

HOUSING (WALES) ACT 2014

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 5 Housing Finance

231. **Sections 131 to 136** provide for the eleven local housing authorities that have retained their housing stock and operate a Housing Revenue Account, to buy themselves out of the existing Housing Revenue Account Subsidy system and for the subsidy system to be abolished. Section 131 will be brought into force after the exercise (as necessary) of powers contained in the other provisions of this Part. Sections 132 to 136 automatically come into force after the expiry of the 2 month period from the date on which the Act receives Royal Assent.

Section 131 – Abolition of Housing Revenue Account subsidy

232. **Part 6** (Housing Finance) of the Local Government and Housing Act 1989 is to be amended so as to abolish the subsidy payable in relation to Housing Revenue Accounts, which are maintained by local housing authorities under that Act. This section will be brought into force by way of a commencement order.

Section 132 – Settlement payments

233. The Welsh Ministers have powers to issue a determination, which sets out the calculation and amount of a ‘settlement payment’ for each local housing authority that keeps a Housing Revenue Account. A ‘settlement payment’ is the amount that each local housing authority will be required to either pay to, or receive from, the Welsh Ministers in order to exit the Housing Revenue Account Subsidy system. A settlement payment may also be nil. As the Welsh Ministers currently receive negative Housing Revenue Account Subsidy from each local housing authority then a local housing authority will be required to make a settlement payment to the Welsh Ministers.

Section 133 – Further payments

234. The Welsh Ministers may make a further determination to correct a settlement payment made under Section 132. A further payment would only be made where there was an error, or a change in any matter that was taken into consideration, in the calculation or determination relating to a settlement payment made under section 132. Payments may be made by the Welsh Ministers to local housing authorities and vice versa. A determination under this section can be varied or revoked by a subsequent determination.

Section 134 – Additional provision about payments

235. Payments made under this Part must be made in such instalments, at such times and in accordance with arrangements determined by the Welsh Ministers. A payment by a local housing authority must be accompanied by whatever information the Welsh Ministers may require.

*These notes refer to the Housing (Wales) Act 2014 (c.7)
which received Royal Assent on 17 September 2014*

236. The Welsh Ministers may charge a local housing authority interest, and for any additional costs incurred, in the event of a late payment made under this Part.
237. A settlement payment and a further payment made by, or to, a local housing authority under Sections 132 and 133 is to be treated as “capital expenditure” or “capital receipt” for the purposes of Chapter 1 of Part 1 of the Local Government and Housing Act 2003.
238. Schedule 4 to the Local Government and Housing Act 1989 is amended so as to enable the interest and other additional costs charged under Section 134 (3) and (4) to be treated as a debit transaction in a local housing authority’s Housing Revenue Account.

Section 135 – Provision of information upon request

239. A local authority must provide the Welsh Ministers with the information they request for the purpose of the exercise of their functions under this Part. If an authority fails to comply with a request to supply information before the end of a specified period, the Welsh Ministers may exercise functions under this Part on the basis of such assumptions and estimates as they think fit. An information request could be made in relation to calculating the level of a settlement payment.

Section 136 – Determinations under this Part

240. A determination made by the Welsh Ministers under this Part may make different provision for different cases or types of cases, including for different areas, local housing authorities, or descriptions of authorities. Before making a determination under this Part, the Welsh Ministers must consult with representatives of local government and such other persons they consider to be appropriate. If a determination relates to a particular local housing authority, they must also consult that authority. The Welsh Ministers must send, as soon as practicable, a copy of the determination to the authority or authorities to which it relates. Copies of determinations may be sent electronically (in line with existing provision in the Local Government and Housing Act 1989).