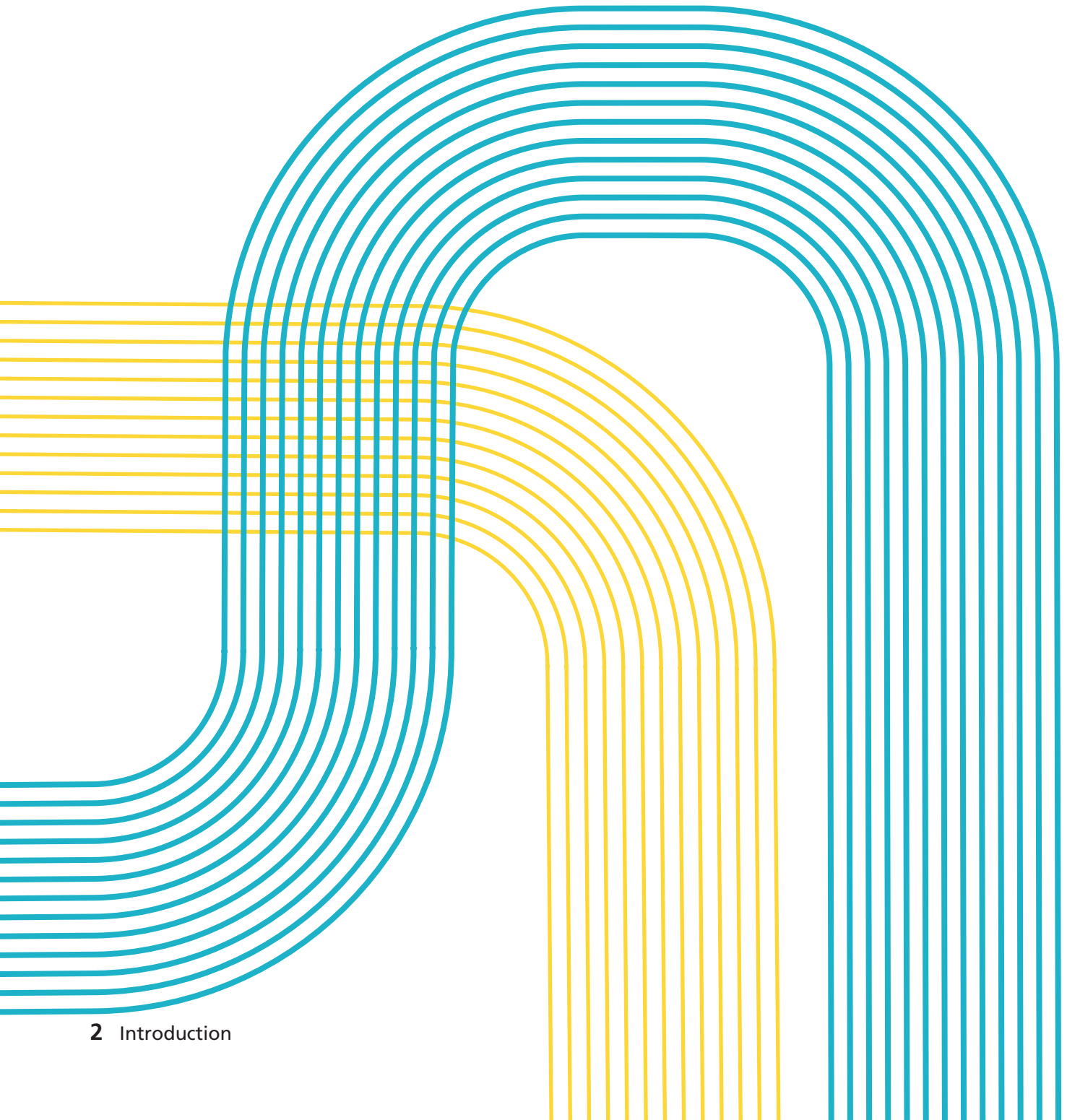


Annual Report 2023



1. Introduction

Barley Homes (Group) Limited is wholly owned by West Suffolk Council. This fifth annual report from the Directors covers the period 1 April 2022 to 31 March 2023 and outlines the progress made towards delivering business plan approved by shareholders in December 2022.



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, in West Suffolk.

In order to evaluate sites for a business plan, a development and financial model is formulated 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 two sites in Haverhill (Westmill Place and Stonemill Park). Since the last annual report (published in July 2022), the Stonemill Park site was completed and work undertaken on the development of more sites for the future.

Stonemill Park, Chivers Road, Haverhill

All 26 homes were purchased by July 2022 with this site providing eight affordable homes. All homes were built meeting national space standards, with the site also providing a large adjacent open space area, managed by Suffolk County Council for the enjoyment of local residents. The site exceeded the forecasts in the business plan and achieved a higher-than-expected dividend for shareholders.

Quality of life *built in*

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 council. 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 2022-2023 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.

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 of April 2023, Savills were reporting that nationally house prices fell on average for seven consecutive months, with prices in East Anglia down – 3.1% average, although those figures are skewed particularly by the market performance in Ipswich. New mortgage approvals are rising but may be impacted by increasing interest rates in the next few months.

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 2022 Business Plan. During 2022-2023 Barley Homes was able to progress these sites for development and has undertaken detailed work in anticipation of seeking planning permission in due course.

With regard to the site at Rougham, a planning application is expected to be submitted in Autumn 2023 for 13 new homes, including four affordable units.

In respect of Great Barton, work continues to prepare a Development Brief for adoption by West Suffolk Council, which will act as a precursor to an outline planning application for the whole site, and detailed consent for Phase 1.

In addition, Barley Homes acquired the land in Mildenhall at the end of March 2023 and is now working with a local registered provider to bring forward the site for affordable housing.

In total these sites will potentially bring forward up to 250 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, to develop the company's development pipeline into the medium and long term.

Progress on all pipeline sites will be reported in future annual reports.

6. Financial information

During the 2022 to 2023 financial year, Barley Homes generated a turnover of £7.1 million, from the sales of homes at the Stonemill Place development. This led to a pre-tax profit of £1.2 million, which after a corporation tax charge of £225,349 resulted in a profit after tax for the year of £960,700 (13.44% of turnover).

The company had no loans outstanding as at the end of March 2023 with West Suffolk Council.

During the year a dividend payment of £380,000 was paid to the shareholder. This dividend was paid from distributable profits relating to 2021 to 2022.

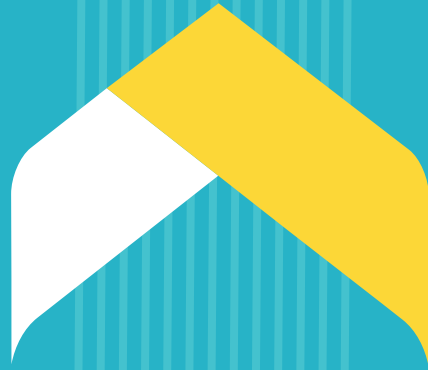
The full set of draft unaudited 2022 to 2023 annual accounts for Barley Homes is attached as a separate document. The profits generated this financial year will provide an amount of funds to manage the company's working capital going forward. This will leave an amount available to pay as dividends. A dividend payment of £600,000 is proposed to be made to the shareholder relating to the 2022 to 2023 financial year.

Board of Directors:

Davina Howes
Colin Wright

July 2023

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



Quality of life *built in*