



# Annual Report 2025

## 1. Introduction

Barley Homes (Group) Limited is a house building company wholly owned by West Suffolk Council (WSC). This annual report (the seventh since its inception) from the Directors cover the period 1 April 2024 to 31 March 2025. The report covers progress made towards the delivery of the business plan as approved by shareholders in December 2024. It is a snapshot of the business and the value it adds to improving the quality and mix of housing in West Suffolk, supporting the district's local economy and generating returns for West Suffolk Council to re-invest in its area.

## 2. Purpose of the company

The primary function of Barley Homes (BH), 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 of a mixed tenure for sale and rent, in West Suffolk. BH in collaboration with WSC's Directorate of Housing, Communities and Regulatory have been reviewing this purpose, aligning it with the Council's strategic priorities and the Housing and Homelessness Strategy.

The business remains dynamic, changing to meet market and regulatory needs as they arise. The ethos of building quality homes (i.e. building homes that add great memories to every owner's life story), working as a trusted partner (i.e. building trusted relationships at the core of working with customers and partners alike), and building and enhancing communities (i.e. creating homes and spaces that are pleasures to live in) are the building blocks which enable us to progress and achieve in the face of economic head winds faced nationwide.

To evaluate sites for the annual business plan, potential sites are assessed on a case-by-case basis using Barley Homes' strategic assessment criteria, development criteria based on local planning policy, feasibility based on established best practice and viability assessment based on a combination of financial models to ensure an optimal mix.

Barley Homes' strategic assessment ensures that each site meets critical criteria which fit within the wider West Suffolk Council priorities and deliver positive blended returns. The use of market failed sites and/or sites in public ownership are a priority, as is delivering within a reasonable timescale.

Over the longer term, there is the potential for Barley Homes to acquire additional or new areas of activities such as act as a registered provider for affordable homes, provide private rented accommodation to meet the local needs, and provide specialist accommodation.

Barley Homes acquires land from West Suffolk Council, other public sector partners and the market directly. Where sites do not already have planning permission Barley Homes adds value by undertaking the necessary activities to obtain planning consent ensuring planning policy compliant schemes. Value is added to the land through the development of housing for open market sale, shared ownership, intermediate rent, affordable rent and social rent. The company works in partnership with its supply chain and peers to build sustainable, affordable homes that create communities, respect the environment, and contribute to the local economy.

Financial returns to West Suffolk Council are through a combination of land receipts, interest on loan provided to Barley Homes, dividends from profits generated, fees from service level agreements, and provision of affordable homes which benefit the people of West Suffolk. The provision of affordable homes helps the Council to reduce other demands on the Council's finances.

With strong teamwork and partnership ethos we continue to operate successfully despite various economic head winds and regulatory changes.

### **3. Development progress**

#### **Sites**

Since the last annual report, we have added value to the local community and economy of West Suffolk through the following activities.

#### **Stonemill Park, Haverhill**

The defect liability period (DLP) for the scheme ended in October 2024. The company has been working on crucial post-completion tasks since then.

As a reminder, Stonemill Park exceeded sales forecasts and achieved a higher-than-expected dividend for shareholders, reflecting the historic economic conditions at the time of its construction.

During the DLP for the 26 home-scheme (including 8 affordable homes) the contractor went into liquidation making repairs and customer service challenging for the residents. Barley Homes stepped in by appointing Afterbuild to carry out reported repairs and they also rectified identified defects at the end of DLP. The company also appointed Marfleet and Blythe to undertake more challenging works Afterbuild were unable to do. Barley Homes dealt with the liquidators ensuring a smooth transition for the residents. The company also stepped in to manage the process of road and streetlight adoption by the Highways Authority. All defects with regards to these are now complete and formal adoption (a legal exercise) is expected to be complete by the end of the year.

Contractual retention of monies of £116,000 held by Cambridge Housing Society (which bought the 8 no. s106 affordable homes) is expected to be released once adoption is complete and all defects signed off. This project, one of the company's first, has provided invaluable learning which is already being put into practice for the Rougham scheme.

## **College Heath Road, Mildenhall**

Barley Homes was instrumental in assembling the pieces of land formerly owned by Suffolk County Council (SCC), West Suffolk Council (WSC) and NHS Property. Existing buildings such as a library and council offices were demolished, and the assembled freehold site was promoted for the development of a 100 percent affordable housing scheme. The company worked in partnership with Havebury Housing Partnership, a local registered provider (RP), which has submitted a planning application for a 40 home-scheme. The scheme will be delivered in association with Barley Homes and is a good example of how the company has the flexibility to add value by bringing forward sites in a variety of ways.

## **Rougham (phase 1)**

Since purchasing and obtaining the freehold of the 0.67-hectare site, Barley Homes have added value by designing 13 planning compliant homes which gained approval at the tail end of 2024. The company, in partnership with its supply chain, carried out a competitive tender which was won by a local builder, Seamans, and BH worked with the Council to formalise, agree and sign off the s106 agreement earlier in the year. The scheme started on site in April of this year and is forecast to complete in the first quarter of the next financial year i.e. April 2026.



