

chairman's report



With our 21st birthday to celebrate, our new company to launch, and our new head office under construction, it's fair to say that ELHA is a fairly busy place at the moment.

We are a long way from our humble beginnings in 1988, but maybe not so much has changed. In our first annual report, our Chairman complains of reductions to Housing Association Grant (HAG) levels and expresses concern over proposed changes to regulation of the sector. And here we are

in 2009, facing the exact two same issues, whilst we also experience one of the worst recessions in living memory.

But in the midst of this gloom, ELHA is flourishing. We are delivering our largest development programme ever, and, along with the rest of our sector, we are helping to sustain our construction industry, both locally and nationally.

We are leading our sector in on-line service provision. We have negotiated a new loan agreement with our partners at East Lothian Council that is unique in UK housing and we are about to blaze another trail by taking control of our repairs service. **R3 Repairs Limited** will deliver the level of quality and service we aspire to provide, whilst also generating both savings and profits to re-invest in our business.

This is a pivotal moment in the history of ELHA. This annual report celebrates the news of

our new baby and launches the consultation with our tenants about our new repairs service. It also looks back with pride over the 21 years that have gone before and the achievements of my predecessors as Chair, Roy Fawcett and Robert McNeill, and of course our previous Director and first employee, Sheila Kerr.

I would like to thank them, our previous staff and Management Committee members, along with the Class of 2009, for all their hard work across the last 21 years. I look forward, perhaps more than ever before, to seeing the fruits of all their labours in the coming year.

Peter Hayman
Chairman



our new baby

Due on 1 March 2010, we're eagerly anticipating the arrival of **R3 Repairs Limited** – our first subsidiary company.

Set up primarily to improve the quality and control we have over our repairs, maintenance and improvements services, the company will also generate significant profits. These in turn will be fed back into ELHA as its non-profit making, charitable parent. With an annual turnover of over £2m and approaching 25 staff from the off, R3 will help the ELHA Group make a significant contribution to the local economy.

R3 will use a 'work scheduling system' which allows customers to book appointments, and sends text messages such as appointment reminders and the name and

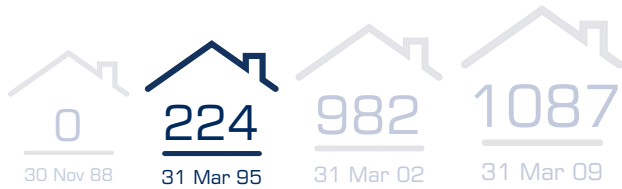
expected arrival time of the operative who will carry out the work. Our online service will allow customers to report their repair 24 hours a day, and select their own appointment slot themselves.

Within our first year, we expect R3 to be trading privately, carrying out repairs for homeowners and businesses across East Lothian, Midlothian and Edinburgh City. Look out for our vans with our R3 logo starting to appear across the area from early 2010! You can also follow progress on our website – **R3repairs.co.uk**.



**Respond
Repair
Rebuild**





growing up

MCMLXXXVIII,
or 1988, had
more roman
numeral digits
than any other
year in the 20th
century.



Ben Johnson cheated at the Olympics, the Iran-Iraq war ended, the Soviets left Afghanistan, and 'actors voice' replaced the dulcet tones of Gerry Adams and other IRA leaders for the first time. The world was shocked by the Piper Alpha disaster and the loss of Pan Am Flight 103 over Lockerbie, and surprised by victories for Wimbledon in the FA Cup and Switzerland (represented by French-Canadian Celine Dion) in the Eurovision Song Contest.

Born on 8 February 1988, ELHA's turnover that year was just £2,254. The first three employees, including Sheila Kerr as Development Manager, later to become the association's first Director, joined the company, and the seeds were sown.

It would be 1990 before the association owned any houses – taking ownership of 16 sheltered homes at Osborne Court, Cockenzie in March that year. Later on, in August 1990, ELHA completed its first development, the refurbishment of 15 houses at Clarks Buildings in Ormiston, former coal board properties that were in serious disrepair.

By March 1992, a further 41 new homes for rent and shared ownership, along with further stock transfers, left 85 homes and 4 workshops in management – but a more significant milestone was reached – a trading surplus for the first time!

