



Annual Report 2022

1. Introduction

Barley Homes (Group) Limited was incorporated in March 2016 as a company limited by shares. Since April 2019 the company has been wholly owned by West Suffolk Council.

This fourth annual report from the Directors covers the period 1 April 2021 to 31 March 2022 and outlines the progress made towards delivering the interim business plan and the new business plan approved by the shareholder in December 2021.

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:

- a. Acting as a registered provider for affordable homes
- b. Private rented sector accommodation
- c. Commercial and mixed-use
- d. Specialist accommodation provider

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

- a. Land sale receipt – with Barley Homes paying market value for land it buys from West Suffolk Council
- b. Interest receipts – on loans provided to Barley Homes
- c. 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 has completed one site, Westmill Place in Haverhill and in the process of completing a second site known as Stonemill Park in Haverhill.

The development timescale for the two sites was impacted by Covid-19 and plans were adjusted and reported in the company's business plans.

Since the last annual report (published in July 2021), a significant amount of progress has been made on both sites, even in spite of Covid restrictions.

Westmill Place, Manor Road, Haverhill

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 was the requirement to retain as many of the trees as possible. This restricted 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. Two show homes opened in April 2021 and all 26 open market homes were reserved by the start of June 2021. Residents began moving into their new homes from August 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 was 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. All homes were fully occupied by November 2021. Around 50 % of the homes were sold to first time buyers under the government's Help to Buy scheme.

Reflecting both the quality of the homes and a strong housing market, the site achieved higher sales values than had been anticipated in the company's business plan. A profit on the Gross Development Value of just over 20% was achieved for this site (see the finance section of this report for further information).

Stonemill Park, Chivers Road, Haverhill

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 approximately 1.1 hectares, including a foot path and cycle way to School Lane. The site provides for 26 homes with 30% affordable housing, in line with Council policy.

Type of home	Number of homes	Sq metres
2 bedroom, four person house	Eleven	79 m2
3 bedroom, five person house	Fourteen	93 m2
4 bedroom, six person house	One	106 m2

Barley Homes has addressed the importance of the adjacent site which provides a large public open space area. 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 company's housing site.

The impact of Covid-19, particularly disruption to the workforce and materials, meant that development on the site was delayed, particularly at the start of 2022. To help address this the site has been phased. The show home opened to the public on 22 November and immediately attracted lots of viewings and enquiries from prospective buyers. All homes on the site were reserved by 7 February 2022. Residents began moving into their new homes in May 2022 and it is anticipated that the site will be completed by the end of July 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 2021-2022 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.

Supply chain issues and social distancing measures impacted on the delivery of construction sites throughout 2021 and early 2022, although contractors employed by Barley Homes adapted well to new ways of working on site.

Economic uncertainty and inflation have an impact, including house prices and build costs, which could present a risk to the returns from the Company's housing developments. As at May 2022, 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 sites at Great Barton, Rougham and Mildenhall which were set out in the 2020 Business Plan. While work is progressing to bring these sites forward, they could potentially bring forward up to 280 homes, subject to planning and any Local Plan allocation. This could potentially generate a further one-off return (capital and revenue) to the Shareholders through a combination of interest receipts, dividends and land sale returns. Other sites and opportunities within West Suffolk are continuing to be proactively sought in order to develop the company's development pipeline into the medium and long term.

6. Financial information

During the 2021 to 2022 financial year, Barley Homes generated a turnover of £9.2 million, from the sales of homes at the Westmill Place development. This led to a pre-tax profit of £1.83 million, which after a corporation tax charge of £136,700 resulted in a profit after tax for the year of £1.7 million (18.26% of turnover).

The company had loans outstanding as at the end of March 2022 of £2.3 million with West Suffolk Council. These loans are covering the continuing costs of the Stonemill Park development.

The company Balance Sheet as at 31 March 2022 is contained in Appendix 2. The full set of draft unaudited 2021 to 2022 annual accounts for Barley Homes is attached as a separate document. The profits generated this financial year will first be used to offset all the losses from previous years (£1.1m), and provide an amount of funds to manage the company's working capital going forward. This will leave an amount available to pay as dividends. A dividend payment of £380,000 is proposed to be made to the shareholder relating to the 2021 to 2022 financial year.

Board of Directors:

Davina Howes

Colin Wright

July 2022

Barley Homes Group Ltd

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www.barleyhomesgroup.co.uk

Company No: 10062735

Appendix 2: Barley Homes – Balance Sheet as at 31 March 2022

	£	2021 to 2022 £	£	2020 to 2021 £
Current Assets				
Debtors: amounts falling due within one year		140,472		100
Stocks		4,436,072		5,849,501
Cash in Bank		38,250		92,229
		<u>4,614,794</u>		<u>5,941,830</u>
Creditors: amounts falling due within one year	(717,918)	(1,204,345)
Net Current (liabilities) / assets		<u>3,896,876</u>		<u>4,737,486</u>
Total assets less current liabilities		3,896,876		4,737,486
Creditors: amounts falling due after more than one year	(2,577,343)	(5,250,000)
Corporation Tax	(136,692)		
Net Assets / (Liabilities)		<u>1,182,840</u>		<u>(512,514)</u>
Capital and reserves				
Called up Share Capital		600,100		600,100
Profit and loss account		582,740	(1,112,614)
		<u>1,182,840</u>		<u>(512,514)</u>