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# Localism Act 2011

## 2011 CHAPTER 20

### PART 7

#### HOUSING

### CHAPTER 3

#### HOUSING FINANCE

VALID FROM 01/10/2013

#### **167 Abolition of Housing Revenue Account subsidy in England**

Schedule 15 (abolition of Housing Revenue Account subsidy in England) has effect.

#### **168 Settlement payments**

- (1) The Secretary of State may make a determination providing for the calculation of the amount of a payment (referred to in this Chapter as a “settlement payment”) in relation to each local housing authority in England that keeps a Housing Revenue Account.
- (2) A determination under this section may, in particular, provide for all or part of the amount to be calculated in accordance with a formula or formulae.
- (3) In determining a formula for this purpose, the Secretary of State may, in particular, include variables framed by reference to—
  - (a) the amounts (if any) that, during such period and on such assumptions as the Secretary of State may determine, are to be treated as amounts that will be received by the local housing authority in connection with the exercise of its functions relating to houses and other property within its Housing Revenue Account,

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- (b) the amounts (if any) that, during such period and on such assumptions as the Secretary of State may determine, are to be treated as amounts that will be paid by the authority in connection with the exercise of those functions, and
  - (c) the amount (if any) that, at such time and on such assumptions as the Secretary of State may determine, is to be treated as the amount of debt held by the authority in connection with the exercise of those functions.
- (4) A determination under this section may provide for an assumption to be made about an amount whether or not the assumption is, or is likely to be, borne out by events.
- (5) A determination under this section may provide that the effect of the calculation in relation to a local housing authority is that—
- (a) a settlement payment must be made by the Secretary of State to the local housing authority,
  - (b) a settlement payment must be made by the local housing authority to the Secretary of State, or
  - (c) the amount of a settlement payment in relation to that authority is nil.

#### **169 Further payments**

- (1) This section applies if a settlement payment has been made in respect of a local housing authority.
- (2) The Secretary of State may from time to time make a determination that a further payment calculated in accordance with the determination must be made—
- (a) by the Secretary of State to the local housing authority, or
  - (b) by the local housing authority to the Secretary of State.
- (3) The Secretary of State may make a determination under this section only if there has been a change in any matter that was taken into account in making—
- (a) the determination relating to the settlement payment or a calculation under that determination, or
  - (b) a previous determination under this section relating to the local housing authority or a calculation under that determination.
- (4) A determination under this section may be varied or revoked by a subsequent determination.

#### **170 Further provisions about payments**

- (1) A payment under this Chapter must be made in such instalments, at such times and in accordance with such arrangements as the Secretary of State may determine.
- (2) Arrangements under subsection (1) may include arrangements for payments to be made—
- (a) by a person or body other than the Secretary of State to a local housing authority, or
  - (b) to a person or body other than the Secretary of State by a local housing authority.
- (3) A payment under this Chapter by a local housing authority must be accompanied by such information as the Secretary of State may require.

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- (4) The Secretary of State may charge a local housing authority interest, at such rates and for such periods as the Secretary of State may determine, on any sum payable by the local housing authority under this Chapter that is not paid by a time determined under this section for its payment.
- (5) The Secretary of State may charge a local housing authority an amount equal to any additional costs incurred by the Secretary of State as a result of any sum payable by the local housing authority under this Chapter not being paid by a time determined under this section for its payment.
- (6) A payment under this Chapter other than a payment under subsection (4) or (5)—
  - (a) if made by a local housing authority, is to be treated by the authority as capital expenditure for the purposes of Chapter 1 of Part 1 of the Local Government Act 2003;
  - (b) if made to a local housing authority, is to be treated by the authority as a capital receipt for the purposes of that Chapter.
- (7) A determination under this Chapter may require a payment to a local housing authority made under this Chapter to be used by the authority for a purpose specified in the determination.
- (8) A local housing authority to which such a requirement applies must comply with it.
- (9) In Schedule 4 to the Local Government and Housing Act 1989 (the keeping of the housing revenue account) in Part 2 (debits to the account) after item 5 insert— “ *Item 5A: sums payable under section 170 of the Localism Act 2011 Sums payable for the year to the Secretary of State under section 170(4) or (5) of the Localism Act 2011 (interest etc charged as a result of late payment of settlement payments etc).* ”

## **171 Limits on indebtedness**

- (1) The Secretary of State may from time to time make a determination providing for the calculation in relation to each local housing authority in England that keeps a Housing Revenue Account of—
  - (a) the amount of housing debt that, at such time and on such assumptions as the Secretary of State may determine, is to be treated as held by the authority, and
  - (b) the maximum amount of such housing debt that the authority may hold.
- (2) A determination under this section may, in particular, provide for all or part of an amount to be calculated in accordance with a formula or formulae.
- (3) A determination under this section may provide for assumptions to be made in making a calculation whether or not those assumption are, or are likely to be, borne out by events.
- (4) A determination under this section may be varied or revoked by a subsequent determination.
- (5) A local housing authority may not hold debt in contravention of a determination under this section.
- (6) In this section “housing debt”, in relation to a local housing authority, means debt—

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- (a) which is held by the authority in connection with the exercise of its functions relating to houses and other property within its Housing Revenue Account, and
- (b) interest and other charges in respect of which are required to be carried to the debit of that account.

## **172 Power to obtain information**

- (1) A local housing authority in England must supply the Secretary of State with such information as the Secretary of State may specify for the purposes of enabling the Secretary of State to exercise functions under this Chapter.
- (2) The Secretary of State may exercise the powers under this section either generally or in relation to a particular case.
- (3) If a local housing authority fails to comply with this section before the end of such period as the Secretary of State may specify, the Secretary of State may exercise functions under this Chapter on the basis of such assumptions and estimates as the Secretary of State thinks fit.

## **173 Determinations under this Chapter**

- (1) A determination under this Chapter may make different provision for different cases or descriptions of case, including different provision—
  - (a) for different areas,
  - (b) for different local housing authorities, or
  - (c) for different descriptions of local housing authority.
- (2) Before making a determination under this Chapter that relates to all local housing authorities or a description of local housing authority, the Secretary of State must consult such representatives of local government and relevant professional bodies as the Secretary of State thinks appropriate.
- (3) Before making a determination under this Chapter relating to a particular local housing authority, the Secretary of State must consult that local housing authority.
- (4) As soon as practicable after making a determination under this Chapter, the Secretary of State must send a copy of the determination to the local housing authority or authorities to which it relates.
- (5) Section 87(4) to (7) (electronic communications) of the Local Government and Housing Act 1989 applies to a determination under this Chapter as it applies to a determination under Part 6 of that Act.

## **174 Capital receipts from disposal of housing land**

In section 11 of the Local Government Act 2003 (use of capital receipts by a local authority) after subsection (5) insert—

- “(6) The Secretary of State and a local authority in England may enter into an agreement with the effect that a requirement imposed under subsection (2)(b) does not apply to, or is modified in its application to, capital receipts of the authority that are specified or described in the agreement.”

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## **175 Interpretation**

In this Chapter “local housing authority” has the same meaning as in the Housing Act 1985.

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