

# Local Government and Housing Act 1989

### **1989 CHAPTER 42**

#### PART VI

#### HOUSING FINANCE

#### **Modifications etc. (not altering text)**

- C1 Pt. 6 (ss. 74-86) applied (1.4.1997) by 1992 c. 5, **s. 140G** (as inserted (1.4.1997) by 1996 c. 52, s. 121, **Sch. 12 paras. 4**; S.I. 1997/618, art. 2 (subject to transitional provisions in **Sch.**))
- C2 Pt. 6 modified (E.) (28.11.2008) by The Local Government (Structural Changes) (Transitional Arrangements) (No.2) Regulations 2008 (S.I. 2008/2867), regs. 1(1), 26 (with reg. 1(2)) (as amended (2.1.2019) by The Local Government (Structural and Boundary Changes) (Amendment) Regulations 2018 (S.I. 2018/1296), regs. 1, 15)
- C3 Pt. 6 modified (E.) (26.11.2018) by The Local Government (Boundary Changes) Regulations 2018 (S.I. 2018/1128), regs. 1(1), **28** (with reg. 1(2)(3))

# Housing accounts

# 74 Duty to keep Housing Revenue Account.

- (1) A local housing authority shall keep, in accordance with proper practices, an account, called the "Housing Revenue Account", of sums falling to be credited or debited in respect of—
  - (a) houses and other buildings which have been provided under Part II of the MIHousing Act 1985 (provision of housing);
  - (b) land which has been acquired or appropriated for the purposes of thatPart;
  - (c) houses purchased under section 192 of that Act (purchase of house foundon appeal against repair notice to be unfit and beyond repair at reasonable cost);
  - (d) dwellings in respect of which a local authority have received assistance under section 1 or section 4(2A) of the M2Housing (RuralWorkers) Act 1926;
  - (e) any property which—

Changes to legislation: Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (i) with the consent of the Secretary of State given under section 417(1) of the Housing Act 1985,
- (ii) with the consent of a Minister given under section 50(1)(e) of the M3Housing (Financial Provisions) Act 1958, or
- (iii) by virtue of section 50(2) of that Act (houses vesting in local authority on default of another person),
- was brought within the corresponding account kept under Part XIII of the Housing Act 1985 for years beginning before 1st April 1990; and
- (f) such land, houses or other buildings not within the preceding paragraphsas the Secretary of State may direct.
- (2) References in subsection (1) above and the other provisions of this Part to provisions of the Housing Act 1985 include, where the context so admits, references to the corresponding provisions of earlier enactments; and the reference in paragraph (b) of that subsection to land acquired for the purposes of Part II of that Act includes—
  - (a) land which a local authority were deemed to have acquired under Part V of the M4Housing Act 1957 by virtue of section 57(6) of that Act (land acquired for re-development in pursuance of re-development plan) before the repeal of that section on 25th August 1969; and
  - (b) any structures on such land which were made available to a local authority under section 1 of the M5Housing (Temporary Accommodation) Act 1944 (prefabs).
- (3) Paragraphs (a) to (e) of subsection (1) above shall not apply to—
  - (a) land, houses or other buildings disposed of by the authority;
  - (b) land acquired by the authority for the purpose of disposing of houses provided, or to be provided, on the land, or of disposing of the land to a person who intends to provide housing accommodation on it I<sup>FI</sup>or facilities which serve a beneficial purpose in connection with the requirements of persons for whom housing accommodation is provided];
  - (c) houses provided by the authority on land so acquired; or
  - (d) such land, houses or other buildings as the Secretary of State may direct; and paragraph (a) of that subsection shall not apply to houses and other buildings provided on or before 6th February 1919.
- (4) A local housing authority not possessing property to which subsection (1)above applies shall nevertheless keep a Housing Revenue Account unless the Secretary of State consents to their not doing so and they comply with such conditions (if any) as may be specified in the consent.
- (5) In this Part—
  - (a) references to the houses or other property of an authority within the authority's Housing Revenue Account are references to the houses, dwellings or other property to which subsection (1) above for the time being applies; and
  - (b) references (however expressed) to a disposal are references to a conveyance of the freehold, or a grant or assignment of a lease (other than a shared ownership lease) which is a long tenancy within the meaning given by section 115 of the M6Housing Act 1985.
- (6) Sections 417 to 420 of, and Schedule 14 to, the Housing Act 1985 (which are superseded by this section, sections 75 to 78 below and Schedule 4 to this Act) shall cease to have effect.

