumn 2024.

We also carry out regular transactional surveys with our residents, which gives us feedback on their experiences of our services. This includes responsive repairs, calls with the customer service centre and all key customer touchpoints and interactions. These surveys mean that we can track how we are doing each month, and make changes based on the feedback received.

We calculate a 'blended' satisfaction score based on combining scores across key services. In 2022/23, our blended score for service delivery showed 76.1% of residents reported being very or fairly satisfied, which is in line with the findings from 2021/22 when 76.9% of residents reported being very or fairly satisfied.

We also regularly use L&Q and You, our online community of residents to get their feedback on issues including informing our response to address fuel poverty, how safe residents feel in their homes, and rent affordability. Our resident panel is consulted to shape our decision making and consists of around 3,300 residents, a representative cross-section of our wider resident population.

We share what residents tell us with a range of stakeholders at L&Q, including RSB, Executive Group and other senior leadership groups. We use the information to inform decision making, business planning and service delivery.

## Approach to complaints

We are overhauling our complaints handling, investing in additional staff, training and other resources, prioritising efficiency and good communication, and embedding learning from complaints in our process. We're already seeing a reduction in the time it takes to deal with complaints and in the number that progress to stage 2.

We also recently asked 27 residents to help us quality assure our handling of complaints

based around repairs, feeding directly into our formal quality assurance and complaints learning process. Residents assessed whether the complaint followed the complaints handling procedure and how well we responded to the complaint according to our values of inclusion, passion, people, responsibility and impact.

We then shared their assessments with our Complaints Operational Group, which oversee complaints learning at L&Q, as well as with the repairs team. The results showed we didn't always confirm the resident was happy with the resolution offered before the complaint was closed.

Since then, we've reminded all our complaint handling staff to have a conversation with the resident to let them know the complaint will be closed. This will give residents a chance to query the closure or let us know if we've missed anything.

One of the residents taking part told us "It was useful to have a workshop beforehand to set expectations for the process from both L&Q and the residents' sides. I can see a willingness and drive to improve issues and it's reassuring to see residents' feedback being taken on board."

# Governance

## Employee wellbeing



L&Q aims to attract, recruit and develop a diverse group of employees who share our values, as well as having the required experience, skills and knowledge.

At L&Q, we are committed to colleague development and our Investors in People silver status recognises this. We have a range of opportunities on offer, including our Aspiring Managers and Emerging Leaders programmes. They both build management and leadership knowledge and skills, putting colleagues in a better position to progress and, in turn, building a stronger and more diverse talent pool within L&Q. Over half of the people who have benefitted from the programmes have successfully progressed in their careers.

We take diversity and inclusion seriously at L&Q. Bringing together a diverse range of people also helps us perform at our best, whether providing great services, investing in the quality of our homes or realising our ambitions to build more to help solve the housing crisis. We report against the diversity of all colleagues, senior leaders and Group Board publicly, using the six protected characteristics defined in the Equality Act 2010. In 2022/23, the demographic profile of L&Q's workforce changed and diversity has increased. We look at the overall demographic profile of colleagues successfully recruited, promoted and retained, too.

We want to understand how colleagues across different demographic groups experience recruitment and selection, so in March 2023 we held our first listening events. We spoke to ethnic minority colleagues to find out their experiences at L&Q at three events held across our offices. Those who took part spoke freely about their experiences from both sides of the recruitment process, applying for roles and being part of recruitment panels. We will use the information to make recommendations for changes to the

recruitment process, making sure we have robust recruitment and selection processes that advance equality, diversity and inclusion for people from ethnically diverse backgrounds and others. We are planning more listening events for other colleagues throughout 2023/24.

The increasing costs of living is impacting everyone, and we want to make sure that colleagues are paid fairly for the job they do. L&Q pays all colleagues the Living Wage Foundation recommended rate. We report our pay gaps publicly, across gender, ethnicity and disability. We continue to close the gender pay gap from 7.12% in 2021/22 to 6.41% in 2022/23, although the CEO to median worker pay ratio has increased slightly from 10.62:1 to 10.91:1.