1993 saw the Care & Repair service become part of the association – and it has gone from strength to strength ever since. What was a team of two is today six, with our small repairs service helping 1,408 clients last year, and the team overseeing £410,076 of works to adapt client's homes to sustain independent living.



By 1995 we owned 224 homes with various schemes under way across the area, and employed 12 staff. But the most significant change came on 28 February 1996 with the transfer of 632 homes from Scottish Homes – stock numbers now rose above 900.

Rental income in 1996 was £1.96m and ELHA moved into its current office premises in Hardgate, Haddington. Growth continued steadily from there, although always tempered by Right to Buy sales in the Scottish Homes transfer stock. 2000 saw the development of more workshop homes in some of the smaller villages in the County, and the staff team was now 24. The first major tenants satisfaction survey in 2002 found over 90% of tenants were happy with ELHA as their landlord.

In 2004 Kate Ross, the Care & Repair Manager retired after 16 years with the service, taking it from little more than an idea to the success it is today. Two years

later it was our Director, Sheila Kerr who left ELHA for pastures new. Turnover was now £3m – 1,200 times higher than when Sheila first joined the association, and there were now 994 homes in management.

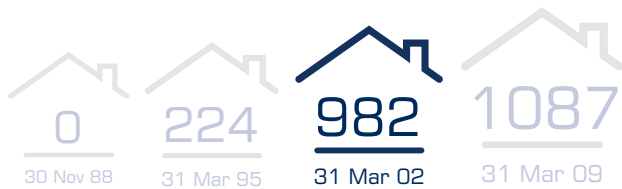
Our current Chief Executive, Martin Pollhammer, joined ELHA later that year, whilst 2007 saw the completion of our largest development to date – 54 homes at Windygoul, Tranent, all heated by ground source heat pumps.

Which brings us to 2009 – 1,087 homes in management, our largest development programme ever, construction of our new Head Office at The Courier building in Haddington underway, and just as we

come of age, we start anew, with the launch of our first subsidiary company.

All that we are today is thanks only to the work of all our staff and Management Committee members that have gone before – we salute them all!





coming of age

Our 21st year has been one of the most memorable in our history.



Despite a very challenging economic environment, we are thriving. We have our largest ever development programme (and have just increased it to take advantage of opportunities in a depressed market).

We are renovating a landmark building in the town centre of Haddington, the old Courier building in Market Street, into our new Head Office and 14 flats, and we have laid the foundations for our group structure. All on top of agreeing one of the lowest rent rises of any housing association or council in Scotland – just 1.9%.

Our website continues to lead our sector in the provision of on-line services, and our new loan agreement to source

private finance through

East Lothian Council is a unique partnership that is attracting national interest – whilst more importantly it strengthens

our business and is helping us develop more housing in East Lothian.

We signed an agreement with East Lothian Council to pass over the ownership (and therefore the responsibility for maintenance) of our soft landscaping areas (such as shrub beds and grass areas) which will provide a more consistent service and save our tenants money on service charges.

We carried out £592,744 of improvements at 185 of our homes, and we gained the Silver Healthy Working Lives award which recognises the commitment we make to our working environment and the health and happiness of our staff.

We are 21 years young, and there is much left to do.



report card

Letting our Homes

85% of all allocations were made to Priority Pass holders, who account for only 15% of Registered applicants. On average, we received 95 applications for each property we advertised as available to let.

As at March 31 2009 our housing register had:

3,156 live Registrations

85 Registrations 'on hold'

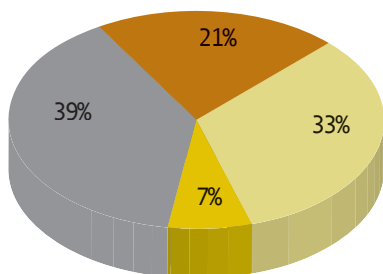
458 applicants with Priority Passes

Gold Plus 33%

Gold 7%

Silver 39%

Bronze 21%



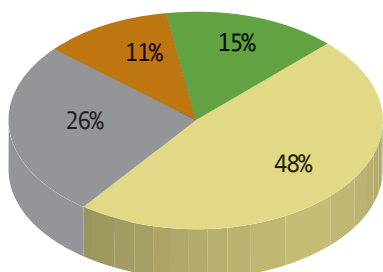
We created 75 new tenancies:

48% allocated to Gold Plus / Gold Priority Pass holders

26% allocated to Silver Priority Pass holders

11% allocated to Bronze Priority Pass holders

15% allocated to applicants with no Priority Pass



Managing our Homes

We met or exceeded all our housing management targets (which were more challenging than those we set the previous year) with the exception of rent arrears, which was slightly above target. We carried out 4 evictions for rent arrears. We met all our overall repairs targets, but just missed one of our detailed repairs targets.

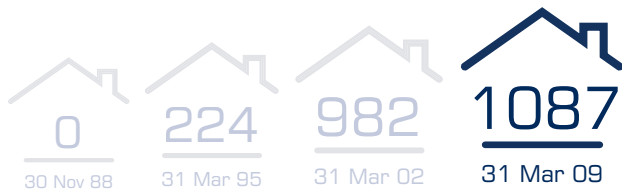
Rent Arrears	target 2.6%	actual 2.87%
Void Period	target 21 days	actual 18 days
Void Loss	target 0.75%	actual 0.38%

Repairs completed on time:

Overall	target 93%	actual 96.5%
Emergency (2 hours)	target 97.7%	actual 96%
Urgent (3 days)	target 92%	actual 94.9%
Routine (10 days)	target 93%	actual 96.9%
Satisfaction with the repairs service	target 93.5%	actual 95.1%
Gas services carried out on time	target 100%	actual 100%

Complaints

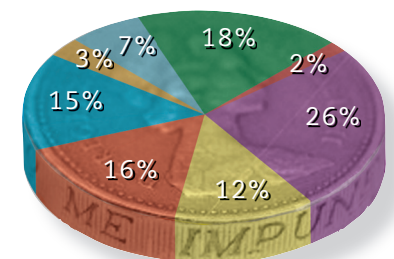
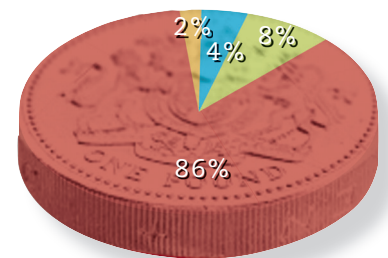
We received nine formal complaints in the year (we aim to have under 20). We responded on time to all but one of them, and we resolved seven of them first time.



spending money

We used some of our reserves and cash balances to fund additional activities during 2008/09. We increased the number of properties for rent by 24 to a total of 1,087.

	1988	2008/09
	£	£
Income		
Rents and Service Charges	-	3,575,218
Sale of Properties	-	79,346
Interest Receivable	2,024	161,808
Other Activities	-	325,789
Start-up Grant from East Lothian Council	500	-
TOTAL INCOME	2,524	4,142,161
Expenditure		
Services	-	99,551
Management & Maintenance Administration	7,853	1,121,286
Reactive Maintenance	-	538,070
Bad Debts	-	6,729
Planned and Cyclical Maintenance	-	698,572
Exceptional Item (Landscape Maintenance Buy-out)	-	646,555
Housing Depreciation	-	126,357
Other Activities	-	300,764
Interest Payable	-	772,314
Deficit (Reduction in reserves/grant)	(5,329)	(168,037)
TOTAL EXPENDITURE	2,524	4,142,161



Paula Oliver, Head of Finance and IT says:

"Whilst we made a deficit of £168,037, this was after spending £645,555 to buyout the contract for maintaining the landscaped areas around the Association's properties. As the ownership of these areas has now been transferred to the Council, the Association has no further liability

for their upkeep. The deficit has been met from our reserves, which have reduced to £3,896,128.

We also made a deficit in our first accounting period, the ten months to 30 November 1988, when we were setting up as a housing association. The deficit of £5,329 was funded from an initial grant from the Council of £35,000."

East Lothian Housing Association
24 Hardgate
Haddington
East Lothian
EH41 3JR

Web: elha.com
E-mail: enquiries@elha.com
Telephone: 01620 825032
Text: elha + your message to 88222
(message charged at standard rates)