Status: Point in time view as at 30/01/2021.

Changes to legislation: Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

```
Textual Amendments
F1 Words in s. 74(3)(b) inserted (24.9.1996) by 1996 c. 52, ss. 222, 232(2), Sch. 18 para. 24(2)

Marginal Citations
M1 1985 c. 68.
M2 1926 c. 56.
M3 1958 c. 42.
M4 1957 c. 56.
M5 1944 c. 36.
M6 1985 c. 68.
```

### 75 The keeping of the Housing Revenue Account.

Schedule 4 to this Act shall have effect with respect to the keeping of a local housing authority's Housing Revenue Account, as follows—

Part I - Credits to the account.

Part II - Debits to the account.

Part III - Special cases.

Part IV - Supplementary provisions.

### 76 Duty to prevent debit balance on Housing Revenue Account.

- (1) This section applies where for any year ("the relevant year") a local housing authority who are required to keep a Housing Revenue Account possess any houses or other property within the account.
- (2) The authority shall, during the months of January and February immediately preceding the relevant year, formulate proposals which satisfy the requirements of subsection (3) below and relate to—
  - (a) the income of the authority for the year from rents and other charges in respect of houses and other property within their Housing Revenue Account;
  - (b) the expenditure of the authority for the year in respect of the repair, maintenance, supervision and management of such property; and
  - (c) such other matters connected with the exercise of the authority's functions in relation to such property as the Secretary of State may direct.
- (3) Proposals formulated by the authority under subsection (2) above satisfy the requirements of this subsection at any time if, on the assumption that thefollowing will prove correct, namely—
  - (a) the best assumptions that they are able to make at that time as to all matters which may affect the amounts falling to be credited or debited to their Housing Revenue Account for the relevant year; and
  - (b) the best estimates that they are able to make at that time of the amounts which, on those assumptions, will fall to be so credited or debited,

implementation of the proposals will secure that the account for that year does not show a debit balance.

Changes to legislation: Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (4) No assumptions shall be made under subsection (3) above as to the exerciseby the Secretary of State of any power except on the basis of information published by him or on his behalf or supplied by him to the authority.
- (5) Subject to subsections (6) and (7) below, the authority shall implement the proposals formulated by them under subsection (2) above.
- (6) The authority shall from time to time determine whether the proposals formulated under subsection (2) above satisfy the requirements of subsection(3) above; and—
  - (a) termine that question in the affirmative, they may make such revisions of the proposals as they think fit, so long as the proposals (as so revised) continue to satisfy those requirements;
  - (b) if they determine that question in the negative, they shall make such revisions of the proposals as are reasonably practicable towards securing that the proposals (as so revised) satisfy those requirements.
- (7) Where the proposals formulated under subsection (2) above are revised under subsection (6) above, subsections (3) to (6) above shall apply inrelation to the proposals as so revised as they applied in relation to the proposals as originally formulated.
- (8) The authority shall, within one month of formulating their proposals under subsection (2) above, or of revising those proposals under subsection (6)above, prepare a statement setting out—
  - (a) those proposals as so formulated or so revised;
  - (b) the estimates made by them under subsection (3)(b) above on the basis of which those proposals were so formulated or so revised; and
  - (c) such other particulars relating to those proposals and estimates as the Secretary of State may direct;

and a direction under paragraph (c) above may specify the manner in which the particulars are to be set out in the statement.

(9) The authority shall, until the end of the year next following the relevant year, keep copies of the statement which is for the time being the latest statement prepared by them under subsection (8) above available for inspection by the public without charge at all reasonable hours at one or more of their offices; and any person shall be entitled to take copies of, or extracts from,that statement when so made available.

