



Annual report 2021

1. Introduction

Barley Homes (Group) Limited was incorporated in March 2016 as a company limited by shares, jointly owned by Forest Heath District Council (25%), St Edmundsbury Borough Council (25%) and Suffolk County Council (50%). In September 2018, Suffolk County Council decided to sell its share in the company and from 1 October the company was owned by Forest Heath District Council (50%) and St Edmundsbury Borough Council (50%) until 31 March 2019. Following the creation of West Suffolk Council (formerly Forest Heath and St Edmundsbury) from 1 April 2019 West Suffolk Council became the sole shareholders for the company.

This third annual report from the Directors covers the period April 2020 to April 2021 and outlines the progress made towards delivering the interim business plan and the new business plan approved by shareholders in December 2020.

2. Purpose of the company

The primary function of Barley Homes, as set out in its shareholder agreement and business plan, is to generate capital and revenue income for its owners through development of new housing for open market sale, private and affordable rent, initially in West Suffolk.

In order to evaluate sites for a business plan, a development and financial model is developed for each site to ensure it meets the following criteria: (i) a fit with the wider West Suffolk Council priorities; (ii) deliver a positive financial return; (iii) in the Local Plan; (iv) a preference for public ownership; and (v) sites that can be delivered within a reasonable timescale.

Over the longer term, there is also the potential for Barley Homes to acquire additional or new areas of development, for example:

- Acting as a registered provider for affordable units
- Private rented sector accommodation
- Commercial and mixed-use
- Specialist accommodation provider

Barley Homes seeks to acquire land from West Suffolk Council, other public sector partners and the market directly where sites have planning permission. Value is added through the development of housing for open market sale, private and affordable rent. Financial returns back to West Suffolk Council is through a combination of:

- **Land sale receipt** – with Barley Homes paying market value for land it buys from West Suffolk Council.
- **Interest receipts** – on loans provided to Barley Homes
- **Dividends** – from profits generated by Barley Homes

The delivery of the sites is subject to site feasibility and viability appraisal.

3. Development progress

Sites

Barley Homes is currently developing two sites.

1. Westfield, Haverhill (now known as Westmill Place)
2. Castle Hill, Haverhill (now known as Stonemill Park)

The development timescale for the two sites as agreed in the Business Plan 2020 to 2025 is outlined in **Appendix one**, alongside a comparison of the current timescale. This shows that despite the impact of Covid 19, there has only been a minimal delay to the delivery of Stonemill Park/Castle Hill and due to favourable construction conditions, Westmill Place/Westfield is due to be completed earlier than originally set out in the Business Plan 2020. There is further information about the impact of Covid-19 in the risks section of this report.

Since the last annual report (published in July 2020), a significant amount of progress has been made on both sites, even in spite of Covid restrictions. The development timetables are kept under review and are likely to change as the site progress. Below is a summary of progress towards the development of each site.

Westfield, Manor Road, Haverhill (now known as Westmill Place)

