

## **COUNCIL HOUSING ACCOUNTS - THE LAW**

The Council Housing accounts are termed the "Housing Revenue Account" in the following notes. The rest of the City Council's accounts are termed the "General Fund".

### **LOCAL GOVERNMENT AND HOUSING ACT 1989**

This Act has provided the main framework for Housing Finance since 1 April 1990. In summary the Housing Revenue Account provisions are as follows:

- 1 Local Housing Authorities must keep a separate Housing Revenue Account (HRA).
- 2 The amounts to be credited or debited to the Housing Revenue Account can only be in respect of items detailed in the Act or covered by regulations issued by the Secretary of State.
- 3 Budgets must be prepared each year for the Housing Revenue Account which will avoid a debit balance on the account. Action must be taken if in any year it appears a debit balance may arise.
- 4 An authority should maintain a separate Housing Repair Account.
- 5 Housing Revenue Account subsidy - originally this led to payments of grant by Government to Councils. Now the vast majority of Councils have to make payments to Government.
- 6 A transfer must be made from the General Fund to the Housing Revenue Account in respect of amenities provided by the Housing Revenue Account but shared by the whole community.
- 7 With the exception of 6 above no contribution can be made by the General Fund to the Housing Revenue Account except for certain items detailed in regulations issued by the Secretary of State.

In addition to the above, the Act provides the main framework for the Capital Finance of Local Authorities.

### **LEASEHOLD REFORM, HOUSING & URBAN DEVELOPMENT ACT 1993**

The above Act came into force in 1993 and gave Housing Authorities the power to provide Welfare Services and to account for them within either the Housing Revenue Account or the General Fund at the Authorities discretion.

The Act also gave the Secretary of State wide powers to amend this provision and regulations have been made which prevent "personal services" such as regular feeding or bathing or cooking of meals from being accounted for within the Housing Revenue Account. Accordingly the net costs relating to the element of personal services provided by staff in sheltered accommodation are shown within the General Fund Housing budgets of the Cabinet Member for Housing.