#### **Modifications etc. (not altering text)**

C4 S. 76 modified (28.11.1994) by S.I. 1994/2825, reg. 39

# 77 Power to keep Housing Repairs Account.

- (1) A local housing authority who are required to keep a Housing RevenueAccount may also keep, in accordance with proper practices, an account called the "Housing Repairs Account".
- (2) An authority who keep a Housing Repairs Account shall carry to the credit of the account for any year—
  - (a) sums transferred for the year from their Housing Revenue Account; and

Changes to legislation: Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) sums receivable by the authority for the year in connection with the repair or maintenance of houses or other property within their Housing Revenue Account (either from their tenants or from the sale of scrapped or salvaged materials).
- (3) The authority shall carry to the debit of the account for any year—
  - (a) all expenditure incurred by them for the year in connection with therepair or maintenance of houses or other property within their Housing Revenue Account;
  - (b) such expenditure incurred by them for the year in connection with the improvement or replacement of houses or other property within their Housing Revenue Account as may from time to time be determined by the Secretary of State; and
  - (c) sums transferred for the year to the Housing Revenue Account in accordance with subsection (5) below.
- (4) The authority shall secure that sufficient credits are carried to the account to secure that no debit balance is shown in the account for any year.
- (5) The authority may carry some or all of any credit balance in the account for any year to the credit of their Housing Revenue Account.
- (6) So much of any credit balance shown in an authority's Housing Repairs Account at the end of the year beginning 1st April 1989 as is not carried to the credit of their Housing Revenue Account for that year shall be carried forward and credited to some other revenue account of theirs for the year beginning 1st April 1990.

### 78 Directions to secure proper accounting.

The Secretary of State may give directions as to the accounting practices (whether actual or prospective) which are to be followed by a local housing authority in the keeping of their Housing Revenue Account or Housing RepairsAccount.

## [F278A Directions as to treatment of service charges, &c.

- (1) The Secretary of State may give directions as to what items or amounts are to be regarded as referable to property within a local housing authority's Housing Revenue Account where one or more parts of a building have been disposed of but the common parts remain property within that account.
- (2) Any such direction also has effect for the purposes of any Housing Repairs Account kept by the authority.
- (3) Directions under this section may give the authority a discretion as to whether items or amounts are accounted for in the Housing Revenue Account or any Housing Repairs Account or in another revenue account.
- (4) In this section "common parts" includes the structure and exterior of the building and common facilities provided, whether in the building or elsewhere, for persons who include the occupiers of one or more parts of the building.]

Changes to legislation: Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

#### **Textual Amendments**

F2 S. 78A inserted (1.10.1996 with effect as mentioned in Sch. 18 para. 4(2) of the amending Act) by 1996 c. 52, s. 222, Sch. 18 para. 4(1); S.I. 1996/2402, art. 3 (subject to transitional provisions in Sch.)

# [F378B Directions as to accounting for work subject to competitive tendering.

- (1) This section applies where work is carried out by a local housing authority which has successfully bid for the work on a competitive basis.
- (2) The Secretary of State may give directions—
  - (a) to secure that the amount debited to the Housing Revenue Account or any Housing Repairs Account of the authority in respect of the work reflects the amount of the authority's successful bid for the work rather than expenditure actually incurred;
  - (b) allowing an authority to credit to its Housing Revenue Account any surpluses reasonably attributable to work undertaken on or in connection with property within that account.
- (3) Directions under subsection (2)(a) may make provision for determining the amount to be treated as the amount of the authority's successful bid.
  - References in this Part to expenditure shall be construed as references to the amount falling to be debited in accordance with the directions.
- (4) Directions under subsection (2)(b) may make provision as to the ascertainment of the surpluses referred to and the circumstances in which a surplus is or is not to be taken to be attributable to property within an authority's Housing Revenue Account.]

### **Textual Amendments**

F3 S. 78B inserted (1.10.1996 with effect as mentioned in Sch. 18 para. 4(2) of the amending Act) by 1996 c. 52, s. 222, Sch. 18 para. 4(1); S.I. 1996/2402, art. 3 (subject to transitional provisions in Sch.)