As well as supporting staff through our commitment to fair pay and progression opportunities, we also have a wide range of advice, resources and support available. Our wellbeing programme, iMatter, is available to all colleagues and can help with mental, physical and financial health. In 2022/23, iMatter delivered a range of events promoting mental health awareness, ways to manage stress, and the benefits of volunteering. We launched a range of new activities, including free health checks for over 200 colleagues, advice and guidance for colleagues approaching or going through menopause including a specialist GP menopause consultation, and financial coaching to support colleagues with increased costs of living. Our Mental Health Champions, supported by iMatter, and trained and accredited by Mental Health First Aid England, continue to raise awareness of mental illness and make it easier for colleagues to get support.



We are committed to maximising the added value we can create collaboratively with our supply chain partners. Our procurement activities are conducted in line with the Social Value Act, which requires consideration of wider social, economic and environmental benefits in procuring goods and services.

We assess social value as part of our tender criteria in relevant contracts. When these contracts are awarded, we work with our supply chain partners to develop social value plans, detailing commitments to deliver activities that will provide social, economic and environmental benefits to our residents and the communities they live in.

Last year, we increased the number of social value plans we developed from four in 2021/22 to 17 in 2022/23. One of our supply chain partners, Travis Perkins, has committed a legacy fund as part of their social value commitments. Last year, we funded 10 community organisations to deliver projects supporting education programmes, food banks, and art projects.

We have now started our Major Works Investment Programme that will deliver essential improvements to the safety, quality and environmental efficiency of our homes.

We want to maximise the social impact we can achieve through our investment, so the contracts have been awarded according to quality (65%), price (20%) and social value (15%). Social value commitments will include creating jobs and training opportunities, supporting charitable projects and improving playgrounds and community centres. Some of our supply chain partners have already started to refurbish our community centres. We are using the National Themes, Objectives and Measures (TOMs) methodology to calculate social value in the supply chain. In 2022/23, £690k of social value was created using TOMs.

As we progress through our long-term investment, we will begin to realise more value as supply chain partners deliver against their commitments.

We also know that successful collaboration with our supply chain partners is key for delivering our commitment to net zero carbon. In 2022/23 we began mapping our Scope 3 emissions that relate to our supply chain. We worked with a specialist consultant to provide guidance and support on best practice relating to data provision across Scope 3 emissions. Feedback was positive about the quality and breadth of data provided.

Our report is currently being drafted to identify emissions hot spots and data gaps to continue to improve reporting and begin to understand how best to reduce supply chain emissions.

This will be our first year reporting our total Scope 3 emissions and will lay the groundwork for assessing how best to reduce supply chain emissions.

Many of the operations within our supply chain will form part of our Scope 3 emissions. We have been building relationships with some of our largest supply chain partners to enable enhanced reporting and deliver improvements. We have started to include contractor emissions reporting in contracts with suppliers working as part of Major Works Investment Programme. We also require all works contracts over the Public Contracts Regulations (PCR) threshold to be subject to prequalification in line with the BSI PAS 91 standard, driving forward good practice.

## Case Study

# Cleaning and greening: L&Q resident's mission to restore Regent's Canal



Dave is co-founder and leader of the Lower Regent's Coalition (LRC), a community-led volunteer group that runs clean-up and improvement events across the stretch of the Regent's Canal from Limehouse Basin to Mile End Road and beyond. Formed in 2013, the coalition has been instrumental in the transformation of this previously unloved stretch of canal into a thriving urban oasis and haven for nature.

From donning and planting bulbs to pulling trollies filled with bags of rubbish, Dave's band of volunteers have removed over 7,000 bags and 10 tonnes of rubbish from in and around the canal, created more than 400m<sup>2</sup> of wildflower meadows with over 20 varieties of plants, and installed 700m<sup>2</sup> of floating ecosystems and aquatic planting.

With the help of our Grounds Maintenance team, the coalition's latest project involved stripping the artificial greenery lining a local Mile End Estate and replacing this with native plants and wildflowers.

When the LRC's storage facility provider was no longer able to hold their equipment, we supported Dave to apply for a Travis Perkins

Community Heritage Grant worth £4,000 to build a new shed, which is also being used by the wider community.

Dave won the 'Resident Contribution to Sustainable Living' award at 2023's Unlock Net Zero award ceremony during the Chartered Institute of Housing conference in Manchester.

Dave said: "I'm delighted to win this prestigious award. As a group, we have lots to be thankful for in getting us to this point – most especially all the incredible volunteers that have got stuck in at our events large and small.

