

Classification:	Decision Type: Non-Key
Open Part A	Key

Report to:	Cabinet	04 / 11 / 26
Subject:	Closure of Six Town Housing LTD – appraisal of stock options & recommendation for transfer of STHs freehold owned stock to the HRA – Part A	
Report of	Cabinet Member for Housing Services	

Summary

1. This report sets out the future options for the housing portfolio owned by Six Town Housing Limited (STH) as part of the process to close the organisation. In September 2025 Cabinet agreed to commence the orderly closure of STH as it was identified that the resource required to manage STH and to ensure that it remains compliant with the Regulator for Social Housing’s regulatory standards outweighed the benefits to the Council of retaining the organisation.
2. External advisors Campbell Tickell (CT) have supported Bury in undertaking an initial appraisal to identify future management options for the 115 properties under STH management. These options were reported to Cabinet in June 2026.
3. The appraisal identified five potential options for the STH portfolio. These were:
 1. Transfer of the actual entity and business of STH Ltd and its housing stock to another Registered Provider (RP), most likely via a Transfer of Engagements (ToE).
 2. Disposal of the properties to another RP with the tenants remaining in their homes (Tenanted Disposal).
 3. Transfer of the stock into Bury Council’s Housing Revenue Account (HRA) as part of the ‘general needs’ Council housing portfolio.
 4. Transfer of the stock into Bury Council’s General Fund, with a gradual transfer of homes to Temporary Accommodation as they become void.
 5. Secure vacant possession of homes before disposing of the stock via open market sale. This would require rehousing the current tenants (potentially by legal possession proceedings) before selling the stock.

4. At its meeting in June 2026, Cabinet agreed to undertake a soft market testing exercise to assess the market appetite for Options 1 and 2. The report also stated that whilst it was anticipated that taking the STH stock into the HRA would not be preferable due to the financial position of the HRA, a full impact assessment would be carried out to ensure this option was not ruled out unnecessarily.
5. Having reviewed all the options, CT now recommend that Option 3: The transfer of all properties, with the exception of Sherbourne House, into the HRA as the recommended option.

Recommendation(s)

6. Cabinet is asked to note and approve the following;
 - a. Note that STH Board have approved in principle the transfer of its housing stock to the Council subject to tenant consultation and full legal, financial, taxation, valuation and governance due diligence.
 - b. Approve in principle the acquisition by the Council of the housing properties currently held by STH, but excluding the lease of Sherbourne House, subject to the completion of STH's consultation with its tenants and full legal, financial, taxation, valuation and governance due diligence.
 - c. Approve in principle that, subject to completion of the matters referred to in recommendation (b) and confirmation of a lawful and financially prudent transfer mechanism, the properties be held by the Council for housing purposes pursuant to Part II of the Housing Act 1985 and accounted for within the Housing Revenue Account where appropriate.
 - d. Delegate authority to the Director of Housing, in consultation with the Cabinet Member for Housing, the Monitoring Officer and the Section 151 Officer, to develop and negotiate the detailed terms of the proposed transaction and to undertake all necessary due diligence.
 - e. Note that a further report will be brought to Cabinet seeking approval of the final transaction structure, financial implications, valuation arrangements, funding arrangements and any associated governance decisions including reporting on the outcomes from STH's consultation with affected tenants.
 - f. If STH is unable to find an RP to take on the lease of Sherbourne House, approve that the Council's Housing Service and Adult Social Care Service shall work to rehouse the tenants of Sherborne House into alternative Specialised Supported Housing pursuant to the Council Local Housing Authority obligations.

- g. Note that if STH is unable to find an RP to take on the lease of Sherbourne House then a further report will be brought to Cabinet regarding options for the Sherbourne House lease upon its current tenants being rehoused (which is likely to include assignment to the Council but with change of use, prospects of securing an assignment to a third party or surrendering the lease with associated costs).