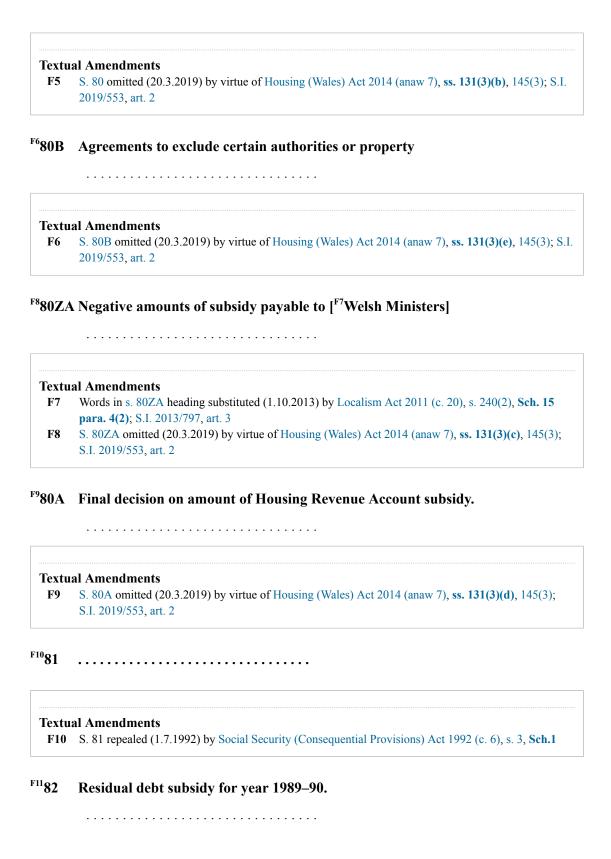
### Housing subsidies

<sup>F4</sup> 79	Housing Revenue Account subsidy.
То4-	ual Amendments
Texti	iai Amendments
F4	S. 79 omitted (20.3.2019) by virtue of Housing (Wales) Act 2014 (anaw 7), ss. 131(3)(a), 145(3); S.I.
	2019/553, art. 2

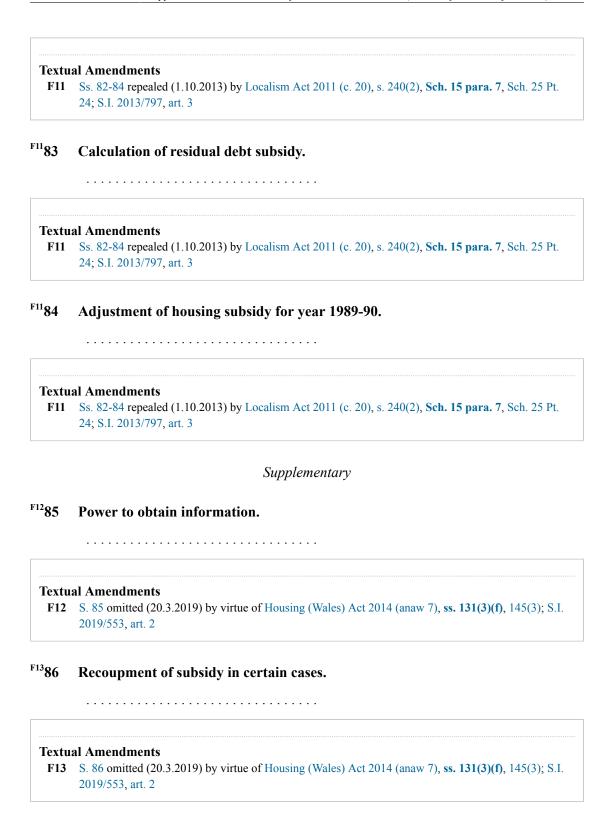
<sup>F5</sup> 80	Calculation of Housing Revenue Account subsidy

Status: Point in time view as at 30/01/2021.

Changes to legislation: Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)



Changes to legislation: Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)



- 87 Determinations and directions.
  - (1) A determination made or direction given by the Secretary of State under this Part—

Status: Point in time view as at 30/01/2021.