I'm also grateful to L&Q for helping us find a new home for our equipment. Without the grant, we wouldn't have been able to continue our work."

The future of the coalition is set to be even greener, as Dave plans to run educational events for local schools and social gatherings for community members to celebrate the heritage of the area. Dave is also applying for the coalition to become a registered charity and has set his sights on attracting even more wildlife to the canal, including the endangered water vole.



## Case Study

# Involving our residents



At L&Q, we are on a journey to change the way we manage our programme of resident involvement. Our ambition is to embed resident involvement at every level of the organisation, putting residents in control of the decisions that affect their homes and neighbourhoods. Through collaborative, partnership working where both parties are equals, we want to harness both the insights, skills and knowledge of residents, and the expertise of colleagues to be better and more dynamic in our decision-making.

The RSB co-produced our new approach with us, which re-frames all our involvement activity as volunteering. We want all residents who choose to get involved with us, whether on a strategically focused committee or an ad-hoc business improvement initiative, to have a role which carries the same prestige and purpose as those in the voluntary sector. This is more than just putting a new label on existing practice; all of our team have been professionally trained in volunteer management, and adhere to nationally recognised standards.

The question of impact is not something we're used to considering when it comes to resident involvement. While involvement is a regulatory requirement and seen as an inherent good, we haven't always been clear on what we are trying to get out of it.

In collaboration with involved residents, we've defined four outcomes we're seeking from our practice:

- Stronger relationships
- Improved staff well-being and motivation
- Improved resident experience
- Operational excellence.

These outcomes have been mapped into a framework, allowing us to focus on the change we want to see and giving us a tool to help us measure and communicate the purpose of what we're doing.

Our peer learning sessions are an example of the new type of resident involvement opportunity we now offer. They bring experienced staff and residents together to share best practice on issues where they have a shared interest and expertise.

We recognise that residents have a lot of skills, we don't hold all the knowledge, and we want to encourage residents and staff to learn from each other. Places are limited to allow for an impactful peer-learning experience, and the focus is less on business improvement and scrutiny and more about partnership and transparency.



Photo: L&Q resident, New Union Wharf, London

Established and emerging Residents' Associations joined our Resident Involvement team and TPAS (tenant engagement experts) to understand the aim and benefits of forming a Residents' Associations. Discussions included how to engage neighbours and overcome the barriers that prevent membership, the different roles and responsibilities and the importance of partnership working and setting goals.

Attendees welcomed the opportunity to connect with other residents to share experiences and good practice, with some looking to continue working together in the future. Whilst the majority were already involved with a resident association, there was appetite from others to create one, but many didn't know where to start.

That's where the buddy up scheme comes in, linking residents looking for knowledge in a specific area with residents with experience.

"The session was very good. Sam at TPAS provided a good source of information along with a wealth of benefits setting up and having a RA."

"It's nice to have L&Q invest energy and time in those passionate about running RAs, and the training is welcome."

In May 2023 we published a report outlining the steps we've taken so far to transform our involvement activity and our outcomes framework.

[Click here](#) **You can view the report here.**



**03**

# Looking forward

# What we will do in 2022/23

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Over the last year, we have continued to better our understanding of how we are performing through stronger governance of our sustainability activities, improved data collection and interrogation, and increased visibility across the business. We know we can't be complacent when it comes to reducing our negative impact on the environment, meeting residents' needs, and robust governance. We want to build on these strong foundations over the coming year.



Photo: L&Q colleagues collaborating in the office

We identified our sustainability priorities in 2020/21, setting three-year targets from 2021/22 to 2023/24. This year, we enter the final year of L&Q's first comprehensive set of environmental, social and governance priorities. Over the next year, we will begin to plan what we do next, reviewing what is still relevant, updating where necessary, and introducing new priorities.

Following a year of collecting data across a range of environmental areas means we now understand

where we are starting from. In 2023/24, we will begin to take action and set targets, make improvements and identify next steps. As we complete our Scope 3 mapping exercise, we will use this as a baseline to set new carbon emission reduction targets and consider science-based targets. Following our Climate Risk Review we will publish our current position in line with TCFD guidelines, and start implementing the recommendations, including consulting with L&Q's Board. This will enable L&Q to better manage climate risk and move towards developing a climate adaptation strategy. We will set targets to reduce waste and water usage across L&Q construction sites, as well as introducing monitoring construction energy use.