Alternative options considered and rejected

7. The option to “do nothing” is not an option as Cabinet has already decided to close STH due to the regulatory risks identified in previous cabinet reports including that a disproportionate amount of resource is required to ensure that STH remains compliant with the Regulator for Social Housing’s regulatory standards.

Report Author and Contact Details:

Name: Sian Grant

Position: Direct of Housing

Department: Corporate Core

E-mail: sian.grant@bury.gov.uk

Background

8. On 1st February 2024, STH ceased managing the Council’s housing stock and ceased its role as an ALMO. However, STH Ltd remains intact as a wholly owned subsidiary company of the Council. It remains a Private Registered Provider of Social Housing owning 103 properties and 12 leased properties at Sherbourne House which it sublets as Specialised Supported Housing to tenants with learning difficulties. This lease runs until 2031.
9. In September 2025, Cabinet agreed to begin the process of dissolving STH following an external review which confirmed STH could not continue in its current state due to the disproportionate resource required to manage and maintain the properties, in line with regulatory standards.

The STH Portfolio

10. STH is the owner of and accountable landlord for 115 properties within its portfolio, grouped as follows:
 - **Association of Greater Manchester Authorities (AGMA):** 35 street properties with 10 in Bury, 3 in Prestwich, 16 in Radcliffe, 1 in Ramsbottom and 5 in Whitefield.

- **Mortgage Rescue:** 28 street properties with 9 in Bury, 14 in Radcliffe and 5 in Whitefield.
- **Red Bank:** An extra care scheme in Radcliffe, commissioned by STH in 2012, comprised of 40 accommodation units, plus 2 retail units.
- **Sherbourne House:** A leased 12 unit supported housing scheme.

Future Stock Options Considered in last Cabinet report June 2026

11. In September 2025 Cabinet agreed to commence the orderly closure of STH as it was identified that the resource required to manage STH and to ensure that it remains compliant with the Regulator for Social Housing's regulatory standards outweighed the benefits to the Council of retaining the organisation.
12. External advisors Campbell Tickell (CT) have supported Bury in undertaking an initial appraisal to identify future management options for the 115 properties under STH management. These options were reported to Cabinet in June 2026.
13. The appraisal identified five potential options for the STH portfolio. These were:
 1. Transfer of the actual entity and business of STH Ltd and its housing stock to another Registered Provider (RP), most likely via a Transfer of Engagements (ToE).
 2. Disposal of the properties to another RP with the tenants remaining in their homes (Tenanted Disposal).
 3. Transfer of the stock into Bury Council's Housing Revenue Account (HRA) as part of the 'general needs' Council housing portfolio.
 4. Transfer of the stock into Bury Council's General Fund, with a gradual transfer of homes to Temporary Accommodation as they become void.
 5. Secure vacant possession of homes before disposing of the stock via open market sale. This would require rehousing the current tenants (potentially by legal possession proceedings) before selling the stock.
14. At its meeting in June 2026, Cabinet agreed to undertake a soft market testing exercise to assess the market appetite for Options 1 and 2. The report also stated that whilst it was anticipated that taking the STH stock into the HRA would not be preferable due to the financial position of the HRA, a full impact assessment would be carried out to ensure this option was not ruled out unnecessarily.

15. All the options have now been reviewed, and it is now recommended that Option 3 (the transfer of all properties, except for Sherbourne House, into the HRA) be pursued as the solution for the closure of STH. The following explains how Option 3 is considered viable.