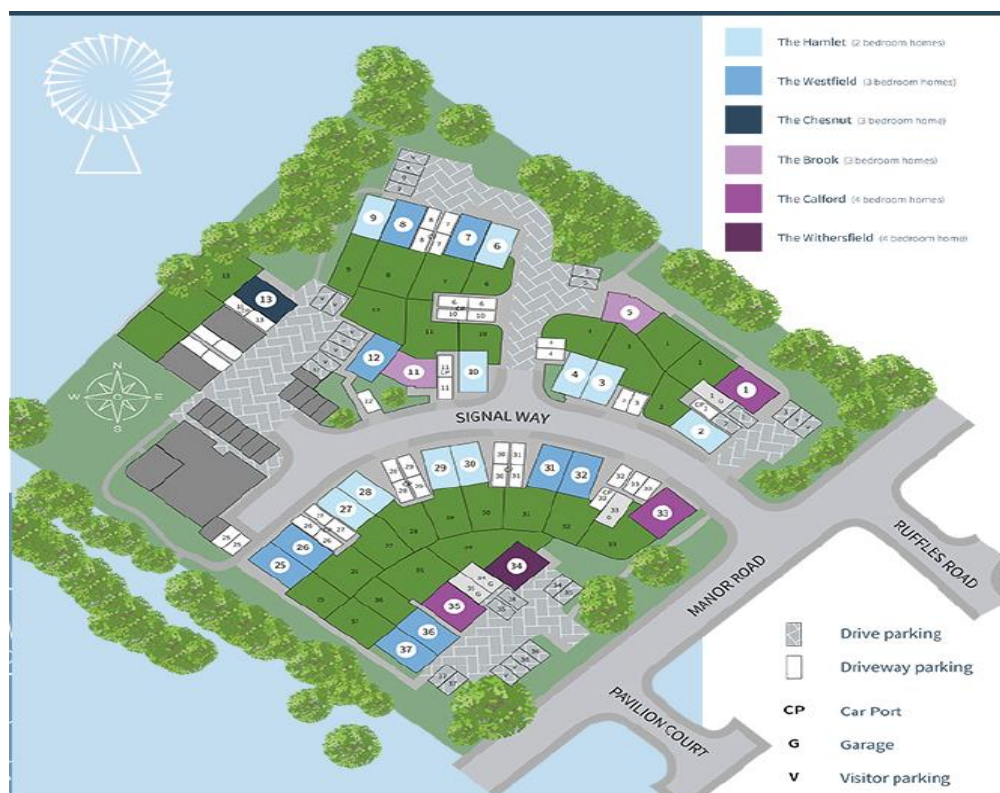
The company purchased this site in April 2019. The site had an existing development brief that laid out how the site should be developed. The principal restriction on the site is the requirement to retain as many of the trees as possible. This restricts the land available on which new homes can be built. Options were prepared which take into account the balance to retain some of the trees on site, whilst ensuring that the overall scheme is of a good design standard and meets planning policy compliance in terms of affordable housing provision.

Following public consultation, a planning application for this site was approved in October 2019. With contracts signed with Marfleet and Blyth in November 2019. The planning approval came with a number of pre commencement conditions and these were signed off in June 2020. A ground-breaking event took place in February to mark the clearing of the site and enabling works began in May 2020. Completion of the site is due in mid-July 2021.

The housing mix comprises linked detached houses, semi-detached houses, detached houses and a three-storey block of one and two bedroomed flats. The general mix of housing is in general accordance with the strategic housing market assessment for the area as well as the scale of development anticipated

by the Development Brief for the site. 11 dwellings are affordable (30%) with nine being affordable rent and with two being shared ownership.

William H Brown is the appointed sales agent on both of our sites and marketing of the Westmill Place site began at the end of December 2020 with the launch of a sale website: www.westmillplace.co.uk



Two show homes opened in April 2021 and we are pleased to report that levels of interest and sales have gone well with all 26 open market homes being reserved as at the start of June 2021.

Castle Hill, Chivers Road, Haverhill (now known as Stonemill Park)

The company purchased the site in April 2019 with planning approval gained in June 2019. Our contractors, Wellington Construction, started on site in August 2020 with work progressing under Covid restrictions.

The site area is circa 1.1 ha, including the proposed foot path and cycle way to School Lane. The proposal is for 26 homes

Type of home	Number of homes	Sq metres
2 bedroom, four person house	Eleven	79 m ²
3 bedroom, five person house	Fourteen	93 m ²
4 bedroom, six person house	One	106 m ²

The mix of housing types is considered most appropriate for the site location and provides a good spread of accommodation types. The mix is also reasonably reflective of the SHMA recommendations.

Affordable housing will be provided at 30% of the overall dwelling numbers, in line with Council policy.

The layout proposals have been developed in tandem with the production of the Development Brief for the wider former school site. Barley Homes has addressed the importance of the public open space area and incorporated proposals for it within the application. Suffolk County Council is responsible for bringing forward the adjacent open space and good progress is being made to co-ordinate this work with the housing site.

William H Brown is supporting the sale of this site in tandem with the Westmill Place development. A micro-sales site will be launched in due course as part of the marketing plan. The aim being to have the show home available from November 2021, with site completion due in February 2022.



4. Other activity

Shareholder Advisory Group and meeting with shareholder representatives

The Shareholder Advisory Group is the appointed shareholders' representatives of the company. The Group can only act in line with any authority given by its shareholding councils. The Group serves three purposes, which are to:

- a) make shareholders decisions on behalf of the company;
- b) monitor the delivery of the company and assess whether it is meeting its objectives; and
- c) make decisions under any other circumstances as set out in the shareholder agreement.

