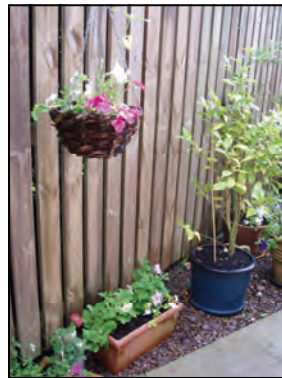


HOMES FOR LIFE HOUSING PARTNERSHIP



ANNUAL REPORT 2009 / 2010

Chairperson's Introduction

This is my first year as Chairperson. As a Homes for Life tenant, this has been rewarding, but has also been a challenge - made easier by relevant training, as well as the support of fellow directors and staff.

I'm pleased to report that the Company has had another successful year. Overall, our performance has been strong, with good feedback from our tenants. We have benefited from stability on the Board and Staff teams, and have continued to consolidate and develop our service. We have tightly controlled our finances - reducing management costs, and loan debt, whilst increasing reserves.

With generous support from tenants, we have altered how we set our rents and are investing in improving our older homes. We've also been consulting tenants on our repairs service, and will implement changes to this over the coming year.

Estate improvement budgets have been introduced along with accompanied 'estate walkabout' inspections to identify priority issues for tenants. We have followed through to implement improvements. These compliment the hard work of many tenants to their own gardens or to common areas, and which we plan to acknowledge in our first 'garden awards'.

As I write this, we're waiting feedback on a bid to develop more homes - in partnership with other Registered Social Landlords. We have already made a significant contribution to meeting housing needs throughout East Lothian, and are keen to do much more.

Jim McLeish
Chairperson

Board

Homes for Life is run by a voluntary board of Management who are responsible for:

- Policies and Practice
- Targets
- Monitoring Performance
- Compliance

The Board at 31 March comprised of:

Tenant Directors

Gordon Leitch
Anthony James
James McLeish (Chair)
Jacqueline Sinclair
Iain Finlayson
Jamila Greig
Louise Munro*
Kevin Blackie

Other Directors

David Rose (Vice-Chair)
Victor Cummings
Ian Wauchope

Co-opted Directors

Brenda Tonner
Tom Mitchell

(*Louise has since retired. We wish her well. Her contribution was much appreciated)

Over the year, all 10 meetings of the Board were quorate with an average of 79% attendance.

Staff

There were no changes to staffing during the year.

The staff team now comprises of:

- Business Manger - George Russell
- Customer Services Manager - Hilary Mark
- Housing Officer - James McCallum-Browne
- Administrator - Alison Hume
- Customer Services Assistants - Jennifer Nisbet (Job Share)
Caroline Fletcher (Job share)
- Cleaner - Colette McPherson

Staff absence rate over the last year was only 3%.

Membership

The only changes in membership over the year were due to changes in tenancy. At issue of notice for our 2010 AGM we have 133 members. This includes 125 tenant members representing 37% of our tenancies.

General Needs Properties and Turnover

	1 Bedroom	2 Bedroom	3 Bedroom	Total	Turnover
Aberlady	3	1	1	5	-
Athelstaneford		1		1	-
Cockenzie	20	16		36	4
Dunbar	4	6	2	12	2
East Linton	4	6		10	-
Elphinstone	12	14	5	31	4
Garvald	1			1	-
Gifford	10	14	11	35	3
Glasmuir			1	1	-
Gullane	14	21	12	47	3
Haddington	14	14	2	30	3
Innerwick	2	1		3	-
Kingston			1	1	-
Longniddry	1			1	-
Macmerry		1		1	-
North Berwick	10	2		12	-
Ormiston	8	15	5	28	1
Stenton		1		1	-
West Barns		1		1	-
Whittingehame			2	2	-

Note: we also have further homes leased to East Lothian Council for use as temporary accommodation, homes let as shared supported occupancies, and a Respite Unit

Our properties are allocated through Homehunt, in partnership with East Lothian Housing Association. Using one shared database, each landlord is able to allocate to different and complimentary priorities - meeting a broader range of needs.