Transfer into the HRA

16. To transfer the properties into the HRA, the impact on Bury Council's 30-year HRA business plan needs to be assessed. CT drafted some initial data to inform a 30-year business plan for STH based on the recent stock condition surveys undertaken for the STH properties. This information has been input into the current HRA business plan for Bury Council's stock produced by "Abovo Consult" to assess the impact that transferring the STH stock into the HRA would have.
17. As this is an initial and high level assessment pending Cabinet approval, a number of assumptions have been made, including that because of economies of scale in subsuming the assets into a much bigger portfolio that any additional management and responsive repair costs will be marginal. If Cabinet approve in principle the transfer of the STH stock into the HRA full due diligence on the financial impact will be carried out.
18. The main costs that have been factored into the HRA business plan as part of the high-level assessment are:
- Loan Debt
 - Stock Condition Data
 - Affordable Homes Grant (Homes England)

Loans

19. To purchase or build several of the assets currently owned, STH needed to utilise several sources of funding including grant (discussed below) and it was also necessary to borrow from Bury Council. This was facilitated by several loans from the Council. It has been assumed that as part of any process to move the assets into the HRA, that the remaining loan debt currently sitting on STH's balance sheet would also need to be appropriated to the HRA. As of 31st March 2026, the balance of outstanding loans in STH's accounts was £2.691m. The HRA 30-year business plan modelling has therefore assumed that this is the amount of debt that will be brought into the HRA as part of the transfer and the modelling has provided for all remaining future interest and principal repayments on that debt.

Major Works – Stock Condition Survey Data

20. As part of the closure process up to date stock condition surveys were commissioned from Pennington's to inform the process. The surveys provide data to give a forecast projection of the investment needs of the STH stock over the next 30 years. New surveys have been carried out for 84 of the 103 properties, so some assumptions have had to be made to extrapolate the projected costs relevant to the different types of property, to get forecasts for the whole stock.

Affordable Homes Grant

21. As part of the financing for the various assets acquired by STH, they were successful in being awarded Affordable Homes Grant by Homes England, primarily as part of the funding for the Redbank Extra Care Scheme, and several of the Mortgage Rescue Properties. This funding exceeded £3million in total. As part of any transfer agreement STH and the Council would need to seek approval from Homes England that responsibility for any future implications arising relating to this debt would also transfer to the Council. There are unlikely to be any implications unless the Council chose to dispose of the assets on the open market, at which point the requirements around recycling of the grant would have to be assessed.

Business Plan Assessment

22. Having considered these key elements and modelled the impact on the Council's 30-year HRA Business Plan, as agreed as part of the budget process for 2026-27, indications are that absorbing the STH assets into the HRA would not be detrimental to the overall financial position of the HRA Business Plan.

As referenced in the annual budget reported approved by Bury Council in February 2026, the current HRA Business Plan goes into deficit in Year 20. Considerable work is ongoing to put in place various measures that will help to bring that position back into balance over a future 30-year Business Plan. However, modelling the absorption of the STH assets into the HRA Business Plan as it currently exists, and with the data currently held on STH, does not show the HRA going into deficit earlier than is currently forecast.

As mentioned above, if Cabinet were to approve the recommendation to transfer the STH properties into the HRA, more detailed due diligence will be carried out and a further report will be brought to Cabinet seeking approval of the final transaction structure including any financial implications, valuation arrangements and funding arrangements.

Sherbourne House Lease

23. Transferring the properties into the HRA is only a solution for 103 properties that STH own, Sherbourne House cannot be transferred into the HRA without

significant adverse impact on costs. Sherbourne House is leased from a private landlord on a lease that expires in December 2031 and provides supported housing for people with learning disabilities.

