

Strategic Plan

Growth

March 2026



L&Q

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Introduction

L&Q's second corporate strategy, adopted from 2026, refreshes our purpose: *'to provide social homes that everyone can be proud of'*. It also sets out three strategic commitments:

1. We'll provide social homes to meet housing need
2. We'll provide good landlord services
3. We'll be efficient and maximise our impact

To support and deliver these commitments, we have developed nine strategic plans, each aligned to one of our strategic risks. These plans are grouped around themes and set out:

- The activities we plan to deliver over the next five years
- The key milestones by when we will deliver this activity
- The measures we will use to track progress
- The strategic risk definitions and statements that govern delivery

Each strategic plan covers the five-year period (2026-31) outlined in our corporate strategy and will be reviewed and updated annually to ensure alignment with our five-year budget, Long-Term Financial Plan, risk appetite and any legislative or regulatory changes, as well as to the other eight Strategic Plans. Each Strategic Plan links with one or more annual Run the Business (RTB) plans across the teams responsible for delivery, which translate the Strategic Plan into specific initiatives for each financial year. Figures used are correct at document cover date.

These Strategic Plans are the tools we will use to track progress against our new corporate strategy and to provide assurance to the Group Board through our governance framework. They set out consistent board-level planning and assurance across all directorates, giving the Group Board confidence that the delivery of our corporate strategy is aligned, realistic, affordable, compliant, and within agreed risk appetite.

This document is the Strategic Plan for Growth.

How to use this document:

The strategic activities set out in this Strategic Plan may involve specific resource requirements (i.e., training) and may be influenced by cross-functional activities, including those associated with our Transformation and Change Portfolio. Therefore, this document should be reviewed in conjunction with People and Talent, Organisational Governance and Control, and Data Control Strategic Plans.

The Executive Portfolio Accountability Owner for this plan is the Executive Group Director - Property and Investment. They hold the authority to set the direction, standards and parameters for their teams and associated activity, and agreement will be sought with those responsible for delivery, working collaboratively towards alignment wherever possible.

Accountable owners and delivery leads should use this plan as the single planning baseline for prioritisation, budgeting and delivery through the annual RTB planning and budgeting cycle. They should also report progress quarterly against the agreed RTB plans and Key Performance Indicators (KPIs), Performance Indicators (PIs) and Key Risk Indicators (KRIs), and escalate significant variances and risks through the established performance reporting and governance cycle.

Link to the new corporate strategy

Commitment 1: We'll provide social homes to meet housing need.

Strategic Outcome: We'll provide homes that are offered at an **affordable** price for those in greatest need

Things that we'll do:

- We'll make sure that any homes we build or manage are affordable to construct and maintain, and affordable for our residents to live in.
- We'll operate primarily in Greater London and Greater Manchester. These are areas where housing need is greatest, and where we can best use our long-standing knowledge, experience, and established teams and partners to address challenges.
- We will increase our social rented housing offer in the North West through acquiring other housing associations and homes, where this allows us to operate in a more affordable and effective way.

Strategic Outcome: We'll provide **quality** homes that are safe, hardwearing, well-designed, easy-to-maintain and sustainable, providing a strong foundation for resident health and well-being.

Things that we'll do:

- We'll set a single homes standard focused on delivering basic, good quality components, fittings and finishings that meet regulatory requirements but do not go beyond them.
- We'll apply this standard consistently to the building, maintenance, refurbishment or regeneration of our social rented homes and communal areas. This will make sure we're achieving value for money from suppliers, and residents know what to expect from us.
- We'll design new homes and deliver maintenance, retrofit and refurbishments that are hardwearing, create a dry, warm and healthy home that can be more resilient to the impacts of climate change, as well as easy and cost-effective to maintain and upgrade.

Strategic Plan - Growth

The tables below outline the activity that will take place over the next five years relating to the following themes:

Theme 1 – Delivering new homes

We will deliver our new homes programme, maximising the delivery of social homes within approved financial capacity and risk appetite, and embedding L&Q's Single Homes Standard to improve quality, affordability and sustainability, and long-term value.

1. By the end of 2030/31, we will target a pipeline of 8,684 new homes with at least $\geq 39\%$ rented affordable homes, ensuring prioritisation of housing delivery for those in greatest need while maintaining financial resilience.
2. By the end of 2027/28, we will finalise L&Q's Single Homes Standard¹ for rented affordable homes and mobilise the supporting supply chain (specification, supplier frameworks, assurance and data) to secure consistency, durability and value for money. From 2029/30, we will apply the Single Homes Standard and a whole-life-cost design approach to 100% of rented affordable new home starts. This will be aligned to anticipated Future Homes Standard requirements.
3. From 2026/27, we will approve schemes only where the mix of home types, sizes and tenures aligns with L&Q's strategic priorities. All proposals must confirm the bedroom mix and required provision of accessible and adaptable homes and wheelchair-user homes. New homes investment decisions will be informed by local strategies and plans, alongside our assessment of deliverability and long-term strategic fit.
4. By the end of 2030/31, we will build and begin delivery of a pipeline of regeneration opportunities, with clear arrangement in place to enable this to grow in the future.
 - By the end of 2026/27, we will complete Stage 2 appraisals for priorities identified in the potential regeneration pipeline
5. From 2026/27, we will maintain a (minimum) five-year rolling pipeline focused on Greater London and Greater Manchester to support sustainable housing supply growth, prioritising deliverability and optionality to dispose if circumstances change.