Over the year, we had turnover in only 7 out of 20 settlements. Of the 20 homes re-let, 10 were upper flats, 7 lower flats and only 3 houses. Homes were allocated to 7 households with children, 7 couples and 6 single applicants. Priority for successful applicants was 9 - Gold pass; 3 Silver pass; 4 Bronze pass; 2 had no pass and 2 transfers. Overall, half of the allocations were to homeless households. On average there were 79 applicants for each vacancy advertised. A further 17 households met their needs through mutual exchanges - almost as many as through turnover.

We reviewed our Allocations Policy. After a trial period, we chose not to prioritise a Homehunt pass for First Affordable Homes - concluding that we are able to meet a broader range of needs without this. Significantly, some applicants who have been unable to secure a priority pass are successful in securing allocations.

Our Performance

We constantly monitor our performance - against our targets, our own performance, and that of our peers - other rural Registered Social Landlords of similar scale. Performance over the year has generally been good, and often significantly better than our peers. Repairs performance has improved significantly, and further improvement will be sought over the coming year through re-procurement.

Performance Benchmarking

Key Indicators		This Year	Last Year	
		HFLHP	HFLHP	Peer Average
Re-lets	Number	20	21	70
	Turnover- % (<i>of self contained homes only</i>)	6.8	7.7	8.2
	Average re-let time - Days	14	12	21
	% Rent lost on voids	0.2	0.2	0.6
Arrears	Current Tenant arrears - Technical - %	0.2	0.3	1.0
	Current Tenant arrears - Non -Technical - %	1.3	0.8	2.3
	Former tenant arrears - %	0	0.2	0.9
	Total arrears - %	1.5	1.3	4.3
	Current Tenant owing > 13 weeks	0	0	3.4
	Tenants ending tenancies with arrears -%	10.71	22.7	29.8
	Repairs	Repairs completed - per rented home	1.5	1.7
	Overall Repairs complete on time - %	92.7	78.0	93.9
	Overall Repairs satisfaction - %	83.7	75.9	N/A
Rents	Affordability - for all new tenants - %	94.7	100	84.7
	Affordability- for new tenants in full time work %	94.7	100	87
Costs	Re-active Maintenance Costs per unit - £	256	227	358
	Total Admin Costs per unit - £	1021	1047	1053

Again, 100% of gas annual inspections were completed within the statutory 12 months.



Meeting Commitments

Rent Restructure

In January 2010, we concluded a comprehensive review of rents - for implementation from April 2010. This significantly changed how we set rents for individual properties and annual increases. It was a complex exercise - requiring testing of different models, extensive consultation, and much fine tuning. With the participation and support of tenants, we have achieved a broader and fairer range of rents, which better reflect the amenity offered by individual homes. Crucially, these revised rents remain affordable, and also offer improved value compared to other Registered Social Landlords in our area.

We needed to maintain the same overall rental income - so for some charges to decrease, others had to increase. Rents for flats have generally reduced, particularly for smaller flats. Rents for houses have generally increased, as have rents for leased properties and supported shared occupancies. Importantly, revised rents for each size or type of home are within the range charged by other Registered Social Landlords for equivalent properties. However, most other Registered Social Landlords also make additional service charges, but our rents are still all inclusive.

Previously our rent increases have been linked to one published measure of inflation, RPI - the change in retail prices over the last year. However, experience over the last couple of years has shown that this can vary significantly and is not an adequate estimate of inflation over the next year. For 2010/11, we have introduced a more comprehensive approach. This uses a range of published inflation indicators and forecasts, as well as our own experience and financial planning, to inform our proposal for an appropriate increase. Although published indicators in early January 2010 ranged from 2.4% to 3.8%, with RPI at 2.4% - we consulted on and implemented an increase of only 2% for April 2010.