24. Unfortunately, under current regulations, if the Council becomes landlord to the tenants, they would be no longer be able to claim the higher (exempt accommodation) level of Housing benefit which would result in a shortfall of income needed to fund the lease rent payable to the owner. That shortfall would need to be subsidised by the Council. This means that the Sherbourne House lease would be a loss-making scheme if it were taken into the HRA or the general fund whilst it is being used to provide supported housing.
25. The preferred solution is to identify an alternative Private Registered Provider (RP) (who can charge the necessary higher rent and whose tenants can claim the higher exempt accommodation housing benefit) willing to assume responsibility for the lease, enabling tenants to remain in their homes with continuity of support from Outreach.
26. Subject to Cabinet approval for the transfer of stock into the HRA, RPs will be approached to take on the remainder of the lease. Given the length of the lease and market conditions this may be challenging.
27. If there is no RP forthcoming, then Bury Housing Services will work with Adult Social Care to rehouse the 12 tenants into alternative supported housing provision. The Commissioning Team have reviewed the tenants needs and are aware of what would be required in this scenario.
28. The tenants and their representatives have been informed that this scenario could materialise. This will be managed sensitively with a person-centred approach, that prioritises needs and preferences wherever possible.
29. Having reviewed all the options, CT now recommend that Option 3: The transfer of all properties, except for Sherbourne House, into the HRA as the recommended option.

Tenant and Stakeholder Engagement and Governance

30. At the time of the last Cabinet paper in June 2026, tenants were informed (in writing) of the intention to close STH and a web page has been created to answer frequently asked questions. Drop-in sessions were advertised for all tenants with specific sessions for Sherbourne House tenants' representatives. Tenants have also been informed that current management arrangements will continue into 2027, and they will be consulted before final decisions are made.

31. If Cabinet approve, in principle, the transfer of the STH properties in the HRA a tenant consultation would have to be carried out before any final decision could be made and before any properties could be transferred. This will be a tenant consultation (such a proposal does not trigger any requirement to hold a tenant ballot).
32. The consultation needs to be at least 6 weeks in length. This is to ensure tenants have time to digest the information, ask questions and share their views. It is proposed that if cabinet approve the recommendations above, then the consultation would take place from the mid/end of November 2026 until the end of the January 2027. To ensure the independence of the consultation, the consultation would be supported by CT and they would prepare the final report on the outcome of the consultation.
33. Following the consultation, the STH Board would need to consider the outcome before deciding whether or not to transfer of the assets. Furthermore, a report would be brought to Cabinet in March 2027 following the STH Board meeting (expect to take place in February) with the outcome and the next steps in relation to the proposed transfer of the stock into the HRA and the progress with the Sherbourne Housing lease.
34. Cabinet is asked to consider this report including the contents of its closed Part B which officers consider is exempt information under Schedule 12A of the Local Government Act 1972 (private financial and business affairs of STH) and approve the recommendations set out herein above.

Links with the Corporate Priorities:

35. This proposal meets the corporate priorities in the following ways: a) Local, b) Sourcing local housing options for local people, c) Prevent the need for Bury residents to have to move out of the borough to have their needs met, d) Work with local developers and providers who know the local area.
36. Enterprise a) Enterprising innovation and creative solutions to current housing issues, b) Be bold in our housing solutions and future developments in Bury.

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

Equality Impact and Considerations:

38. An EqlA has been completed to assess the impact of the stock transfer on impacted tenants. The EqlA identifies a potentially negative impact on disabled tenants due to the need to either find an alternative landlord for Sherbourne House or alternative accommodation for the tenants currently living there. The identified a number of actions to mitigate and reduce the negative impacts. These are:

Characteristics	Action	Action Owner	Completion Date
Tenants at Redbank	Provide a face to face briefing to tenants with the Independent living Manager	ED/ AW	Nov 2026
Tenants at Redbank	Provide clear letters, assessed by the tenant voice forum communication process outlining the consultation process	ED/KRD	Nov 2026
Tenants at Sherbourne	Provide Easy read letters to tenants to explain the process working with the support provider to identify individual needs	ED/KRD	Nov 2026
Tenants at Sherbourne	Provide letters to the tenant representatives	ED/KRD	Nov 2026
Tenants at Sherbourne	Provide a face to face meeting to tenants and their representatives	ED/ and adult social care and Outreach	Nov 2026
Tenants at Sherbourne	Work with ASC colleagues to source appropriate alternative accommodation within Bury	ASC	If required Feb onwards
Tenants at Dispersed accommodation	Provide clear letters, assessed by the tenant voice forum communication process outlining the consultation process	ED/KRD	Dec 2026
All tenants	Provide consultation information in a clear format and both digitally and in non-digital formats. With multiple options for responding, email, phone, text, letter, drop in, Housing Officer visit	ED	Dec-Jan 2027
All Tenants	Provide the consultation documents in multiple formats in line with tailored services where data is available	ED	Nov-2026

