



Annual report 2018

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%). The Barley Homes first five-year business plan (dated September 2016) was agreed by the shareholders in December 2016. The business plan sets out the delivery of initial sites over the first five years of activity. Since approval the Directors of Barley Homes have sought to manage the company to deliver the business plan aspirations of the shareholders.

This first annual report from the Directors covers the period January 2017 to January 2018 and outlines the progress made towards delivering the business plan. A new business plan for future sites will be prepared over the coming months and will be subject to consideration and approval by the Shareholders.

2. Purpose of the company

The primary function of Barley Homes, as set out in its business plan, is to generate capital and revenue income for its owners through development of new housing for sale and rent, initially in West Suffolk (Forest Heath and St Edmundsbury area).

The intention is that Barley Homes will initially acquire land from the councils and add value through the development of housing for sale and rent, and that it retains the rental housing. Financial returns to the councils will be through a combination of:

- **Land sale receipt** – with BH paying market value for land it buys
- **Interest receipts** – on loans provided to BH
- **Dividends** – from profits generated by BH

The delivery of the sites is subject to viability.

3. Development progress

First tranche sites

The following four sites were identified in the business plan as the first tranche sites to be developed.

1. Wamil Court, Mildenhall
2. Part of Town Hall car park, Haverhill
3. Westfields, Haverhill
4. Castle Hill, Haverhill

APPENDIX A

Illustrative schemes were designed for each site to deliver new homes that would enable Barley Homes to meet its primary objectives. Red Book valuations were obtained for each site to establish a minimum land value that would be paid to the land owners. As the sites have been progressed in more detail, discussions have continued with the landowning councils relating to what can be achieved from each site including land value for the councils, housing tenure mix and sizes that are planning policy compliant as well as company profit.

The indicative development timescale contained in the business plan is included in Appendix one, alongside a comparison with the timescales as at January 2018. This shows that despite the delays in agreeing the final scheme designs, it will be possible, subject to planning permission, to be close to the original timescales set out in the business plan. However, these timescales will be kept under review and are likely to change as site development progresses. Below is a summary of progress towards the development of each site. The key theme running through each site has been the increased construction cost since the business plan was produced in 2016. The construction market is very fluid and there is uncertainty of costs which have increased and are likely to continue to fluctuate in the short and medium term.

Wamil Court, Mildenhall

The appraisal for this site and the Red Book valuation produced a land value that was not acceptable to Suffolk County Council (SCC) as the landowner. The county council therefore made the decision to market the site for sale. SCC subsequently received an offer for the land from a third party which is proceeding to contract. Barley Homes therefore have no further interest in this site. This has resulted in the loss of 20 housing units which were envisaged in the business plan.

Part of the Town Hall car park, Haverhill

A scheme for 15 homes, an increase from 12 which was envisaged in the business plan, was drawn up broadly in line with the Haverhill town centre master plan for the site and discussed with the planners, highways and other agencies. During the pre-application discussions, the scheme was considered acceptable by the planners and was then subject to public consultation in September 2017. During this consultation period, we received a number of representations from members of the public, Town Councillors, Borough Councillors and County Councillors representing the Haverhill area. This feedback was taken into account and the scheme adapted to better address the comments raised during this process. As a result, a planning submission has been prepared which is based on the original scheme but reduced from 15 to 14 homes and from four storeys to three. If permission is granted a start on site could be achieved in summer of 2018 with a completion 12 months later.

The recent rise in indicative construction costs, since the business plan was prepared in September 2016, means that viability on this site remains very challenging. Whilst a scheme has been prepared which is planning policy compliant, there may be some impact on potential land value or site profitability to achieve this level of compliance.

Westfield, Haverhill

It has always been clear that this is a redundant school site that has significant development abnormalities that will increase the cost of developing the site. The site slopes considerably, has a large quantity of mature trees and an issue with water logging and drainage at one end.

This 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 have been 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. Barley Homes has now submitted for a pre-application meeting with a scheme of 38 homes, a slight increase on the 37 homes envisaged in the business plan.

Again, indicative high construction costs have impacted on the viability of this site and will require further consideration.

The scheme will be ready for a planning submission in March 2018 with a projected start on site in November 2018 and completion in Spring 2020.

Castle Hill, Haverhill

Castle Hill is also a redundant school site. The local plan for the site requires that a development brief is agreed for the site before a planning application will be considered. Normally the development brief process would take 12 months to conclude however we have agreed in principle with the planning authority that once the initial public consultation process of the brief has been completed we will run a planning application alongside the development brief process to try and obtain a planning consent at the end of the development brief process rather than make an application at that point.

The agreed brief will ultimately inform the layout that will be submitted for planning however we have drawn an indicative scheme for 25 homes to allow the site to be appraised. Again, increased indicative construction cost are likely to make the development of this site challenging.

Detailed costs associated with the development of the public open space element of this site are still unknown. The requirements for the open space will be identified during public consultation as part of the development brief process.

