



# Local Government and Housing Act 1989

## 1989 CHAPTER 42

### PART VI

#### HOUSING FINANCE

##### *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 <sup>M1</sup>Housing Act 1985 (provision of housing);
  - (b) land which has been acquired or appropriated for the purposes of that Part;
  - (c) houses purchased under section 192 of that Act (purchase of house found on 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 <sup>M2</sup>Housing (Rural Workers) Act 1926;
  - (e) any property which—
    - (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 <sup>M3</sup>Housing (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 paragraphs as the Secretary of State may direct.

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- (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 <sup>M4</sup>Housing 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 <sup>M5</sup>Housing (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 [<sup>F1</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 <sup>M6</sup>Housing 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.

#### 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.

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**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 the following 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.
- (4) No assumptions shall be made under subsection (3) above as to the exercise by 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;

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- (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 in relation 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)**

C1 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 Revenue Account 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
  - (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 the repair 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

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- (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 Repairs Account.

### **[<sup>F2</sup>78A 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.]

#### **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.](#))

### **[<sup>F3</sup>78B 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;

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- (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.]

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#### **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.](#))

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