Early works at Rougham, Summer 2025

## **4. Other activity**

### **Shareholder Advisory Group and meeting with shareholder representatives**

The Shareholder Advisory Group (SAG) is the appointed shareholder's representative for dealings with the company. The SAG can only act in line with any authority given by the shareholding council. The Group serves three purposes, which are to:

- a) make shareholder's 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 met during 2024-2025 and received updates from the Board.

### **Managing risks and opportunities**

The UK's economic outlook for 2025 forecasts ranges from 1.0% to 1.3% GDP growth with some concerns around inflation, interest rates, and global economic uncertainty. Trade tensions and weaker global demand for the UK's exports, potential upward pressure from rising energy prices and wage growth, a cautious approach to monetary policy (with interest rates potentially remaining higher for longer), limited headroom for spending, high labour costs and regional disparities are key influencing factors.

The housing market in 2025 was expected to see modest price growth, with predictions ranging from 2% to 5%; with reduction in interest rates, pressures on

affordability predicted. However, due to government reforms such as the imminent Awaab's law (Renter's Reform Bill 2025) the market is experiencing a slight downturn due to many private landlords exiting the sector. This is equally an opportunity for West Suffolk Council if it is decided to go into the private rental sector. Recent changes to Stamp Duty Land Tax (SDLT) rules, which increased the tax payable on properties above £125,000 (for non-first-time buyers), are likely to influence buyer behaviour and potentially affect prices, particularly in the short term.

In the medium to long term, the Chancellor of the Exchequer, Rachel Reeves, has stated that "*the Government is committed to building a strong, secure and resilient economy, to benefit working people. And that starts with the security of a proper home.*" The £39 billion Affordable Housing Programme fund over 10 years announced in the recent comprehensive spending review is a significant investment in this agenda. In addition to this, the National Housing Federation (NHF) believes the long-term certainty on rents, with annual increases capped at CPI+1%, and the consultation on rent convergence, will kick start a generational boost in the delivery of new social homes.

Also significant is the £10 billion allocated for Homes England (now a 'housing bank') to help fund and de-risk affordable housing at scale. With this fund, SME's such as Barley Homes which often deliver more affordable, locally appropriate and sustainable homes can access finance on fair terms to secure land. Nationwide Foundation believes this will support a more resilient, innovative, responsive and equitable housing system.

Additional Government funds are available for neighbourhood infrastructure such as libraries, parks, playgrounds as part of supporting the work of building new homes; public amenities which form part of what makes good places to live and work.

With the Local Government Reorganisation and Devolution agenda there is opportunity to work with neighbouring district councils and the County Council at a more strategic and local level on the delivery of new housing, before and after 2028 when new unitary councils will come into existence. Barley Homes will work to be ready for this change.

Barley Homes continues to monitor local, regional, and national trends to understand any potential impact on costs, ensuring that the company is financially de-risked but agile enough to mitigate risks whilst equally responding quickly to opportunities.

## 5. Pipeline

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

### Current Projects

As mentioned above, the site in Mildenhall has now been transferred to a local RP which is in the process of gaining planning consent and delivering a 100 percent affordable scheme. The company also continues to actively work on the sites at Great Barton and Rougham:

- **Great Barton:** The Development Brief for the site was adopted in November with the design code approved for a scheme of up to 191 homes as part of a hybrid planning application for Phase 1 and remainder of the site. The hybrid application which is due to be submitted in the near future consists of a detailed application for 40 new homes in Phase 1 and up to 151 new homes in Phases 2 & 3.
- **Rougham phase 2:** Following an option agreement with the landowner, preparations are under way for a 'pre-app' with the LPA as the option is predicated on gaining planning consent six months after the new local plan is adopted.

In addition to these sites Barley Homes has twelve sites currently under review, with the potential to deliver around 109 new homes. The sites are ready to progress beyond the viability stage to the 'preparation to pre-app stage' subject to shareholder consent (Shareholder support was received on 17 September 2025). As with sites that have undergone market failure or remained undeveloped for a long time due to site constraints, the schemes are financially challenging. However, Barley Homes can generate a blended return to its shareholder through a combination of interest on loans, dividends, land receipt, Service Level Agreement (SLA) receipts and crucially the delivery of affordable homes which remains one of the key core strategic aims of West Suffolk Council.

The company continues to review other sites and opportunities within West Suffolk to develop the company's development pipeline into the medium and long term. The company also works alongside Council officers were required to unlock sites or contribute to the knowledge base of the Council.

## 6. Financial information

During the 2024 to 2025 financial year, Barley Homes incurred a loss of £296,575 compared to a loss forecast in the business plan of £264,027. The difference is mainly as a result of additional exploratory work undertaken on potential pipeline sites that was not included in the business plan. Because of the loss position, which is in line with the position set out in the Business Plan, the company will not, as projected, be making a dividend payment relating to West Suffolk Council in respect of the 2024 to 2025 financial year.

The company had £900,000 in loans outstanding as at the end of March 2025 with West Suffolk Council.

The full set of draft unaudited 2024 to 2025 annual accounts for Barley Homes is attached as a separate document.

**Board of Directors:**

Colin Wright (Chair)

Alex Wilson

**July 2025**

**Barley Homes Group Ltd**

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