

<b>Classification:</b> Open	<b>Decision Type:</b> Non-Key
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<b>Report to:</b>	Cabinet	<b>Date:</b> 08 January 2025
<b>Subject:</b>	Future of Six Town Housing Limited	
<b>Report of</b>	Cabinet Member for Housing Services	

## Summary

1. This report deals with the contractual requirements to continue the delivery of Council services to Six Town Housing Limited from 1<sup>st</sup> February 2025 and the strategic future of Six Town Housing Limited.
2. After it ceased to be the Council's ALMO Six Town Housing Limited (STH) entered into a Termination and Transfer Agreement (T&T) and a linked Operation Plan and service level agreement (Op Plan & SLA) with Bury Council so that STH could continue to execute its responsibilities as a social landlord to its remaining 149 properties.
3. The current provisions for the delivery of Council Services to Six Town Housing expires on 31<sup>st</sup> January 2025 and in order to ensure the tenants have continuity of service it is recommended to approve a variation for a 12-month (less 1 day) extension of the arrangement.
4. The Council will now charge Six Town Housing for the services it receives and as such will also be included as part of the variation by way of a formula for charges for services for 2025-26.
5. The Council had committed within the Termination Agreement to review the role of STH as part of the Council's wider strategic housing considerations during the year after transition on 1/2/24. A Task and Finish group have identified opportunities where Six Town Housing Limited may be advantageous to Bury Council's strategic priorities. The review is ongoing and the group will come back with comprehensive options appraisal and fully costed Business Plan in support of any recommendation.

## Recommendation(s)

6. To delegate to the Director of Law and Democratic Services the preparation and signing of the variation instruments to extend the provision of Council Services to Six Town Housing and to introduce charging for the same from 1/2/25.

7. To note the progress of the Future of Six Town Housing Task and Finish group and their recommendation to resource independent legal, financial and commercial advice to complete an options appraisal for the viability of maintaining Six Town Housing.
8. To note Cabinet will receive a report with recommendations based on the legal and commercial advice in June 2025.

#### **Reasons for recommendation(s)**

9. STH no longer performs the ALMO function for the Council but it continues as an active Private Registered Provider of Social Housing company owning and leasing just 149 social housing homes which it lets and sublets to its own social housing tenants. STH no longer employs staff, is managed solely by its Board, and wholly relies on the Council for services.
10. Therefore, an ongoing Service Level agreement is required so STH may continue with its reduced social housing activities relying on the support of the Council.
11. A cross-department Task and Finish group was set up in September 2024 to discuss and make recommendations to cabinet regarding the future of Six Town Housing Limited. The group have identified a number of opportunities where STH could benefit Bury Council Strategic aims that should be explored further. The time provided by the extension will enable determination as to viability and feasibility of schemes and the development of an options appraisal which would include a business plan.

#### **Alternative options considered and rejected**

12. The option to “do nothing” is not appropriate since STH corporate governance arrangements must provide for and align with STHs significantly reduced role and activities post cessation of ALMO. The Provision of Council Services must be extended.
13. If there are no opportunities identified which are advantageous or viable for Bury’s Priorities then retaining Six Town Housing “as is” is a potential risk to Bury Council in terms of onerous resources and requirements to maintain regulatory compliance for an additional organisation.

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#### **Report Author and Contact Details:**

*Name: Esme Davies*  
*Position: Housing Programme Manager*  
*Department: Delivery Unit / Housing*  
*E-mail: esme.davies@bury.gov.uk*

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#### **Background**

14. On 1st February 2024 STH ceased managing the Council's housing stock and so ceased its ALMO role. However, STH remains intact as a wholly owned subsidiary company of the Council and is itself a Private Registered Provider of Social Housing owning and leasing 149 social housing homes which it lets and sublets to its own social housing tenants under the assured tenancy regime governed by the Housing Act 1988.
15. STH no longer has any paid staff, is managed solely by its Board, and therefore required third party services in order to manage its social housing. Under the Transfer and Termination agreement the Council agreed to deliver "Council Services" to STH which were further outlined in the Operational Plans and SLA.
16. The T&T (including its Operational Plans & SLA) provides assurance for the delivery of Council Services to properly manage STH's social housing tenancies, properties and maintain its regulatory compliance. STH may be required to share this Operational Plans & SLA with the Regulator to demonstrate it has sufficient contracts and controls in place to comply with its regulatory obligations.
17. The Operational Plans & SLA was approved in July 2024 by Cabinet. This was approved by Six Town Board in September. The Head of Neighbourhoods and Communities for Bury Council has been consulted and is satisfied that the Council Services provided for in the T&T Agreement (including the Ops Plan and SLA) are sufficient to provide the proper services to STH for it to compliantly manage its social housing tenancies and properties.
18. The charges for 2024-25 were included in the initial consideration of the T&T Agreement (including the Ops Plan and SLA) therefore the instruments now need to be varied to both extend the period of Council Services provision and to introduce a charging regime for 2025/26 that shall be by way of setting a formula for charges.
19. **Update on Future of Six Town Housing**
20. A Task and Finish group was set up in September 2024 to explore the future of Six Town Housing. The group included representatives from Adults Commissioning, Business Growth and Investment, Housing Services, Homelessness and Finance.
21. The Task and Finish group has identified an immediate strategic use for STH to utilise its status as a Private Registered Provider which they would like to explore further to assess the viability.