We will work collaboratively with our supply chain partners to maximise social value and reduce our negative impact on the environment. We will hold them accountable to monitor waste data and drive good practice, as well as delivering on their social value commitments. We will ramp up delivery of energy efficiency works through our Major Works Investment Programme, with the target of completing improvements to over 3,000 homes before 2025.

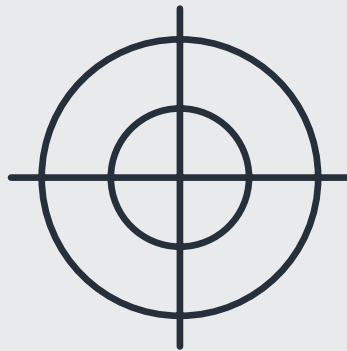
We will continue to keep track of emerging sustainability topics. We know that transparency on our performance is important, and we will report sustainability for all of L&Q across London, the South East and the North West in 2023/24.

The SRS is changing and we remain committed to reporting against the latest version, launching in 2023. We will keep up to date with other reporting frameworks and best practice, assessing what is relevant to us and what we can put in place.

We will monitor emerging regulatory requirements that require us to act, including biodiversity net gains.

Residents are at the heart of our organisation, and we want them to have a voice and influence at every level of our decision-making processes.

We will continue to develop our approach to resident involvement, embedding our outcomes framework and beginning to report on success measures identified within it. We know that 2023/24 will continue to be difficult for most people, including our residents, as the price of food, fuel and other day to day necessities remains high. As well as improving the energy efficiency of our homes, we will carry on offering a range of support throughout the year and make sure we are prepared to act as temperatures drop and household bills increase.



**We don't underestimate the challenges we face in the coming year due to the cost of living crisis, and the impact this has on our operational capacity. However, we remain deeply committed to driving forward our sustainability priorities on our pathway to continuous improvement.**

**04**

# **Additional information**

# L&Q's Sustainability Finance Framework

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Our sustainability priorities have informed L&Q's Sustainability Finance Framework. This finance framework presents us with an opportunity to use our commitment to access future capital at potentially better rates. It enabled L&Q to successfully complete our first Sustainability-Linked Bond (SLB) in January 2022, raising £300 million. Sustainability Performance Targets are also included within £2,725 million of secured term loans and revolving credit facilities where if met, and according to each bilateral loan agreement, L&Q receives the benefit of an interest rate reduction through lower lending margins.

As part of this framework, we committed to publishing an annual Sustainability Report to evidence performance against measures that can be used in any sustainability-linked investments. We have chosen four metrics, including operational carbon emissions, energy efficiency of our homes, affordability of our homes and community investment.

We engaged DNV, independent experts in assurance and risk management, to carry out assurance of the metrics relating to carbon emissions, average calculated SAP and community investment in our Sustainability Finance Framework. Their Independent Limited Assurance Statement provides more information. Assurance relating to new homes we have built is provided through KPMG's audit of our Financial Statements. Our Key Performance Indicator (KPI) Definition Document is available online.

[Click here](#)

**To view L&Q's Sustainability Finance Framework.**

[Click here](#)

**To view L&Q's Financial Statements.**

[Click here](#)

**Independent Limited Assurance Statement.**



[Click here](#)

**To view L&Q's Key Performance Indicator (KPI) Definition Document.**

## Our performance against our Sustainability Finance Framework key performance indicators



### Net zero carbon emissions by 2050.



Material SDG Alignment	<b>7</b> Affordable and clean energy 
	<b>13</b> Climate action 
Measure	Scope 1 and 2 greenhouse gas emissions as measured in tCO <sub>2</sub> e
2019/20 baseline performance	32,822.21 tCO <sub>2</sub> e* 0.2712 tCO <sub>2</sub> e/unit*
2020/21 performance	33,267.73 tCO <sub>2</sub> e* 0.2574 tCO <sub>2</sub> e/unit*
2021/22 performance	30,159.53 tCO <sub>2</sub> e* 0.2335 tCO <sub>2</sub> e/unit*
2022/23 performance	31,811.89 tCO <sub>2</sub> e* 0.2426 tCO <sub>2</sub> e/unit*
2024 Sustainability Performance Target	Reduce greenhouse gas emissions by 20% by 31 March 2024 with respect to the baseline (SECR methodology)