All Tenants	Engage a tenant representative to provide advice to officers to inform design of the consultation	ED/KRD	Oct 2026
All Tenants	Where data is unavailable use Housing officers local knowledge to tailor communication methods	ED/KP	Oct 2026
Tenants at Dispersed accommodation	Use the Housing Officers to identify tenants at risk of not engaging and provide visits	ED/KP	Dec-Jan 2027
Tenants at Dispersed accommodation	Deliver drop-in in the community across the consultation period at different times so that those working can attend if they would like	ED/KP	Dec-Jan 2027

[EqIA STH Recommendation October 2026.docx](#)

Environmental Impact and Considerations:

39. There are no material impacts from this decision. Bury Council Housing has modelled the required works to ensure environmental requirements of the stock over the next 30 years.

Assessment and Mitigation of Risk:

40. The principal risks associated with the proposed approach, and the measures in place to mitigate them, are summarised below.

Risk/opportunity	Mitigation
Unable to find a registered provider to take on the Sherbourne Lease	<ul style="list-style-type: none"> Adult Social Care support to a planned decant to alternative provisions
STH remains open increasing regulatory risk	<ul style="list-style-type: none"> Review Board composition with support from regulator following self-referral

Procurement Implications:

1. There are no procurement implications

Legal Implications:

In September 2025 Cabinet resolved to close STH. In June 2026 it considered five options to do so which are set out again in this report.

The Director of Housing, advised by external specialist consultants CT, now recommends that Option 3 should be taken to close STH – this being the transfer of the freehold stock into Bury Council's Housing Revenue Account (HRA) as part of the 'general needs' Council housing portfolio but excluding the lease of Sherborne House which is to remain with STH and addressed as explained in this report whereupon STH should no longer own any assets so removing impediments to enable the winding up of the company.

Part of the information in this report is set out in Part B which is deemed exempt under Schedule 12A of the Local Government Act 1972 since it discusses private financial and business affairs of STH.

Cabinet is being asked to approve the transfer of the freehold stock into Bury Council's HRA only *in principle* at this stage because:

1. officers need to address and develop the final transaction structure, legal, financial and HRA implications, valuation arrangements, funding arrangements and associated governance requirements necessary to properly achieve Option 3, and
2. no final decision can be made until after STH Board have considered and finally resolved on the proposal after having due regard to the outcomes of STH's consultation with affected tenants

A further report will be brought to Cabinet addressing the above outstanding matters and setting out recommendations as appropriate.

Financial Implications:

41. The transfer of the STH housing portfolio into the HRA has been subject to a high-level financial assessment which indicates that the transfer is not expected to materially worsen the current 30-year HRA Business Plan position. However, the assessment has been undertaken using several assumptions and further detailed financial, legal, valuation and property due diligence will be required.
42. The final position remains subject to agreement of transfer terms, valuations and detailed due diligence. Should any assumptions change, the impact on the affordability and financial viability of the HRA will be reassessed through updated financial modelling.

Background papers:

43. Cabinet paper Date: [10 September 2025 Six Town Housing Recommendation](#)

44. Cabinet paper Date: [30 June 2026 Options for Closure of Six Town Housing LTD](#)

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

Term	Meaning
ALMO	Arm's Length Management Organisation
CT	Campbell Tickell
EUV-SH	Existing Use Value for Social Housing
HB	Housing Benefit
HRA	Housing Revenue Account
STH	Six Town Housing Limited
TBC	To be confirmed