

Classification: Open	Decision Type: Key
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Report to:	Cabinet	Date: 10 September 2025
Subject:	Six Town Housing Recommendation	
Report of	Cabinet Member for Housing Services	

Summary

1. This report deals with the future of Six Town Housing Limited (STH) as an entity owned by Bury Council.
2. After STH ceased to be the Council's ALMO in February 2024, the organisation remained a wholly owned subsidiary company of the council owning and managing 149 properties.
3. In January 2025 the Council agreed to a strategic review of the options of STH. Campbell Tickell provided a review of the options which was presented to the Commercial Board in July 2025. The report is included in appendix 1 (under Part B).
4. The review confirmed that STH could not continue in its current state as there are significant commercial and regulatory risks to Bury Council and STH. Two options were presented:
 - a. to end its social housing operations and close the company ("Close Option"), or
 - b. to invest in the company's operation and governance with a view to developing a specialist accommodation vehicle in the long term ("Invest Option").

Recommendation(s)

5. That the Council chooses the "Close Option". The first step would be to procure advisors to provide project management, due diligence, legal and financial advice.

Reasons for recommendation(s)

6. The Invest Option entails participating in a specialist accommodation sector which is highly and increasingly regulated, and external providers are more suited to deliver this for Bury. The Council is already able to make use of opportunities to build social and affordable housing without STH via partnerships and potentially via the HRA in the future.

7. Whilst STH could fund roles to support its growth under the Invest Option, Bury Housing Services would be responsible for ensuring both the Council (as a social housing provider) and STH each complied with the Regulator of Social Housing's regulatory framework (since the Council is STH's sole managing agent).
8. After considering the options and mindful of the challenges facing the Council's own delivery of council housing (and upon consulting with the Council's senior housing officers and its professional advisors), the Director of Housing takes the view that the commercial and regulatory risks associated with the Invest Option are both too high and difficult to fully quantify when weighed against the potential advantages of that option.

Alternative options considered and rejected

9. **Retain Six Town Housing "as is"** – The current governance arrangements constitute a regulatory risk as per the Campbell Tickell Report and STH is not realistically a viable proposition based on its current size and remit.
10. **Invest and grow Six Town Housing** – grow Six Town housing to become a specialist housing provider.

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Background

11. 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.
12. STH no longer has any paid staff, is managed solely by its Board, and therefore requires third party services to manage its social housing. Under the Transfer and Termination (T&T) Agreement the Council agreed to deliver "Council Services" to STH which were further outlined in the Operational Plans and SLA.
13. 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. As a private registered provider STH needs a different regulatory approach to Bury Housing Services

including having an independent Board.

14. The “post ALMO” STH arrangement was never intended as a permanent arrangement, and it was to be reviewed as soon as possible. Campbell Tickell were commissioned in March 2025 to review the arrangements and present a report for council decision.
15. **Future Options**
16. The current STH governance arrangements put both it and the Council at regulatory and reputational risk. It requires a disproportionate level of senior leadership time and governance management to deliver the very small social housing stock STH provides. STH is also unviable in its current state and would require stock portfolio growth to become viable, which was also identified in the Campbell Tickell report.
17. Campbell Tickell considered the options for STH. The proposition that STH be used for general needs accommodation was summarily rejected because the Council can already deliver general needs properties via the Housing Revenue Account (HRA).
18. It was Campbell Tickell’s recommendation that there were two viable options:
 1. Investing in the operation and governance of STH with the view to it supporting a growing portfolio of supported/specialist accommodation to meet Bury’s needs, and to potentially provide a growth/development vehicle over the long term via any surplus money accrued. (Invest Option)
 2. Accepting that STH has fulfilled its purpose, deregistering from the Regulator of Social Housing, closing the company completely in a controlled and risk-free manner, with individual assets either transferred into the Council, or sold to a third party (Close Option)

Options Appraisal

19. The Commercial Board met on 9th July 2025 to discuss the above options.
20. The Invest Option posits a role for STH as a landlord providing specialised supported housing to support the council in meeting the demand identified in the [adult social care](#) needs assessment.
21. Under housing benefit regulations only private registered providers (RP) such as STH can claim the enhanced housing benefit to fund such models. The Invest Option would reduce/remove the need to procure RPs to provide and manage buildings. This would have the potential to reduce the Council’s reliance on the market and STH as a trusted provider could improve relationships between

commissioner and commissioned services. Both Adult Social Care and Homelessness rely on the market to find providers to provide properties. Maintaining and growing STH would provide an alternative route.