¹ L&Q's standard components and materials for existing and new social rented homes to ensure compliance, consistency, durability, value for money and a clear standard for residents.

6. From 2026/27, we will maintain the delivery route profile across the overall committed programme over the plan period, recognising that the proportion of capital expenditure by delivery route will vary year to year, anchored at approximately:
 - c25% In House Build (IHB) projects
 - c50% Joint Ventures (JVs) projects
 - c25% JV S106, External Contractor, Development Agreements and selective, standalone S106 projects.
7. By the end of the 2030/31, we will have a standardised and digital building information management solution to building safety legislation gateways.

Theme 2 – Acquiring more social homes

We will expand our social homes offer in the North West through strategic partnerships and the acquisition of existing social homes, where this improves both resident outcomes and our operational efficiency.

1. By the end of Q2 2026/27, we will develop our 'key tests' for assessing acquisition or home transfer opportunities as being appropriate for L&Q.
2. From 2026/27, we will pursue any identified home swaps, where they improve home concentration, resident outcomes and our operational efficiency, supported by a coordinated programme that moves us further toward our core geographical focus.
3. By the end of 2026/27, we will complete an analysis of the North West housing association landscape, to support consideration of opportunities and decision-making.

Theme 3 – Affordability and risk control

We will maintain the affordability and delivery of our new homes programme within risk appetite through clear investment criteria and checks, market-aligned sales assumptions, and a disciplined approach to wider financial planning and monitoring.

1. From 2026/27, all projects will be required to meet the Project Profit and Subsidy Targets and Approval Criteria set out within the prevailing Investment and Property Group Approvals Policy, which may apply across a project or on a phase-by-phase basis, as deemed appropriate. We will use hurdle rates to measure the projected financial viability and performance of potential development projects, and guide investment decisions.
2. From 2026/27, we will establish a clear framework to identify the appropriate target sales values per square foot for urban and suburban areas, which will be reviewed regularly as market conditions change.
3. From 2026/27, we will monitor and report quarterly on programme forecast and delivery performance, including capital expenditure against budget, milestone delivery, pipeline profitability and forecasting trends, and will escalate material variances through the established governance cycle.
4. From 2026/27, we will maintain available unsold completed homes at or below the approved quarterly target within agreed tolerances, with quarterly reporting to the Investment and Property Group and any breach escalated with recovery actions within one reporting cycle.
5. From 2026/27, we will keep development cash-flow profiles and New Homes capital expenditure aligned to the Group Board-approved quarterly phasing, report to the relevant officer-led governance group (Investment and Property Group) each quarter, and escalate any variance beyond agreed tolerances within the same reporting cycle.
6. From 2026/27, we will ensure compliance with any key requirements detailed within any grant funding programme agreement, providing quarterly assurance statements to the relevant officer-led governance group (Investment and Property Group).

Theme 4 – Increasing development efficiency

We will improve the efficiency of new homes development and maintain financial health through consistent delivery while optimising quality and long-term cost. This will ensure homes are affordable to construct and maintain, and affordable for residents to live in.

1. By the end of 2029/30, we will increase Pre-Manufactured Value², as a proportion of direct output, to approximately [X]% from the FY26 baseline of [Y]%, with milestones of [A]% by FY27 and [B]% by FY29, to improve cost certainty, programme predictability, build quality and reduce waste and embodied carbon. Final target percentages will be confirmed by the end of Q2 2026/27.
2. By the end of 2027/28, working jointly with Major Programmes, we will develop a robust Portfolio Management framework to underpin assessments and decisions regarding investment in or the renewal, replacement or sale of homes and property.
3. From 2026/27, as part of Project Team Working³, all (directly controlled) projects reaching RIBA Stage 2 to go through a design optimisation review and a formal, documented, two-stage value engineering process, prior to RIBA Stage 4 commissioning.
4. By the end of 2026/27, we will explore and identify potential quality and whole-life cycle cost metrics with the intention of incorporation into business processes by the end of 2028/29 and full adoption by the end of the 2030/31.
5. By the end of 2026/27, we will assess the New Homes operating model (including development management, construction management and sales and marketing) against agreed development allowances, to confirm that resourcing, and overhead recovery are aligned. By the end of 2027/28, we will implement any approved changes to operate within allowances and improve value for money.