The Group continued to meet throughout 2020-21 and received regular updates from the Board.

Managing risks

Uncertainty in the economy and the construction industry means that we must consider options in relation to managing any financial risk associated with these developments. The company therefore actively considers scenarios if costs increase and/or sales prices reduce. We also identify opportunities to manage risk, including options for private rent instead of market sales. All options are considered and reported to the Shareholder Advisory Group.

In addition to the generic risks associated with development; the UK and the wider world has suffered, and continues to be impacted by, the damaging effects of the Covid 19 pandemic.

Supply chain issues and social distancing measures have had an impact on the delivery of construction sites, although contractors employed by Barley Homes have adapted well to new ways of working on site. However at this point in time the longer-term impacts such as on skills and supply chains are not fully known, but there remains the risk that completion of the sites may take longer than expected and, as a result, the company may be required to borrow over a longer period of time.

Covid 19 has had an impact on the economy, including house prices and build costs, which could present a risk to the returns from the Company's housing developments. As at July 2021, the housing market remains buoyant and this has not adversely impacted on sales, however this situation will remain under review.

To help mitigate and be prepared for such impacts, local, regional and national trends are frequently monitored to evaluate potential changes and how these may impact on costs. Should a significant negative change in trend emerge, options will be assessed to evaluate the most effective way forward for the Company.

5. Pipeline

The pipeline of sites originally identified for consideration by Barley Homes has been assessed continuously over the last year.

Several opportunities and future sites have been identified. Focus is put on three further additional sites at Great Barton, Rougham and Mildenhall which have been included in the 2020 Business Plan. While more work still needs to be done, these sites could potentially bring forward up to 280 homes in the future, subject to planning and Local Plan allocation. This could potentially generate a further one-off return (capital and revenue) of up to £3.9m to the Shareholders

through a combination of interest receipts, dividends and land sale returns. Other sites are emerging and work on their viability and deliverability is ongoing.

6. Financial information

Details of the expenditure incurred by Barley Homes since its inception in 2016 is contained in Appendix 2. This breaks down the expenditure by cost type. An analysis of how these costs relate to the individual development sites is also contained in Appendix 2.

As at the end of March 2021, Barley Homes has incurred £5.85 million as direct costs on the two current development sites (Westmill Place and Stonemill Park). This includes the land purchase, cost of construction, and marketing. The company had loans outstanding as at the end of March 2021 of £5.25 million with West Suffolk Council.

The company Balance Sheet as at 31 March 2021 is contained in Appendix 2. The full set of unaudited 2020 to 2021 annual accounts for Barley Homes is attached as a separate document.

No dividends payments will be made relating to the 2020 to 2021 financial year.

Board of Directors:

Davina Howes
Colin Wright

July 2021

Barley Homes Group Ltd
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www.barleyhomesgroup.co.uk
Company No: 10062735

Appendix 1: Barley Homes development timetable comparison of the at March 2019 and the situation as at June 2021

Sites	2018-2019	2019-2020	2020-2021	2021-2022
Westmill Place (37) As at March 2019	Planning application submitted Nov 2018 Planning decision February 2019	Tender for works April 2019 Contracts signed July 2019 Start on site Oct 2019		Practical completion Dec 2021
Westmill Place (37) as at June 2021	Planning application submitted Nov 2018	Tender for works July 2019 Planning Decision Oct 2019 Contract signed Nov 2019 Ground-breaking ceremony Feb 2020	Enabling works May 2020 Pre - commencement conditions discharged June 2020 Start on site July 2020	Practical Completion now due Aug 2021
Stonemill Park (26) As at March 2019	Development brief submitted and approved Planning application submitted	Planning decision June 2019 Contractor negotiations July-Sept 2019 Contracts signed Sept-Dec 2019 Start on site Jan 2020		Practical completion Dec 2021
Stonemill Park (26) As at June 2020	Development Brief Approved March 2019 Planning application submitted March 2019	Tender process completed Oct 2019 Letter of Intent Dec 2019	Planning decision July 2020 Contracts signed July 2020 Start on site Aug/Sept 2020	Practical Completion due February 2022