22. There are a number of potential schemes in the pipeline which require “exempt accommodation” housing benefit rates to deliver much needed accommodation for those experiencing homelessness and reduce the Council’s reliance on costly nightly hotel provision.
23. Only Private Registered Providers (such as STH) can claim higher rates of rent to enable this (i.e. Exempt Accommodation). The task and finish group has identified would like to explore using Six Town Housing to support the delivery of these models. If the schemes are legally and financially viable this could reduce the Council’s reliance on external registered providers potentially reducing management overheads and enabling partnership with an organisation with shared goals.
24. Alongside this identified use the task and finish group identified further benefits to maintaining Six Town Housing.
25. As a Private Registered Provider properties owned by Six Town Housing are not subject to the Right to Buy policy but are subject to the less onerous Right to Acquire regime. Right to Buy and to a lesser extent right to acquire reduce the current numbers of social properties across the borough and therefore protecting the properties or potential newly acquired properties from Right to Buy supports the Council’s priorities to increase social housing stock.
26. Under proposals from the new government the right to buy discount has reduced, making right to buy less incentivising for tenants. This reduces potential gains from using the Six Town Housing arrangement versus the resources to manage the company. A consultation is being undertaken to the extent of the new changes. Six Town Housing may still be beneficial in order to protect new properties from policy decisions and maintain housing stock for Bury residents.
27. Bury Council has been discussing an opportunity with the Greater Manchester Combined Authority to develop a vehicle for receiving additional funding for development. Six Town Housing may be beneficial for future arrangements and therefore dissolving the company prior to understanding the extent of the role could risk a loss of opportunity.
28. The Council will seek advice regarding the best vehicle for future delivery and Six Town Housing will be included in that advice. This advice should include the composition, structure and skills of the Board.
29. Retaining and potentially expanding the scope of Six Town Housing will require additional requirements placed on Bury Council to administer the company. These can be recharged back to Six Town Housing under the service level agreement and therefore should be financially neutral but require recognition internally and responsibility being assigned. In particular:

- The production and submission of the company accounts
- Production of Six Town Housing Business Plan
- The role of company secretary
- The administration of board meetings

30. This is a significant risk and the resources need to be identified prior to any further activities being undertaken.

31. An action plan will be developed to capture the outstanding queries and a full options appraisal of the identified priorities should be undertaken. The task and Finish group recommend seeking independent advice in this regard which takes into account legal, financial, risk for both Six Town Housing and Bury Council.

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### **Links with the Corporate Priorities:**

32. This proposal meets the corporate priorities in the following ways:

33. **Local**

Sourcing local housing options for local people  
Prevent the need for Bury residents to have to move out of the borough to have their needs met.  
Work with local developer's and providers who know the local area.

34. **Enterprise**

Enterprising innovation and creative solutions to current housing issues.  
Be bold in our housing solutions and future developments in Bury.

35. **Together**

Working together to design quality, fit for purpose homes for people with additional needs in Bury.

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### **Equality Impact and Considerations:**

36. *An Equality Impact Assessment has been undertaken. It has been identified that retaining Six Town Housing could have a potential positive impact on a number of protected characteristics.*

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### **Environmental Impact and Considerations:**

*Please provide an explanation of the Environmental impact of this decision. Please include the impact on both **Carbon emissions** (contact [climate@bury.gov.uk](mailto:climate@bury.gov.uk) for advice) and **Biodiversity** (contact [c.m.wilkinson@bury.gov.uk](mailto:c.m.wilkinson@bury.gov.uk) for advice)*

37.

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**Assessment and Mitigation of Risk:**

Risk / opportunity	Mitigation

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**Legal Implications:**

*To be completed by the Council's Monitoring Officer.*

Under the terms of the Termination and Transfer Agreement 1/2/24 the Council agreed to supply "Council Services" to Six Town Housing to enable it to continue to manage its small social housing stock. The costs for year 2024/25 were wrapped up in the overall transition transaction. Officers have yet to conclude the necessary review to prepare a verified and costed options appraisal for the Council to consider making decisions on the future of Six Town Housing activities. Consequently, the provision of Council Services needs to be extended for another year, and the Council now also intends to charge for those services for period 2025/26.

All the above is lawful and the Council's Legal Services shall draw up the necessary instruments to make the necessary contractual changes.

The Council should remember that the above proposals will need to be put to Six Town Housing Board for its scrutiny and approval. At the time of writing the precise formula for setting those Council Services charges is yet to be prepared and shared by Housing Finance. Once available they will be included in the legal instruments to be put before Six Town Housing Board and if approved signed by the parties.

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**Financial Implications:**

38. Once the formula for setting the Council Services charges is agreed, the impact will be reflected in the medium term financial strategy.

**Appendices:**

*Please list any appended documents.*

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**Background papers:**

*Please list any background documents to this report and include a hyperlink where possible.*

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

Term	Meaning
STH	Six Town Housing Limited