

Strategic Plan

Investment in Homes

March 26



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 Investment in homes.

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

Commitment 2: We'll provide good landlord services

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 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.

Commitment 3: We'll be efficient and maximise our impact

Strategic Outcome: We'll maintain a **viable** business model which provides enough surplus for us to reinvest in existing social homes and for growth.

Things that we'll do:

- We'll sell or transfer homes that are costly for residents to run, or for us to manage, or are not suitable to house those with the greatest need.
- We'll consider accepting transfers of social homes from other housing providers, but only where this meets clearly defined criteria in terms of property types and quality, and only within the core places in which we operate.
- We'll consider the total costs of homes across their usable lifetimes and use this to help us make decisions about what we keep, build, maintain, refurbish or regenerate.

Strategic Plan – Investment in Homes

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

Theme 1 – Building knowledge and assurance

We will maintain a complete, validated and integrated view of property condition to underpin risk-led, support value for money investment decisions and give the Group Board clear assurance.

1. By the end of Q2 2026/27, we will complete the five-year rolling home condition survey cycle for all homes with a home condition survey less than 5 years old (subject to access) and will survey $\geq 20\%$ of homes each year to sustain coverage. By the end of 2026/27, we will have reduced the access backlog to $\leq 1\%$, and by the end of 2027/28 further reduced this to $\leq 0.5\%$, and will then sustain this at that level.
2. By the end of 2026/27, we will embed Keystone improvements and deliver sustained data quality to achieve $\geq 85\%$ Tier 1 core asset data validity and accuracy, rising to $\geq 98\%$ in 2027/28 and sustained through to 2030/31, evidenced by the Group Board-approved audit sample and with a continuous improvement plan that will be reviewed annually.
3. Each year, we will commission an independent third-party audit of the home condition dataset and investment assumptions to provide Board assurance. The audit will include physical re-inspections on a Group Board-approved sample (minimum 1% of that year's home condition survey completions). By the end of 2026/27, we will achieve $\geq 75\%$ pass rate on the physical re-inspection sample within agreed-upon tolerances, and will review the threshold annually.
4. By the end of 2026/27, we will complete the home condition survey template, ensuring 100% of mandatory fields and property information are populated and mapped to Housing Act 2004 Category 1 hazards and Awaab's Law damp and mould duties; update this within three months of the revised Decent Homes Standard being published, and then review this annually.
5. By the end of 2026/27, we will maintain the Property Insight Dashboard¹ as the single live property dataset, integrating home condition surveys, landlord safety compliance, Energy Performance Certificate (EPC), planned works, repairs and complaints. This will be refreshed and published quarterly. We will also have embedded quarterly 'insight-to-action' reviews and an operating rhythm that uses the dashboard to identify problem areas, strengthen property knowledge, and drive proactive interventions, risk-led prioritisation and programme optimisation.

¹ A single view of core home information, bringing together home condition surveys, safety compliance, Energy Performance Certificates (EPCs), planned works, repairs and complaints to help identify issues, target action and improve investment decisions.

6. From Q1 2026/27, we will maintain and use the Survey Assurance Dashboard² to evidence property condition across all homes by triangulating stock condition survey age, repairs patterns, landlord safety compliance status, building-safety indicators and complaints. By the end of 2027/28, we will have applied approved RAG thresholds to keep Green at or above 95%, reduce Amber to $\leq 3\%$, and reduce Red to $\leq 0.5\%$, then sustain at this level. We will escalate quarterly and target access or inspections for all Red and an agreed share of Amber to evidence 'Know Your Homes'.

Theme 2 – Standards and framework

We will embed L&Q's Single Homes Standard and maintain and annually refresh the Home Investment Standard and frameworks, aligned with legislation, regulation and risk appetite, so all programmes deliver safe, decent and sustainable homes.

1. By the end of 2027/28, we will finalise the L&Q Single Homes Standard³ and standardise specifications and components to secure compliance, consistency, durability and value for money. The Single Homes Standard will align with the approved compliance and Decent Homes-based investment standard, and will be updated within six months of any changes to the Government's Decent Homes Standard being published. From 1 April 2029, we will deliver 100% of Major Works and works to empty homes using Single Homes Standard specifications.
2. From 1 April 2026, we will apply our Group Board-approved Home Investment Standard⁴, which is based on compliance and Decent Homes requirements. As part of this we will prioritise replacement of non-compliant or poor-condition components, using lifecycles as a guide only, phasing decarbonisation in line with affordability and risk appetite.
3. From 1 April 2026, we will review and update the Home Investment Standard, programme and key specifications when required by regulatory change (for example Awaab's Law, the Reformed Decent Homes Standard), informed by property condition evidence, and confirm that we are meeting minimum compliance requirements. In Q3 each year, we will update the Long-Term Financial Plan and five-year budget to reflect any adopted changes and programme performance, maintaining compliance, affordability and value for money.