² The proportion of a scheme's construction value delivered through pre-manufactured or off-site components, measured against total direct construction output.

³ L&Q's structured approach to running projects through an integrated cross-functional team, bringing together the key disciplines at defined stages to review design, management and maintenance implications and operational risks before key project decisions are taken.

Theme 5 – Resident satisfaction with new homes

We will improve resident satisfaction and maximise social impact through quality homes, community-centred design, effective communication, and responsive services.

1. From 2026/27, we will maintain new homes resident satisfaction with home quality at or above 88% for New Movers and 84% One Year On, with quarterly reporting of performance and actions. We will operate a consistent end-to-end quality assurance approach across construction, handover and post-handover to deliver reliable outcomes and improved resident experience.
2. From 2026/27, we will ensure at least 98% of new homes delivered (handovers) achieve EPC B or higher, sustained through to the end of 2030/31. Any exceptions must be timebound and approved on viability grounds, with a defined retrofit plan and timeframe to achieve EPC B or higher.
3. From 2026/27, we will implement a transparent and timely communication campaigns for our regeneration programme to keep residents informed about redevelopment timelines, progress, and updates with clear and consistent messaging.
4. By the end of 2027/28, we will explore solutions to support our new homes offer that can contribute to monitoring resident satisfaction, identifying recurring issues, and continuously improving operational efficiency and customer services.

Group Balanced Scorecard KPI

The table below identifies the KPI on our Group Balanced Scorecard that will be used to measure the impact of activities over the life of this strategic plan. This is to enable the Group Board to assess the effectiveness of this strategic plan to deliver the associated strategic outcomes within our corporate strategy. This also enables them to assess the effectiveness of the controls we have implemented to mitigate our strategic risks.

KPI	Definition
Number of Rented Affordable Home Handovers	The number (also expressed as a percentage of all New Home Handovers) of new homes handed over in-year for Social Rent, London Affordable Rent, Affordable Rent, or Intermediate Rent (including Intermediate Market Rent, Rent to Buy and London Living Rent), owned by L&Q at handover and available for first letting (counted at acceptance into management, or at legal completion for newly built acquisitions); excluding market/private rent, all non-rented and sales tenures (including Shared Ownership and variants), and relets, resales and tenure reclassifications of existing stock.

Strategic Risk: Growth

2026/27 Strategic risk description

- **Risk that:** we may be unable to develop, or acquire social homes
- **Caused by:** financial constraints, inadequate planning and/or execution of plans
- **Resulting in:** constrained ability to deliver on our purpose to provide social homes.

Key Risk Indicators

- Number of Rented Affordable Home Handovers
- % Rented Affordable Homes Delivered vs Plan
- Number of New Home Starts
- % Satisfaction with Quality of Home – One Year On
- % Satisfaction with Quality of Home – New Movers

Risk Appetite Level

Our strategic objective is to grow and contribute to meeting the need for social homes, within clearly defined boundaries to ensure that growth does not impact our ability to manage, maintain or invest in current homes. We have clear parameters for where and how we'll undertake development and as such an overall **medium appetite** for delivery our growth ambition.

2026/27 Risk appetite statement

We will accept

- Prioritisation of rented affordable homes within the affordable housing proportion in all new build and acquisition programmes.
- Development of quality, affordable homes in Greater London and Greater Manchester, within agreed cost and quality parameters.

We won't tolerate

- Growth outside the core geographies of Greater London and Greater Manchester.
- Other tenures outside the scope of our core business.

<ul style="list-style-type: none"> • Use of joint ventures and external contractors with robust contract management in line with agreed proportions. • Collaborating with local authorities and housing associations but only where this can be sustained within our normal business operations, and where we are sheltered from the associated development risks and liabilities. • Opportunistic existing rented affordable acquisitions in our core geographies but primarily the North West that improve stock concentration and operational efficiency and is aligned to our agreed criteria. • Minor, non-systemic issues that are promptly addressed through effective Aftercare and continuous learning. • Reasonable variations in satisfactions scores as long as trends show improvement and corrective actions are in place. 	<ul style="list-style-type: none"> • Projects that breach financial resilience guardrails or liquidity limits. [in line with the Investment and Property Group’s Approvals policy] • Acquisition deals that introduce unmitigated financial or operational risk. • Taking on arrangements with managing agents where we lack the ability to control or influence the services provided. The risk of adding extra complexity and disruption to the organisation by actively seeking mergers. • Compromise on quality standards during construction or Aftercare, even under cost or time pressures. • Ignoring resident feedback or failing to act on recurring issues. • Lack of transparency in communication with residents and stakeholders during regeneration or development phases.
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Expected risk status and proposed risk appetite level for 2026/27		Key		Expected Risk Status			Proposed Risk Appetite		
		Very low	Low	Medium	High	Very High			
Growth				●	●				