Appendix 2: Financial Information relating to Barley Homes 31 March 2021

Description	Prior Years	2020/21	Total Spend
	Spend £	Spend £	to Date £
Development Costs			
Design & Consultant Fees	208,679	27,114	235,793
Planning Fees	38,920	0	38,920
Land Purchase incl SDLT	1,029,328	0	1,029,328
Surveys & Studies	79,778	520	80,298
Design & Build Contract Costs	195,199	4,371,183	4,566,382
Site Marketing & Advertising	0	17,405	17,405
LABC Warranty	46,252	23,527	69,779
Income - Development Cost Refund	0	(45,609)	(45,609)
Total Development Costs:	1,598,157	4,394,140	5,992,297
Corporate Costs			
Group Development Costs	7,321	0	7,321
Development Manager	254,680	39,420	294,100
Directors Charge	79,981	17,000	96,981
Website / Branding / Advertising	21,370	132	21,502
Legal / Audit / Insurance / Finance	65,317	46,450	111,766
Protective Equipment / Training	452	658	1,110
Income - Corporate Cost Refund	0	(2,951)	(2,951)
Total Corporate Costs:	429,120	100,709	529,829
Finance Costs			
Bank Charges	348	46	393
Interest on Borrowing	184,047	217,830	401,877
Interest Receivable	(1,116)	(1)	(1,117)
Income - Finance Cost Refund	0	(12,864)	(12,864)
Total Finance Costs:	183,278	205,011	388,289
GRAND TOTALS:	2,210,555	4,699,859	6,910,415

Description	SPEND ANALYSIS					
	Wamil Court £	Town Hall £	Westfield £	Castle Hill £	Holding Company £	Business Unit Totals £
Development Costs						
Design & Consultant Fees	3,250	22,469	100,652	107,922	1,500	235,793
Planning Fees	0	7,564	18,687	12,670	0	38,920
Land Purchase incl SDLT	0	0	561,250	468,078	0	1,029,328
Surveys & Studies	1,525	15,576	37,172	26,026	0	80,298
Design & Build Contract Costs	0	0	3,600,619	965,763	0	4,566,382
Site Marketing & Advertising	0	0	11,831	5,574	0	17,405
LABC Warranty	0	0	47,551	22,228	0	69,779
Income - Development Cost Refund	0	(45,609)	0	0	0	(45,609)
Total Development Costs:	4,775	0	4,377,762	1,608,261	1,500	5,992,297
Corporate Costs						
Group Development Costs	0	0	0	0	7,321	7,321
Development Manager	0	0	54,289	23,267	216,544	294,100
Directors Charge	0	0	0	0	96,981	96,981
Website / Branding / Advertising	0	0	0	0	21,502	21,502
Legal / Audit / Insurance / Finance	1,140	2,951	8,084	7,375	92,216	111,766
Protective Equipment / Training	0	0	0	0	1,110	1,110
Income - Corporate Cost Refund	0	(2,951)	0	0	0	(2,951)
Total Corporate Costs:	1,140	0	62,373	30,642	435,673	529,829
Finance Costs						
Bank Charges	0	0	0	0	393	393
Interest on Borrowing	2,826	12,864	182,662	112,076	91,449	401,877
Interest Receivable	0	0	0	0	(1,117)	(1,117)
Income - Finance Cost Refund	0	(12,864)	0	0	0	(12,864)
Total Finance Costs:	2,826	(0)	182,662	112,076	90,725	388,289
GRAND TOTALS:	8,741	(0)	4,622,797	1,750,979	527,899	6,910,415

Barley Homes – Balance Sheet as at 31 March 2021

	Note	£	2020 to 2021 £	£	2019 to 2020 £
Current Assets					
Debtors: amounts falling due within one year	4	100		100	
Stocks	5	5,849,501		1,370,262	
Cash in Bank	6	92,229		16,939	
		5,941,830		1,387,301	
Creditors: amounts falling due within one year	7	(1,204,345)		(867,701)	
Net Current (liabilities) / assets			4,737,486		519,600
Total assets less current liabilities			4,737,486		519,600
Creditors: amounts falling due after more than one year	8		(5,250,000)		(1,350,000)
Net Liabilities			(512,514)		(830,400)
Capital and reserves					
Called up Share Capital	9		600,100		100
Profit and loss account			(1,112,614)		(830,500)
			(512,514)		(830,400)