Commencing in March 2018, the development brief and planning process could be concluded by February 2019. A start on site could then be Summer 2019 with a completion date Autumn 2020.

4. Other activity

Appointment of Development Manager and independent advisor

Barley Homes Group commissioned the support of Savills to prepare its first business plan. Following the business plan approval, the Board identified what support was needed in order to develop the sites in the form of a Development Manager Service. After a competitive process, Savills were retained to provide the Development Management advice using local expertise where appropriate.

There was recognition that the Board needed the expertise of an independent advisor to manage and challenge the work being undertaken by Savills, with knowledge of the local market. Following a competitive process, Paul Bonnet was appointed as an independent advisor to support Board.

In June 2017, a review of the above arrangements was carried out and at that point it was agreed to change the arrangements with Savills. This was largely due to the need to have more local advice and support which could react and prioritise the work as required by the Directors. Since September 2017, the Development Manager role has been carried out by Paul Bonnet using locally-based specialist services.

Website

A website has been developed in 2017 in order to ensure that the company has an online presence. This is important during public consultation exercises so that interested individuals can find out more about plans. Limited information is currently available on the site but more functionality will be activated as the sites are developed.

Shareholder Advisory Group and meeting with shareholder representatives

The Shareholder Advisory Group has met twice in 2017 and received regular update from the Board after its meetings. In September 2017 the Board raised concerns about the viability of sites as detailed analysis of the plans were undertaken. These concerns led to discussions with the shareholding councils, in particular the Chief Executives and Leaders.

5. Pipeline

The pipeline of sites originally identified for consideration by Barley Homes has been assessed continuously over the last year. Further information in relation to the future pipeline will be included in a new Business Plan to be developed.

6. Financial information

A summary of financial information is contained in Appendix 2.

Board of Directors:

Duncan Johnson, Chair
Louise Aynsley
Davina Howes
Simon Phelan

January 2018

Barley Homes Group Ltd
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Company No: 10062735

APPENDIX A

Appendix 1: Barley Homes development timetable comparison of business plan with situation as at January 2018

Sites (Indicative Numbers)	Q2 2017 April- June	Q3 2017 July- Sept	Q4 2017 Oct- Dec	Q1 2018 Jan - Mar	Q2 2018 April- June	Q3 2018 July – Sept	Q4 2018 Oct – Dec	Q1 2019 Jan- Mar	Q2 2019 April - June	Q3 2019 July – Sept	Q4 2019 Oct- Dec	Q1 2020 Jan- Mar	Q2 2020 Apr- June	Q3 2020 July- Sept	Q4 2020 Oct- Dec	Q1 2021 Jan - Mar
Town Hall Car Park (12) Business plan	Submit planning application June 2017					Start on site Feb 2018			Completion June 2019	Completion June 2019						
Town Hall Car Park (14) As at Jan 2018				Subject to leaders agreement Submit planning application March 2018		Development Control (DC) Committee July 2018	Start on Site Nov 2018				Completion Nov 2019					
Westfield (37) Business plan		Submit planning application Sept 2017						Start on Site Feb 2019								March 2021 Completion
Westfield (38) As at Jan 2018					Submit Planning April 2018	DC Committee July Aug 2018	Start on site Nov 2018								Completion Nov 2020	
Castlehill (27) Business plan		Submit planning application Sept 2017						Start on Site Feb 2019							Dec 2020 Completion	
Castlehill (Circa 25) As at Jan 2018				Start development brief process Consultation March 2018		Start Planning process to run alongside Dev Brief 2018	Submit Planning Application Oct 2018	DC Committee April 2019 subject To Dev Brief Approval			Start on Site Nov 2019					Completion April 2021

Appendix 2: Financial Information relating to Barley Homes 31 January 2018 (17/18 financial information)
Profit and Loss account
Contract Costs

Professional Fees	63,092.47	
Development Manager	18,750.00	
sub total contract costs		81,842.47

Other Costs

Consultants	50,993.70	
Directors Recharge		
Insurance		
Room Hire & Refreshments	37.50	
Companies House		
Legal Fees	4,831.70	
Bank Charges	34.36	
Interest Receivable	-57.17	
Interest Payable	12,341.81	
sub total other costs		68,181.90

Total Costs
150,024.37
Balance Sheet
Current Assets

Bank	28,258.94	
VAT to be recovered	3,602.49	
Total Current Assets		31,861.43

Creditors

-13.00

Total Current Liabilities

-13.00

Amount owed to SCC

-147,500.00

Amount owed to FH

-73,750.00

Amount owed to St Eds

-73,750.00

Total Long Term Liabilities

-295,000.00

Net Liabilities
-263,151.57
Retained Loss b/f

113,127.20

**16/17 financial
year**
-150,024.37
Outstanding Commitments

Recharge of Directors Time - WS

Recharge of Directors Time - SCC

P Bonnet Invoice January

Savills

Zero Above Management Fee & Retainer

Legal Advice - Trowers

Legal Advice - M Tills

Grant Thornton