22. Moreover, STH would have the potential in the long term to build a small surplus from the Invest Option model. As a not-for-profit organisation any surplus STH makes would need to be reinvested. Currently external partners take advantage of this opportunity.
23. However, the Invest Option relies on sourcing further properties and opportunities including from the private rented sector. Building up the portfolio would be a long-term speculative exercise during which STH would need to fund staffing positions to manage the growth. Campbell Tickell recommend a Governance Manager and a Development manager as a minimum to begin with. This would reduce any potential surplus until the portfolio was large enough to be sustainable.
24. Managing specialist accommodation is not the Council's expertise whereas other local providers are well placed. The recent Huntley House commission received 11 qualifying bids to manage the property and provide support.
25. Specialist accommodation is a highly regulated sector which has been scrutinised recently at a national level. The government is likely to bring in new licensing and additional regulation on this type of provision. There is a risk that a future housing benefit regime change would make the model unsustainable. These risks would challenge the Council's Housing Service which would be expected to provide the management services to STH as it develops its own staffing and resilience.
26. From a governance perspective the Campbell Tickell report outlines the requirements for the Invest Option to improve STH governance arrangements as soon as possible. A new independent Board would need to be instated with the expertise required to manage and develop specialist accommodation schemes. Many RPs now pay their Board members and STH may have to do likewise to attract the best candidates. The board would need to be serviced, with the same requirements of a larger registered provider. Bury Housing Services would be required to ensure compliance for both it and STH, with the requirements of STH (as a *private* registered provider) being both different and greater than that of a Council.
27. The Commercial Board questioned if dissolving STH would prevent development. However, Bury Council is already delivering units of accommodation without the need of STH. The Council has an active delivery pipeline of 1,616 new homes on former Council owned brownfield sites by 2030/31 comprising 1,040 market homes and 576 affordable homes (including c 180 social rented homes).
28. There are also some provisions for specialist groups:

143 new homes planned for older people over the next few years (includes 91 affordable homes).
18 bungalows recently built or under construction for people with disabilities.
72 homes secured or under construction for people with physical and/or sensory disabilities or learning disabilities
35 homes secured for people with mental health needs
Circa 50 properties identified for care leavers ready to transition to independent living

29. Moreover, the Commercial Board noted that the Council does not currently have internal expertise in “property development” which would be required for STH to achieve the necessary growth contingent with the Invest Option and that such services are currently outsourced.
30. The Commercial Board also considered an example of a scheme already managed by STH. Sherbourne House returns a small surplus but one which is easily eroded by repairs costs, management fee and bad debts. This experience chimes with the Regulator of Social Housing own concerns that the operating surplus of many specialised supported housing RPs is very low and presents a significant risk of financial failure.
31. Therefore, alongside the additional risk to maintain and ensure regulatory compliance the Commercial Board recommends that the Council cannot commit to the commercial and property development of STH .
32. STH current Board members also provided comments on the Campell Tickell report and support the recommendation to close STH .

Close Option Process

33. The process to close STH is expected to take 18 months with a potential goal of March 2027.
34. If the Council approves the principle of closing STH there will need to be several decisions. Bury Council will seek advice to understand the financial and legal implications of the following:
 - 34.1. The grounds under the Housing and Regeneration Act 2008 STH will opt to de-register as a register provider which will inform the process for 34.2 (the assets)
 - 34.2. A suitable new landlord must be selected for each asset within the remaining STH portfolio, whether returning to the Bury Housing Revenue Account or General Fund accounts, divesting of an individual asset, or ending lease agreements. The process must be delivered in accordance with the Regulator of Social Housing’s Governance and Financial Viability Standard

and its Deregistration Guidance which includes consulting tenants.

35. As with closing the STH ALMO, legal and financial advice will be required to provide due diligence. External consultants will be required to support and augment inhouse expertise and resources to manage and execute the closure.
36. Any significant decisions especially on the future of the assets and the financial impact will be brought back to Cabinet.
37. The impact of the closure of STH on the current STH tenants is the utmost priority. The Equality Impact Assessment (EIA) identifies a risk to the tenants if a suitable landlord is not found for the Sherborne House lease that will ensure continuity of service. Throughout the process the tenants will be considered and consulted where required. EIA's will be completed for each option considered under 34.2.