² A dashboard used to provide assurance on home condition, using survey age, repairs patterns, safety compliance, building safety indicators and complaints to prioritise homes for inspection, access action and escalation.

³ 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.

⁴ L&Q's Group Board-approved standard for deciding what home investment works are prioritised and funded, based on legal and regulatory requirements, the Decent Homes Standard, property condition, affordability and risk appetite.

Theme 3 – Long-term home investment

We will maintain a disciplined 30-year, risk-led investment in homes plan and a rolling five-year budget envelope aligned to statutory standards and lifecycle needs, maximising external funding and value and protecting financial resilience, headroom and long-term property value.

1. From 2026/27, we will maintain a rigorous 30-year home investment plan, updated in Q4 each year, aligned with legal duties and regulatory standards, and with the lifecycle needs of our existing homes. This will be embedded in the Business Plan and affordable within the Long-Term Financial Plan.
2. From 2026/27 we will operate a rolling five-year Major Works budget (currently c.£859m), and re-baseline in Q3 each year against Long-Term Financial Plan headroom and regulatory change, applying the Home Investment Standard.
3. From 2026/27, we will produce an annual plan for securing external funding to deliver compliance and Decent Homes Standard-led works (e.g. Social Housing Decarbonisation Fund and the Building Safety Fund), proposing bids only where match-funding is budgeted and sequenced in the Long-Term Financial Plan and Investment in homes Strategic Plan within financing headroom. We will deliver $\geq 95\%$ of planned drawdown and report grant capture rate (%) and drawdown versus plan (%) quarterly.
4. From 2026/27, we will deliver c.£10m p.a. savings through reducing external spend and offsetting inflation through long-term partnering, reviewing value for money, and industry benchmarking. This will also be achieved by demonstrating cost avoidance in the Major Works Investment Programme and other Property programmes, through strong commercial management and acumen.
5. By the end of 2027, we will deliver the approved portfolio improvement and rationalisation programme. We will maintain Decent Homes Standard compliance and statutory landlord safety standards for affected homes at all times. We will pursue 'home swaps' or merger opportunities with other providers where they improve manageability, resident outcomes and value for money, guided by Net Present Value (NPV) and property sustainability grading.
6. By the end of Q2 2026/27, we will implement a Strategic Property red-amber-green (RAG) risk-rating methodology and tool, and agree the performance datasets. By the end of Q3 2026/27, we will present to Investment and Property Group a proposed plan for Red-rated properties (invest, regenerate, stock swap or dispose), setting out resident, compliance and financial implications and indicative funding routes. Following approval, we will incorporate approved schemes into the Investment in Homes Strategic Plan and Long-Term Financial Plan and report quarterly on RAG distribution and Red-rated properties with an agreed plan.
7. From 2026/27, we will establish a structured remediation cost-recovery programme (through commercial settlements, insurance claims and, where appropriate, legal action) with a live pipeline, triage and limitation-period protection. We will maximise recoveries from developers, insurers and government schemes, and each year approve an annual recovery plan in Q4. We will report quarterly on recovery rate (% of eligible costs), cash recovered (£), pipeline coverage and ageing, and escalations for high-value cases.

Theme 4 – Safe, decent, sustainable homes

We will deliver a compliance- and Decent Homes Standard-led Major Works Investment Programme that meets wider legal and regulatory building safety and sustainability requirements, such as Awaab's Law.

1. By the end of 2030/31, we will deliver the c. £615m six-year Decent Homes Standard-led Major Works Investment Programme through the Major Works Investment Programme partnering framework. We will maintain Decent Homes Standard compliance at or above the Group Board target each quarter (Actual and 12-month rolling Forecast) and reprofile works/funding where the forecast dips below target. We will meet the Major Works Investment Programme delivery PIs each quarter and will re-baseline annual volumes in Q4 to reflect risk, affordability and available funding.
2. From Q1 2026/27, we will develop an options appraisal and costed business case for an Estates and Communal Areas Improvements programme within the Major Works Investment Programme, and works would be prioritised based on risk and resident outcomes. We will incorporate the programme only if funded and sequenced in the Investment in Homes Strategic Plan and Long-Term Financial Plan, within financial headroom and risk appetite. Subject to approval in Q4 2026/27, we will commence a phased delivery from Q1 2027/28, delivering ≥95% of approved schemes to time and budget and lifting estates & communal areas satisfaction at treated sites to ≥80% with year-on-year improvement.

Theme 5 – Resident outcomes, engagement and assurance

We will improve resident outcomes through a planned-first investment model, transparent forward plans and strong engagement, delivered through long-term Major Works Investment Programme partnering

1. By the end of 2027/28, we will enable a repairs model which prioritises planned works over routine repairs, through the Major Works Investment Programme and other targeted planned programmes by reducing unplanned failures on treated estates and rebalancing the repairs spend mix to 60% planned and 40% routine repairs. By the end of 2030/31, this will be 70% planned and 30% routine repairs.
2. By the end of 2030/31, we will improve Tenant Satisfaction Measure TP04 (Satisfaction that the home is well maintained) performance from 58% to ≥ 65%, by investing in existing homes through Major Works Investment Programme and other targeted planned programmes to lift

condition and reduce unplanned failures. This will be supported by clear resident engagement and involvement, expectation-setting and effective aftercare. We will also track home-condition complaints and escalations to demonstrate a sustained reduction.

