



# Local Government and Housing Act 1989

## 1989 CHAPTER 42

### PART V

#### COMPANIES IN WHICH LOCAL AUTHORITIES HAVE INTERESTS

#### **71 Control of minority interests etc. in certain companies.**

- (1) In relation to a local authority, subsection (2) below applies to any company other than—
- (a) a company which is or, if the action referred to in that subsection is taken, will be under the control of the local authority; and
  - (b) a company of a description specified for the purposes of this section by an order made by the Secretary of State;
- and in this section an “authorised company” means a company falling within paragraph (b) above.
- (2) Except with the approval of the Secretary of State, in relation to a company to which this subsection applies, a local authority may not—
- (a) subscribe for, or acquire, whether in their own name or in the name of a nominee, any shares or share warrants in the company;
  - (b) become or remain a member of the company if it is limited by guarantee;
  - (c) exercise any power, however arising, to nominate any person to become a member of the company;
  - (d) exercise any power to appoint directors of the company;
  - (e) permit any officer of the authority, in the course of his employment, to make any such nomination or appointment as is referred to in paragraph (c) or paragraph (d) above; or
  - (f) permit an officer of the authority, in the course of his employment, to become or remain a member or director of the company.
- (3) Any approval of the Secretary of State under subsection (2) above may be general or relate to any specific matter or company.

*Status: Point in time view as at 28/03/2008. This version of this provision has been superseded.*

*Changes to legislation: Local Government and Housing Act 1989, Section 71 is up to date with all changes known to be in force on or before 26 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(4) A local authority may not take any action, or refrain from exercising any right, which would have the result that a person who is disqualified from membership of the authority (otherwise than by being employed by that or any other local authority or by a company which is under the control of a local authority) becomes a member or director of an authorised company or is authorised, in accordance with section 375 of the <sup>M1</sup>Companies Act 1985, to act as the authority's representative at a general meeting of an authorised company (or at meetings of an authorised company which include a general meeting).

(5) In any case where,—

- (a) in accordance with section 375 of the Companies Act 1985, a local authority have authorised a member or officer of the authority to act as mentioned in subsection (4) above, or
- (b) a member or officer of a local authority has become a member or director of an authorised company as mentioned in subsection (7) below,

the authority shall make arrangements (whether by standing orders or otherwise) for enabling members of the authority, in the course of proceedings of the authority (or of any committee or sub-committee thereof), [<sup>F1</sup>or, where a local authority is operating executive arrangements under Part II of the Local Government Act 2000, for enabling members of the executive, in the course of proceedings of the executive (or of any committee of the executive),] to put to the member or officer concerned questions about the activities of the company.

(6) Nothing in subsection (5) above shall require the member or officer referred to in that subsection to disclose any information about the company which has been communicated to him in confidence.

(7) Any member or officer of a local authority who has become a member or director of an authorised company by virtue of—

- (a) a nomination made by the authority, or
- (b) election at a meeting of the company at which voting rights were exercisable (whether or not exercised) by the authority or by a person bound to vote in accordance with the instructions of the authority, or
- (c) an appointment made by the directors of another company, the majority of whom became directors of that company by virtue of a nomination made by the authority or election at a meeting of the company at which voting rights were exercisable as mentioned in paragraph (b) above,

shall make a declaration to the authority, in such form as they may require, of any remuneration or re-imbusement of expenses which he receives from the company as a member or director or in respect of anything done on behalf of the company.

(8) Subject to section 67 above, expressions used in this section have the same meaning as in the Companies Act 1985.

#### **Textual Amendments**

**F1** Words in s. 71(5) inserted (E.) (11.7.2001) and (W.) (1.4.2002) by [S.I. 2001/2237](#), arts. 1(2), 26(1); [S.I. 2002/808](#), arts. 1(2), **25(1)**

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**Commencement Information**

- II** S. 71 partly in force; s. 71 not in force at Royal Assent see s. 195(2); s. 71 in force for specified purposes at 16.1.1990 by [S.I. 1989/2445](#), [art. 4](#); s. 71(1)(5) in force for specified purposes and s. 71(4)(6)(8) fully in force at 1.4.1995 by [S.I. 1995/841](#), [art. 2](#) (with transitional provisions in [art. 3](#))

**Marginal Citations**

- M1** 1985 c. 6.

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