Changes to legislation: Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) may make different provision for different cases or descriptions of cases, including different provision for different areas, for different local housing authorities or for different descriptions of local housing authorities;
- (b) may be made before, during or after the end of the year to which it relates; and
- (c) may be varied or revoked by a subsequent determination or direction.
- (2) Before making a determination or giving a direction under this Part relating to all local housing authorities or any description of such authorities, the Secretary of State shall consult such representatives of local government and relevant professional bodies as appear to him to be appropriate; and, before making a determination or giving a direction relating to a particular local housing authority, he shall consult that authority.
- (3) As soon as practicable after making a determination under this Part, the Secretary of State shall send a copy of the determination to the local housing authority or authorities to which it relates.
- [F14(4)] References in this section to sending to a local housing authority a copy of a determination under this Part include references to using electronic communications for sending a copy of a determination to such address as may for the time being be notified to the Secretary of State by that authority for that purpose.
- F15(5) For the purposes of this section a copy of a determination under this Part is also to be treated as sent to a local housing authority where—
  - (a) the Secretary of State and that authority have agreed to the authority instead having access to determinations on a web site;
  - (b) the determination is a determination to which that agreement applies;
  - (c) the Secretary of State has published the determination on a web site;
  - (d) that authority is notified, in a manner for the time being agreed for the purpose between that authority and the Secretary of State, of—
    - (i) the publication of the determination on a web site;
    - (ii) the address of that web site; and
    - (iii) the place on that web site where the determination may be accessed, and how it may be accessed.
- F16(6) A local housing authority which is no longer willing to accept electronic communications for the sending of copies of determinations under this Part, may withdraw a notification of an address given to the Secretary of State for the purposes of subsection (4) above and such a withdrawal shall take effect on a date specified by the authority being a date no less than one month after the date on which the authority informs the Secretary of State that it wants to withdraw the notification of the address given.
- F17(7) A local housing authority which has entered into an agreement with the Secretary of State under paragraph (a) of subsection (5) above may revoke the agreement and such a revocation shall take effect on a date specified by the authority being a date no less than one month after the date on which the authority informs the Secretary of State that it wants to revoke the agreement.]

#### **Textual Amendments**

**F14** S. 87(4)-(7) inserted (E.) (10.12.2000) by S.I. 2000/3056, **art. 3** and the said insertion extended to Wales (1.4.2001) by S.I. 2001/605, **art. 2(2)** 

Changes to legislation: Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- F15 S. 87(4)-(7) inserted (E.) (10.12.2000) by S.I. 2000/3056, art. 3 and the said insertion extended to Wales (1.4.2001) by S.I. 2001/605, art. 2(2)
- F16 S. 87(4)-(7) inserted (E.) (10.12.2000) by S.I. 2000/3056, art. 3 and the said insertion extended to Wales (1.4.2001) by S.I. 2001/605, art. 2(2)
- F17 S. 87(4)-(7) inserted (E.) (10.12.2000) by S.I. 2000/3056, art. 3 and the said insertion extended to Wales (1.4.2001) by S.I. 2001/605, art. 2(2)

### **Modifications etc. (not altering text)**

- C5 S. 87 extended (W.) (1.4.2001) by S.I. 2001/605, art. 2(1), Sch.
- C6 S. 87(4)-(7) applied (15.11.2011) by Localism Act 2011 (c. 20), ss. 173(5), 240(5)(n)
- C7 S. 87(4)-(7) applied (18.11.2014) by Housing (Wales) Act 2014 (anaw 7), ss. 136(5), 145(2)

# [F1887A Orders amending Part 6

- (1) The appropriate person may by order—
  - (a) amend, repeal or re-enact provisions of sections 74 to 76 and 78 of, and Schedule 4 to, this Act;
  - (b) provide for any such provisions—
    - (i) not to apply, whether at all or in cases specified by the order or to authorities so specified;
    - (ii) to apply, whether generally or in cases so specified or to authorities so specified, subject to modifications so specified.
- (2) An order under this section may (in particular)—
  - (a) add items to, or remove items from, Part 1 or 2 of Schedule 4 to this Act, or vary items of those Parts;
  - (b) confer discretions, or expand, curtail or repeal discretions conferred, on the appropriate person or any other person;
  - (c) be made before, during or after the end of any year to which it relates.
- (3) In subsection (2)(b) above "discretion" includes power to make a determination or give a direction.
- (4) An order under this section may—
  - (a) contain such incidental, consequential, transitional or supplementary provisions (including provisions amending or repealing enactments), and such savings, as the appropriate person considers appropriate;
  - (b) make different provision for different cases or authorities.
- (5) The power to make an order under this section is exercisable by statutory instrument.
- (6) The Secretary of State shall not make an order under this section unless a draft of the order has been laid before, and approved by resolution of, each House of Parliament.]

### **Textual Amendments**

F18 S. 87A inserted (18.11.2003) by Local Government Act 2003 (c. 26), ss. 91(1), 128(2)(d)

### 88 Construction and application of Part VI.

(1) In this Part—

Status: Point in time view as at 30/01/2021.