\* Assured by DNV





### Average calculated SAP score of 92 or above (corresponds to EPC A rating) by 2050.

### Average calculated SAP score of 74.5 or above (corresponds to EPC C mid-band rating) by 2030.

Material SDG Alignment	<b>7</b> Affordable and clean energy 
	<b>13</b> Climate action 
Measure	Average energy rating for properties where L&Q has operational control, measured by the average standard assessment procedures (SAP) ratings provided on EPCs.
2019/20 baseline performance	Not reported
2020/21 performance	Average calculated SAP score of 71.67 at 31 March 2021*
2021/22 performance	Average calculated SAP score of 71.76 at 31 March 2022*
2022/23 performance	Average calculated SAP score of 72.08 at 31 March 2023*
2024 Sustainability Performance Target	Average calculated SAP score of 72 or above (corresponds to low EPC band C rating) by 31 March 2024.



**100,000 new homes built or enabled by 2050.  
30,000 new homes built by 31 March 2030.**


Material SDG Alignment	<b>1</b> No poverty 
	<b>11</b> Sustainable cities and communities 
Measure	Number of new homes built, acquired and let, with at least 50% of these provided as 'affordable' housing (as defined by the Housing & Regeneration Act)
2019/20 baseline performance	2,439 homes built of which 1,188 (49%) were affordable
2020/21 performance	2,699 homes built of which 1,556 (58%) were affordable
2021/22 performance	4,157 homes built, of which 2,532 (61%) were affordable
2022/23 performance	4,047 homes built, of which 2,892 (71%) were affordable
2024 Sustainability Performance Target	8,000 new homes built by 31 March 2024

\* Assured by DNV



**£170million invested in communities driven by identified social need and measurable impact by 2050.**

**£40million invested in communities driven by identified social need and measurable impact by 2030.**

Material SDG Alignment	<b>10</b> Reduced inequalities 
	<b>11</b> Sustainable cities and communities 
Measure	Funding invested in local community organisations to generate positive social impact on the communities where our residents live
2019/20 baseline performance	£2.5m*
2020/21 performance	£3.4m*
2021/22 performance	£3.4m*
2022/23 performance	£3.3m*
2024 Sustainability Performance Target	£10million invested in communities driven by identified social need and measurable impact by 31 March 2024

\* Assured by DNV

# Notes

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## Streamlined Energy and Carbon Reporting (SECR) Methodology

In line with the GHG Protocol Corporate Accounting and Reporting Standard, greenhouse gas (GHG) emissions are reported separately as Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased electricity) and Scope 3 (all other indirect emissions) using a carbon dioxide equivalent. A carbon dioxide equivalent is used to enable the global warming potential (GWP) of a variety of GHGs to be combined and reported using a single, standardised unit of measurement.

In accordance with SECR reporting recommendations, the UK Government's 2022 GHG Conversion Factors have been used to convert energy consumption and fuel usage into carbon emissions figures.

All electricity and gas consumption figures have been extracted directly from supplier invoices, with the exception of energy supplies to void units. A pro-rata extrapolation method has been used to apportion consumption and estimate missing data in cases where, respectively, the invoice periods exceeded or fell short of the financial year reporting period.

Since 2022, L&Q construction sites have recorded electricity consumption monthly on a third-party software. This data was extracted and used to account for the electricity consumption. There has also been an improvement in obtaining the gas consumption on site from the energy provider.

For temporary energy supplies to void units, consumption figures were calculated using the total energy spend data for electricity and gas, provided by our voids energy supplier, and applying the corresponding tariff and charge rates. However, a large number of our void homes were not moved to our void energy provider.

This is due to suppliers suspending switching activity as a result of the uncertain cost of new supplies and prices increase from the energy crisis. These homes remained with their incumbent supplier, making tracking the consumption difficult, resulting in an estimation aligned to the consumption seen for supplies with our void energy provider.

The quantity of transport fuel used by L&Q's vehicle fleet, covering activities such as direct maintenance, caretaking and development, has been extracted from fuel card and fleet management software.

The amount of transport fuel used by employees for business purposes, i.e. grey fleet, has been estimated using consolidated mileage claims data and the corresponding vehicle specification information provided. Where specific vehicle information was unavailable, the GHG Conversion Factors for average passenger vehicles have been applied.