In final consultation with all our tenants, 91% of respondents thought revised rents would be fairer and offered good value for money. The same % also thought the proposed 2% annual rent increase was reasonable.

This is higher tenant support for rents than we have secured from earlier consultation or satisfaction surveys. An impressive result - with many of those who would have to pay more supporting proposals to help achieve reductions for other tenants.



Investment

In March 2010, we accepted a tender for improvement of 27 older homes - to meet the Scottish Housing Quality Standard and tenant aspirations. These existing homes were acquired from East Lothian Council, and are mainly dispersed throughout smaller rural settlements.

Work is being carried out by Borders based James Swinton & Co, and will be completed by September 2010, at a total cost of over £1/2 million. Necessary improvements vary, but typically include upgrading of - central heating; kitchens; bathrooms and thermal insulation. However, some also require overhaul of roofs, replacement doors/windows or structural works. For properties out with the gas grid, we are embracing 'renewable energy' with central heating systems fuelled by energy efficient air source heat pumps.

This is a major undertaking for the Company. It depends on the support, goodwill and partnership of contractors, consultants, company and tenants. We have consulted tenants individually and collectively to prepare and implement improvements. Works are being tailored to meet individual tenant requirements such as medical adaptations. We are also offering tenant input to kitchen layouts, as well as choice over finishes for kitchen and bathrooms and redecoration allowances.

Due to the dispersed locations and the varying works required, tenants are not generally being decanted - but are being compensated for disturbance in addition to any other allowance due.

Estate Management

We have introduced a budget for Estate Improvements and a programme of Estate Walkabouts. For walkabouts, staff are joined by interested tenants from each development - to identify priority issues, consider how best to address these, and agree scope for improvements. These have been well supported.



We have followed up issues raised through walkabouts and other feedback. We developed detailed proposals, consulted other tenants, then implemented agreed improvements or pursued issues with other agencies. We've had a second round of walkabouts to review improvements, as well as to identify and follow up further issues. Moving forward, we plan to complete two walkabouts each year for each development. Improvements already completed include: providing seating areas, litterbins, protective gates and fences; replanting shrubs and trees; resurfacing; and marking out personal parking bays.



Our new landscape contractor ISS worked hard over the year to improve their service - following a difficult handover during Summer 2009. They completed intensive maintenance to shrub beds over the winter, and started regular grass cuts in Spring, with landscaped areas looking good throughout Summer 2010.

These improvements to public common areas compliment the effort made by tenants in each development. Many individual gardens are very attractive. Many common areas for flats have been adopted and improved by their tenants - including entrances and stairs. We're keen to encourage this. We will recognise particular contributions for this at our 2010 AGM, and plan to develop a formal Garden Awards scheme for future years.

What's Next ?

Repairs Re-procurement

We have an outstanding commitment to our tenants and to the Scottish Housing Regulator to seek tenders for an improved maintenance service. That said, we have secured significant improvements meantime, the service continues to offer good value, and feedback confirms limited tenant dissatisfaction with response times for some routine repairs.

Tenants have made it clear through consultation that they want our current contractor, East Lothian Council, to be included in re-procurement. Tenants have also confirmed that they are happy for this exercise to be deferred until the improvement contract for our older homes is substantially complete. We expect to complete procurement and to have a new service in place for April 2011.

Development Bid

East Lothian Council has again sought competitive bids from Registered Social Landlords interested in developing in this area. They plan to select preferred development partners for the next 3 years by October 2010. We have formed a partnership with 2 other Registered Social Landlords who also have homes in the area, and a track record in partnering the Council, as well as complementary expertise. Together, we have submitted a joint bid.

Homes for Life were set up specifically to meet housing needs throughout East Lothian, and have already made a significant contribution towards fulfilling targets for new homes, as well as regeneration and community facilities. We are optimistic that the Council will see merit in our bid, and that we will get the opportunity for further development.