Changes to legislation: Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) expressions which are used in Part XIII of the M7Housing Act 1985 (general financial provisions) have the same meaning as in that Part;
- [F19(aa) "the appropriate person" means—
  - (i) in relation to England, the Secretary of State, and
  - (ii) in relation to Wales, [F20 Welsh Ministers];
  - (b) references to a local housing authority's Housing Revenue Account or Housing Repairs Account include, where the context so admits, references to the corresponding account kept by them under that Part;
  - (c) references to a revenue account of a local housing authority other than their Housing Revenue Account do not include references to a Housing Repairs Account; [F21] and]
  - (d) references to proper practices shall be construed in accordance with [F22] section 21 of the Local Government Act 2003[F23]; and
  - "electronic communication" means a communication transmitted (whether from one person to another, from one device to another or from a person to a device or vice versa)—
    - F25(i) by means of [F26an electronic communications network]; or
      - (ii) by other means but while in an electronic form;
  - F27(f) "address", in relation to electronic communications, includes any number or address used for the purposes of such communications.]

120	2)
(	(3) F29 This Part has effect for years beginning on or after 1st April 1990.
F30	(4)
F30	(5)

(6) Any consultation undertaken before the passing of this Act in connection with a determination proposed to be made under this Part shall be as effective, in relation to that determination, as if this Part had been in force at the time the consultation was undertaken.

### **Textual Amendments**

- F19 S. 88(1)(aa) inserted (18.11.2003 for E. and 27.11.2003 for W. for the purpose of and in relation to financial years beginning on or after 1.4.2004) by Local Government Act 2003 (c. 26), ss. 89(6), 128(6); S.I. 2003/2938, art. 3(a) (with art. 8, Sch.); S.I. 2003/3034, art. 2, Sch. 1 Pt. I
- **F20** Words in s. 88(1)(aa)(ii) substituted (22.9.2008) by Housing and Regeneration Act 2008 (c. 17), ss. 313(2), 325(2)(a)
- **F21** Word in s. 88(1)(c) deleted (E.) (10.12.2000) by virtue of S.I. 2000/3056, art. 4(a)
- **F22** Words in s. 88(1)(d) substituted (27.11.2003 for W. for the purpose of and in relation to financial years beginning on or after 1.4.2004, and 1.4.2004 for E.) by Local Government Act 2003 (c. 26), s. 128(6), **Sch. 7 para. 32**; S.I. 2003/2938, art. 7(a) (with art. 8, Sch.); S.I. 2003/3034, art. 2, Sch. 1 Pt. I
- F23 Word in s. 88(1)(c) deleted (E.) (10.12.2000) by virtue of S.I. 2000/3056, art. 4(a)
- **F24** S. 88(1)(e)(f) and the preceding "and" inserted (E.) (10.12.2000) by S.I. 2000/3056, **art. 4(b)** and the said insertion extended to Wales (1.4.2001) by S.I. 2001/605, **art. 2(2)**
- F25 1984 c. 12.
- **F26** Words in s. 88(1)(e)(i) substituted (25.7.2003 for specified purposes, 29.12.2003 in so far as not already in force) by Communications Act 2003 (c. 21), s. 411(2), **Sch. 17 para. 100** (with Sch. 18);

Changes to legislation: Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- S.I. 2003/1900, arts. 1(2), 2(1), Sch. 1 (with art. 3) (as amended by S.I. 2003/3142, art. 1(3)); S.I. 2003/3142, art. 3(2) (with art. 11)
- F27 S. 88(1)(e)(f) and the preceding "and" inserted (E.) (10.12.2000) by S.I. 2000/3056, art. 4(b) and the said insertion extended to Wales (1.4.2001) by S.I. 2001/605, art. 2(2)
- F28 S. 88(2) repealed (1.10.2013) by Localism Act 2011 (c. 20), s. 240(2), Sch. 15 para. 10(2), Sch. 25 Pt. 24; S.I. 2013/797, art. 3
- **F29** Words in s. 88(3) repealed (1.10.2013) by Localism Act 2011 (c. 20), s. 240(2), **Sch. 15 para. 10(3)**, Sch. 25 Pt. 24; S.I. 2013/797, art. 3
- **F30** S. 88(4)(5) repealed (1.10.2013) by Localism Act 2011 (c. 20), s. 240(2), **Sch. 15 para. 10(4)**, Sch. 25 Pt. 24; S.I. 2013/797, art. 3

### **Marginal Citations**

M7 1985 c. 68.

### **Status:**

Point in time view as at 30/01/2021.

### **Changes to legislation:**

Local Government and Housing Act 1989, Part VI is up to date with all changes known to be in force on or before 08 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.