



# Local Government (Scotland) Act 1973

## 1973 CHAPTER 65

### PART III

#### GENERAL PROVISIONS AS TO MEMBERS OF LOCAL AUTHORITIES AND PROCEEDINGS

##### *Restrictions on voting*

#### **38 Disability of members of authorities for voting on account of interest in contracts, etc.**

- (1) Subject to the provisions of section 60 of this Act, if a member of a local authority has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter, and is present at a meeting of the local authority at which the contract or other matter is the subject of consideration, he shall at the meeting, and as soon as practicable after its commencement, disclose the fact and shall not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it.
- (2) If any person fails to comply with the provisions of subsection (1) above, he shall for each offence be liable on summary conviction to a fine not exceeding £200 unless he proves that he did not know that the contract, proposed contract or other matter in which he had a pecuniary interest was the subject of consideration at that meeting.
- (3) A local authority may, by standing orders, provide for the exclusion of a member of the authority from a meeting of the authority while any contract, proposed contract or other matter in which he has a pecuniary interest, direct or indirect, is under consideration.
- (4) The following, that is to say—
  - (a) the receipt by the chairman of a council of an allowance to meet the expenses of his office or his right to receive, or the possibility of his receiving, such an allowance;
  - (b) the receipt by a member of a local authority of an allowance or other payment under any provision of sections 45 to 48 of this Act or his right to receive, or the possibility of his receiving, any such payment;

shall not be treated as a pecuniary interest for the purposes of this section.

### **39 Pecuniary interests for purposes of section 38**

- (1) For the purposes of section 38 of this Act, a person shall be treated, subject to the following provisions of this section and to section 41 of this Act, as having indirectly a pecuniary interest in a contract, proposed contract or other matter, if—
  - (a) he or any nominee of his is a member of a company or other body with which the contract was made or is proposed to be made or which has a direct pecuniary interest in the other matter under consideration; or
  - (b) he is a partner, or is in the employment, of a person with whom the contract was made or is proposed to be made or who has a direct pecuniary interest in the other matter under consideration.
- (2) Subsection (1) above does not apply to membership of or employment under any public body, and a member of a company or other body shall not by reason only of his membership be treated as having an interest in any contract, proposed contract or other matter if he has no beneficial interest in any securities of that company or other body.
- (3) In the case of married persons living together, the interest of one spouse shall, if known to the other, be deemed for the purpose of section 38 of this Act to be also an interest of the other.

### **40 General notices and recording of disclosures for purposes of section 38**

- (1) A general notice, given in writing to the proper officer of the authority by a member thereof, to the effect that he or his spouse is a member or in the employment of a specified company or other body, or that he or his spouse is a partner or in the employment of a specified person, or that he or his spouse is the tenant of any premises owned by the authority, shall, unless and until the notice is withdrawn, be deemed to be a sufficient disclosure of his interest in any contract, proposed contract or other matter relating to that company or other body or to that person or to those premises which may be the subject of consideration after the date of the notice.
- (2) The proper officer of the authority shall record, in a book to be kept for the purpose, particulars of any disclosure made under section 38 of this Act and of any notice given under this section, and the book shall be open at all reasonable hours to the inspection of any local government elector for the area of the local authority.

### **41 Removal or exclusion of disability, etc.**

- (1) The Secretary of State, as respects a member of any local authority, may, subject to such conditions as he may think ' fit to impose, remove any disability imposed by section 38 of this Act in any case in which the number of members of a local authority disabled by that section at any one time would be so great a proportion of the whole as to impede the transaction of business, or in any other case in which it appears to the Secretary of State in the interests of the inhabitants of the area that the disability should be removed.
- (2) The power of the Secretary of State under subsection (1) above includes power to remove, either indefinitely or for any period, any such disability which would otherwise attach to any member, or any class or description of member, by reason of such interests, and in respect of such matters, as may be specified by the Secretary of State.

- (3) Nothing in section 38 of this Act precludes any person from taking part in the consideration or discussion of, or voting on, any question whether an application should be made to the Secretary of State for the exercise of the powers conferred by subsections (1) and (2) above.
- (4) Section 38 of this Act does not apply to an interest in a contract, proposed contract or other matter which a member of a local authority has as a ratepayer or inhabitant of the area, or as an ordinary consumer of water or to an interest in any matter relating to the terms on which the right to participate in any service, including the supply of goods, is offered to the public.
- (5) For the purposes of section 38 of this Act, a member shall not be treated as having a pecuniary interest in any contract, proposed contract or other matter by reason only of an interest of his or of any company, body or person with which he is connected, as mentioned in section 39 of this Act, which is so remote or insignificant that it cannot reasonably be regarded as likely to influence a member in the consideration or discussion of, or in voting on, any question with respect to that contract or matter.
- (6) Where a member of a local authority has an indirect pecuniary interest in a contract, proposed contract or other matter by reason only of a beneficial interest in securities of a company or other body, and the total nominal value of those securities does not exceed £1,000 or one-hundredth of the total nominal value of the issued share capital of the company or body, whichever is the less, and if the share capital is of more than one class, the total nominal value of shares of any one class in which he has a beneficial interest does not exceed one-hundredth of the total issued share capital of that class, sections 38 and 39 of this Act shall not prohibit him from taking part in the consideration or discussion of the contract or other matter or from voting on any question with respect to it, without prejudice, however, to his duty to disclose his interest.

## **42 Interpretation of sections 39 and 41**

- (1) In sections 39 and 41 of this Act, " securities " and " shares " have the same meaning respectively as in the Prevention of Fraud (Investments) Act 1958.
- (2) In section 39 of this Act, " public body " includes any body established for the purpose of carrying on under national ownership any industry or part of an industry or undertaking, the governing body of any university, or college, school or hall of a university, college of education or central institution or of any institution established under section 81(2) of the Education (Scotland) Act 1962, and the National Trust for Scotland for Places of Historic Interest or Natural Beauty incorporated by the Order confirmed by the National Trust for Scotland Order Confirmation Act 1935.

In this subsection, " college of education " and " central institution " have the meanings assigned to them by section 145 of the said Act of 1962.