Resources

38. When STH ceased to be the Council's ALMO, under the Transfer and Termination Agreement, the net balance of assets and liabilities, at that date, were transferred into the Housing Revenue Account balance.
39. Campbell Tickell have provided an estimate of £500k being the financial cost to cover the Close Option process, which, will be met from a combination of the STH reserves (£3.256m as at 31 March 2025) and the Housing Revenue Account balance (£16.746m as at 31 March 2025).
40. There will be some draws on the STH reserves as part of the Close Option process of ending the leases. The Mossclare St Vincent (MSV) lease is ending in September 2025, and the properties are going back to MSV. As part of the process the dilapidation survey has been estimated at £101k for 34 houses. A similar process will need to take place with the 12 properties with Sherbourne House which will reduce reserves further. It is convenient that the lease on Sherbourne House has a break clause that can be activated to end the lease in December 2026.
41. The loan balance from the Council to STH at 31 March 2025 was £2.792m, the loans were provided to STH for the construction and purchase of properties. Until the outcome of the Close Option process, it is unknown whether the properties currently within STH will be brought into the Council or sold to another housing provider.
42. External consultants will be commissioned to advise the Council to understand all the financial implications for both the Council and STH of the Close Option and any significant decisions, especially on any financial impact for the Council, will be reported back to Cabinet. As will any decision requiring Cabinet approval as per the delegation framework.

Links with the Corporate Priorities:

43. The decision recognises that local partners have the strengths and expertise to deliver housing for Bury.

Equality Impact and Considerations:

This is an initial analysis which has identified potential negative impacts for two specific groups, disabled people and socio-economically vulnerable. It is unclear at this stage what impacts there may be, and the mitigations required to reduce or eliminate any impacts.

If a decision is made to begin the process of closing Six Town Housing, each option on the approach to the closure will require a further EIA to identify impacts and mitigations to inform the approach to closing Six Town Housing.

Environmental Impact and Considerations:

44. None Identified.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Financial cost greater than expected	
Unable to find alternative landlords for remaining assets	Sherbourne break clause December 2026
Unable to find alternative landlords for remaining assets	Potential to decant tenants

Legal Implications:

45. The Council is the sole owner of STH which is a company limited by guarantee. It was originally incorporated to manage the Council's housing stock and council tenancies as the Council's "ALMO." Some point thereafter STH became a "private" registered provider of social housing in its own right, owning and leasing a small stock of social housing and letting it to its own tenants.
46. Following the termination of its role as the Council's ALMO in February 2024 (whereupon the Council resumed direct management of its council housing stock and all remaining STH employees transferred to the Council under TUPE) , STH continued its role as a private registered provider of social housing but providing only 147 homes.

47. STH has no staff, relies exclusively on the Council to manage its operations and is managed solely by its Board which replaced its pre–February 2024 Board and is considered an interim arrangement pending final decision on the future of STH, which is the topic of this report.
48. STH is commercially unviable in its current state and presents a significant commercial, regulatory and reputational risk to the Council. The Campbell Tickell report confirms that STH needs either sizable investment to grow so that it becomes viable (Invest Option) or that it be wound up (Close Option).
49. The author of the report concludes that the Close Option is best since the Invest Option is probably too risky from a commercial and regulatory standpoint when weighed against any potential benefits it could bring to the Council.
50. The legal and regulatory environment that any future “Invest Option STH” would have to operate within is onerous (increasingly assertive Regulator of Social Housing framework and new Housing Ombudsman activity, Awaabs law implications etc) and likely to increase in the short term as new licensing for specialised supported housing is expected to be introduced under the Supported Housing (Regulatory Oversight) Act 2023.
51. As sole owner of STH the Council has the lawful power to decide that the company be wound up if it has fulfilled its purpose. The necessary “company law” process to wind up the company are relatively straight forward.
52. The specific issues to be first confronted, navigated and managed before winding up STH relate to the disposal of its housing stock, ensuring social housing tenants’ interests are protected (which is a regulatory requirement) and de-registering from being a registered provider of social housing. These matters will be subject to further consideration and reports to Cabinet.

Financial Implications:

53. As detailed in the body of the report, the estimated financial cost of £500k to cover the close option process will be met from a combination of the STH reserves and the Housing Revenue Account balance.

Appendices:

Appendix 1 - EIA

Appendix 2 - Campbell Tickell Report (please note this attached at Part B)

Background papers:

None.

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

Term	Meaning
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STH	Six Town Housing Limited
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