



Local Government etc. (Scotland) Act 1994

1994 CHAPTER 39

PART IV

MISCELLANEOUS

Economic development

171 Functions to include promotion of economic development.

After section 171 of the 1973 Act there shall be inserted—

“PART XVIIIA

ECONOMIC DEVELOPMENT

171A Functions to include promotion of economic development.

- (1) Subject to section 171B of this Act, the functions of a local authority shall include the taking of such steps as they may from time to time consider appropriate for promoting the economic development of their area.
- (2) Subject to the said section 171B, and without prejudice to any other provision made by or under this Act, those steps may include participation in and the encouragement of, and provision of financial and other assistance for—
 - (a) the setting up or expansion of any commercial, industrial or public undertaking—
 - (i) which is to be or is situated in the authority’s area; or
 - (ii) the setting up or expansion of which appears likely to increase the opportunities for employment of persons living in that area;
 - and

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- (b) the creation or protection of opportunities for employment with any such undertaking or with any commercial, industrial or public undertaking, opportunities for employment with which have been or appear likely to be made available to persons living in that area.
- (3) For the purposes of this section, the cases in which a local authority shall be treated as providing financial assistance to any person shall include the cases where they do or agree to do any of the following, that is to say—
 - (a) make a grant to that person;
 - (b) make a loan to that person or provide him with any further form of credit;
 - (c) guarantee the performance of any of that person's obligations;
 - (d) indemnify that person in respect of any liability, loss or damage;
 - (e) invest in that person's undertaking, in the case of a body corporate, by acquiring share or loan capital in that body or otherwise;
 - (f) provide that person with any property, services or other financial benefit (including the remission in whole or in part of any liability or obligation) for no consideration or for a consideration which is less than the best that could reasonably be obtained;
 - (g) join with any other person in doing anything falling within paragraphs (a) to (f) above.
- (4) The power conferred on a local authority under subsection (1) above includes power for such authority to engage in activities outside their area for the purpose of promoting the economic development of their area.
- (5) Where, in any financial year, a local authority propose to engage in activities such as are mentioned in subsection (4) above outside the United Kingdom, they shall, before the beginning of that financial year—
 - (a) prepare a document setting out their proposals for engagement in such activities; and
 - (b) submit that document to the Secretary of State for approval.
- (6) Where the Secretary of State approves the proposals set out in any document submitted under subsection (5) above, he may make his approval subject to such conditions as he considers necessary or expedient.
- (7) At any time during the financial year to which a document such as is mentioned in subsection (5) above relates—
 - (a) a local authority may submit to the Secretary of State amendments of the proposals contained in that document; and
 - (b) subsection (6) above shall apply in relation to those amendments as it applies in relation to proposals submitted in pursuance of subsection (5) above.
- (8) The exercise by a local authority of any of their powers under this section shall be subject to the provisions of section 90 of this Act.

171B Restrictions on promotion of economic development.

- (1) The powers of a local authority by virtue of section 171A above, and their powers by virtue of any of the other provisions of this or any other enactment, shall not include power, for the promotion of the economic development of their

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area, to take any such steps as may be specified or described for the purposes of this section in regulations made by the Secretary of State.

- (2) Without prejudice to the generality of subsection (1) above, the Secretary of State may by regulations impose such conditions (including conditions requiring consultation by the local authority of such persons as may be prescribed), and such other restrictions, as may be specified in or determined under the regulations on the exercise, for the purpose of promoting the economic development of their area, of any power of a local authority by virtue of the said section 171A or any other enactment.
- (3) The Secretary of State may by order impose such a financial limit as may be specified in or determined under the order on expenditure which—
 - (a) is, or is of a description, so specified or determined; and
 - (b) is, by virtue of section 171A above or a provision of this or any other enactment, incurred in any financial year for the purpose of promoting the economic development of their area by a local authority so specified or determined.
- (4) A statutory instrument containing regulations under subsection (1) or (2) above or an order under subsection (3) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (5) Regulations under subsection (1) or (2) above may contain such incidental provision and such supplemental, consequential and transitional provision in connection with their other provisions as the Secretary of State considers appropriate.

171C Exercise of certain powers to be subject to provisions of sections 171A and 171B.

The exercise by a local authority of any power which they have—

- (a) under section 7 of the ^{M1}Local Government (Development and Finance) (Scotland) Act 1964 (power to make advances for erection of buildings);
- (b) under section 102 (power to acquire compulsorily certain land) or 109 (power to acquire certain land by agreement) of the ^{M2}Town and Country Planning (Scotland) Act 1972; or
- (c) under section 70, 74 or 78 of this Act,

is subject to the provisions of sections 171A and 171B of this Act.”.

Commencement Information

- II** [S. 171](#) wholly in force at 1.4.1996; [s. 171](#) not in force at Royal Assent see [s. 184\(2\)](#); [s. 171](#) in force for certain purposes at 30.10.1995 and in force at 1.4.1996 insofar as not already in force by [S.I. 1995/2866](#), [arts. 2\(f\), 3\(a\)](#)

Marginal Citations

- M1** 1964 c. 67.
M2 1972 c. 52.

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