

London & Quadrant Housing Trust Regulatory Judgement for Governance and Viability

Following an In-depth Assessment (IDA) of our governance and viability, L&Q has today been graded as G1/V2 by the Regulator of Social Housing (the Regulator).

Commenting on the judgement Waqar Ahmed, Group Director, Finance said

“Firstly, we are very pleased that the Regulator has recognised the strength of our governance structures and processes by re-affirming our top-tier G1 rating.

We strive for continual improvement in this area, and in recent months we have further strengthened our governance with the appointment of several new board directors, whose varied experience and expertise will be integral in delivering our ambitious corporate objectives over the coming years.

Along with others in the sector, our viability rating has been downgraded from V1 to V2, and this judgement was not unexpected.

With a medium-term shift to higher interest rates, cost pressures on supply chains and affordability pressures on sales, the whole sector is operating in a weaker economic environment. This has been recently noted by the Regulator.

V2 remains a compliant grade and the Regulator recognises that we manage financial viability well, but it reflects L&Q’s decision to prioritise residents by diverting funds into homes, services and communities at a time when the sector is facing these unprecedented economic challenges.

As previously stated, we have decided to substantially increase investment in residents’ homes. In the financial year ending March 31 2022, we more than doubled our major repairs spend to £71m, and total maintenance spend was £274m. Over the same period, we also invested £531m in new social housing.

We are actively monitoring, managing and mitigating the wider challenges in our operating environment and are confident that our good governance and financial strength will enable us to continue delivering our corporate objectives. As the Regulator notes in their judgement, we have an adequately funded business plan, with sufficient asset security and liquidity, and we are forecast to continue meeting our financial covenants.”

For further information, please contact:
[**investors@lqgroup.org.uk**](mailto:investors@lqgroup.org.uk)

James Howell, Head of External Affairs

020 8189 1596

[**www.lqgroup.org.uk**](http://www.lqgroup.org.uk)

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