3. From Q1 2026/27, we will deliver the Major Works Investment Programme through Major Works Investment Programme partnering contracts, strengthening the model with Small to Medium Enterprise (SME) participation, standardised specifications and components, and a continuous improvement regime. We will meet Major Works Investment Programme PIs each quarter, and will demonstrate improved quality and safety, reduced waste and carbon, and stronger local supply chains, with clear reporting and assurance through the existing governance framework.
4. From Q1 2027/28, we will publish a rolling five-year resident investment plan in Q1 each year, aligned to the Group Board-approved Investment in Homes Strategic Plan and Long-Term Financial Plan and risk appetite, with Year 1 committed and Years 2-5 indicative. We will involve residents via the Resident Services Board, programme working groups and scheme-level liaison. We will report performance to Resident Services Board, Investment and Property Group, and the Executive Group, with bi-annual updates provided to the Development Committee, and an annual updated provided to the Group Board.

Group Balanced Scorecard KPIs

The table below identifies the KPIs 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
% Homes Meeting the Decent Homes Standard (Full Year Forecast)	Percentage of eligible homes forecast to meet all four Decent Homes Standard criteria at the end of the current financial year, based on the latest validated stock condition and compliance data, the approved asset investment and repairs programmes for the remainder of the year, and anticipated new non-decency (deterioration and newly identified failures). Homes are treated as non-decent if they fail any DHS criterion, including where the statutory minimum standard is not met due to one or more Category 1 hazard under the Housing Health and Safety Rating System (HHSRS).
% Homes Meeting the Decent Homes Standard (Actual)	Percentage of eligible homes that meet all four Decent Homes Standard criteria at month / quarter end. Homes are treated as non-decent if they fail any DHS criterion, including where the statutory minimum standard is not met due to one or more Category 1 hazard under the Housing Health and Safety Rating System (HHSRS).
% Resident Satisfaction that their home is well maintained - TSM TP04 (Low-Cost Rental Accommodation - LCRA)	RSH Tenant Satisfaction Measure TP04: % of tenants who say they are satisfied that their home is well maintained

Strategic Risk: Investment in Homes

2026/27 Strategic risk description

- **Risk that:** we may not be able to maintain housing and communal areas to required standards
- **Caused by:** financial constraints, lack of understanding of our assets and operational inefficiency
- **Resulting in:** failure to meet asset condition standards, maintain regulatory and statutory compliance, increased safety risks

Key Risk Indicators (KRIs)

- Homes Meeting the Decent Homes Standard (DHS) (%) (FY-end forecast / actual)
- Stock Condition Survey Coverage & Risk Assurance (%)
- Asset Investment Component Delivery to Plan (%)

Risk Appetite Level

Our strategic objective for asset investment is to ensure compliance with minimum legal requirements and the Asset Investment Strategic Plan has been designed to deliver this. Due to financial constraints, we have no appetite to invest more to meet more than these legal minimums. Through the delivery of the Asset Investment Strategic Plan we expect to be able to reduce risk in this area. We have a **low appetite** not to deliver the plan. We will tolerate medium levels of risk in the short to medium term, expecting to get back to appetite levels in 2027/28.

Risk appetite statements

We will accept

We won't tolerate

<ul style="list-style-type: none"> • Reasonable gaps in stock condition data between survey cycles provided that do not affect compliance or investment decisions. • Realistic assumptions to address survey limitations which will be reviewed annually as part of our 3rd party validation exercise. • Meeting the minimum legal and regulatory requirements, including Decent Homes Standard and where possible, we will start to deliver the L&Q's Single Homes Standard through the Major Works Programme. • Retention of components nearing end-of-life where immediate replacement is not feasible or the component remains in sound condition, provided safety and decency are not compromised. • Reprofiling of the 30-year plan to manage emerging risks or financial pressures, provided compliance and affordability remain intact. • Moderate delays in non-critical works to prioritise failing or non-compliant components. • Transitional reliance on reactive repairs during our shift to a planned-first model, provided the trajectory toward 60% planned/40% reactive by 2028 is maintained. 	<ul style="list-style-type: none"> • Reliance on outdated or incomplete or unvalidated stock condition data that could compromise decision-making or compliance • Failure to meet the Decent Homes Standard at any time or use any outdated standards or specifications that compromise safety, compliance or value for money • Delays in addressing safety and compliance or consistently missing statutory deadlines. • Any reversal of the planned-first approach that increases reactive spend beyond current levels or delays progress toward the 60/40 target by 2028.
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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		
Asset Investment							