All renewable electricity purchased is backed with a REGO as required in the SECR reporting guidance.

To reflect L&Q's leading role as both a housing association and residential developer, carbon intensity is calculated as L&Q's total carbon emissions divided by the total number of residential units owned, managed, completed or under construction as of 31st March of the financial year in question. In the event of merger and acquisition activity completed during the year that leads to material changes in portfolio composition, the metric will be adjusted accordingly to reflect the period of the financial year for which L&Q has operational control.



**Please see the table on the next page for more information on our emissions and energy usage.**



## Energy use and carbon emissions for 2022/23

GHG emissions and energy use - Summary	1 April 2022 - 31 March 2023	2021/22	Difference	
			%	Absolute
<b>Energy consumption used to calculate emissions:</b>	<b>191,768,933.01 kWh</b>	<b>182,231,841.55</b>	<b>5.23%</b>	<b>9,537,091.46</b>
Gas	133,478,291.69 kWh	128,378,724.73	3.97%	5,099,566.96
Electricity	48,381,828.32 kWh	45,006,118.52	7.50%	3,375,709.80
Transport fuel	9,908,813.01 kWh	8,850,703.87	11.96%	1,058,109.14
Emissions from combustion of gas (Scope 1)	24,365.13 tCO <sub>2</sub> e	23,514.34	3.62%	850.79
Emissions from purchased electricity (Scope 2, location-based)	9,356.08 tCO <sub>2</sub> e	9,556.15	-2.09%	-200.07
Emissions from purchased electricity minus renewable electric purchased	5,548.35 tCO <sub>2</sub> e	4,739.20	17.07%	809.15
Emissions from combustion of fuel for transport purposes (Scope 1)	1,898.41 tCO <sub>2</sub> e	1,905.99	-0.40%	7.58
Emissions from business travel in rental cars or employee-owned vehicles where L&Q is responsible for purchasing the fuel (Scope 3)	508.52 tCO <sub>2</sub> e	144.75	251.30%	363.76
<b>Total gross CO<sub>2</sub>e based on above (Scopes 1,2 and 3 not factoring green energy)</b>	<b>36,128.14 tCO<sub>2</sub>e</b>	<b>35,121.23</b>	<b>2.87%</b>	<b>1,006.91</b>
<b>Total gross CO<sub>2</sub>e based on above (Scopes 1,2 not factoring green energy)</b>	<b>35,619.62 tCO<sub>2</sub>e</b>	<b>34,986.96</b>	<b>1.81%</b>	<b>632.66</b>
<b>Total tCO<sub>2</sub>e green electric</b>	<b>3,807.73 tCO<sub>2</sub>e</b>	<b>4,816.95</b>	<b>-20.95%</b>	<b>-1,009.23</b>
<b>Total green electricity procured - LQHT from 01/04/2023 - 30/09/2023</b>	<b>19,690,385.40 kWh</b>	<b>22,686,157.14</b>	<b>-13.21%</b>	<b>-2,995,771.74</b>
<b>Total remaining brown electricity kWh</b>	<b>28,691,442.92kWh</b>	<b>22,319,961.38</b>	<b>28.55%</b>	<b>6,371,481.54</b>
<b>Total net tCO<sub>2</sub>e (gross emissions minus green procured electricity)</b>	<b>32,320.41 tCO<sub>2</sub>e</b>	<b>30,304.28</b>	<b>6.65%</b>	<b>2,016.13</b>
<b>Total net tCO<sub>2</sub>e (Scopes 1 and 2 only for reporting purposes green energy included)</b>	<b>31,811.89 tCO<sub>2</sub>e</b>	<b>30,159.53</b>	<b>5.48%</b>	<b>1,652.37</b>
Intensity ratio: tCO <sub>2</sub> e per unit owned, managed or under construction (Scopes 1,2,3 gross)	0.2756 tCO <sub>2</sub> e / unit	0.2720	1.32%	0.004
Intensity ratio: tCO <sub>2</sub> e per unit owned, managed or under construction (based on net emissions)	0.2465 tCO <sub>2</sub> e / unit	0.2347	5.05%	0.012
Intensity ratio (scope 1 and 2 only)	0.2426 tCO <sub>2</sub> e / unit	0.2335	3.90%	0.009



L&Q

**For more information**

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