Financial Management

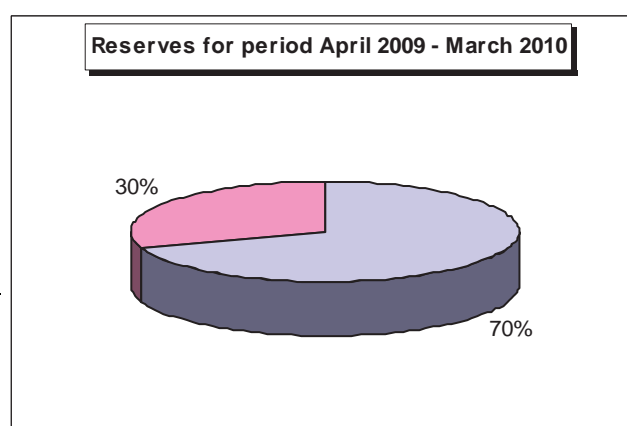
<u>Income</u>	£	<u>Expenditure</u>	£
Housing Rents	1,056,367	Management	315,423
Commercial Rents	7,300	Maintenance	232,519
Disposals	-	Bad Debts	3,584
Other	967	Depreciation (Properties)	100,304
Turnover	1,064,634	Commercial letting expenditure	5,375
Interest Earned (Investment)	18,814	Operating Costs	657,205
		Interest Charges (Loans)	210,391
Total Income:	1,083,448	Surplus (Transfer to Reserves)	215,852
		Total Expenditure:	1,083,448

This has been a stable year, with no material issues raised by our External Auditor.

Although rents increased by 3% from the previous year, our Total Income increased only 1% to £1,083,448. This was due to a significant reduction in investment income, with poorer rates available for re-investment of maturing deposits. Expenditure was tightly controlled. Management costs reduced by 2.5% over the year. Planned investment in improving our older homes reduced the net surplus actually achieved to £215,852. This represented a healthy 20% of our Total Income.

Overall, Reserves increased by £95,852. This is down on last year, due to increased provision for long term Pension liabilities - as calculated by the actuary for Lothian Pension Fund.

<u>Reserves</u>	£	Movement over the Yr
General Reserves	1,292,253	+ 80,714
Maintenance Reserves	557,782	+ 15,138
Total Reserves:	1,850,035	+ 95,852



Trading Company

Homes for Life Developments Limited is a wholly owned trading subsidiary. It is not a Registered Social Landlord or a Registered Charity. This Company remained dormant over the year, with no trading, and no requirement for audit.



Our Key Partners Include:

Funding - Dunfermline Building Society
Employers Agent & CDM Coordinators - Summers Inman
External Auditors - Chiene & Tait
Internal Auditors - Wyllie & Bisset
Finance Services - Scott Moncrieff
Banking - Royal Bank of Scotland
Corporate Solicitors - Henderson Boyd Jackson Gateley Wareing
Housing Solicitors - T C Young
Homehunt - East Lothian Housing Association
Housing Support - Aberlour Childcare Trust, Ark Housing Association,
ELCAP, Housecall Nursing and Homecare Agency, Bridges Project
Temporary Accommodation - East Lothian Council
Advice - Citizens Advice and Shelter East Lothian, Welfare Rights (ELC)
Reactive Maintenance - East Lothian Council Property Services
Gas Servicing & Maintenance – Kingdom Gas Services
Periodic Electrical Inspections - Quigley Electrical
Maintenance Painterwork - Presidential Decorating Co
Mediation - East Lothian Community Mediation
Anti-Social Behaviour - East Lothian Anti-Social Behaviour Partnership
Tenant Participation - ELTRP - East Lothian Tenants & Residents Panel
Insurance Broker - Jeffrey Associates
ICT - IT First and SDM
Landscape Maintenance - ISS Facility Services - Landscaping
Mutual Exchanges - Homewrapper
Modernisation - James Swinton & Co
Energy Advice - Changeworks



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For information: Registered charity No SC028542;
Company limited by guarantee; Company registration no 188299
Registered social landlord no 311