



# Local Authorities (Goods and Services) Act 1970

## 1970 CHAPTER 39

### 1 Supply of goods and services by local authorities.

- (1) Subject to the provisions of this section, a local authority and any [<sup>F1</sup>public body within the meaning of this section][<sup>F1</sup>person] may<sup>[F2]</sup>, in relation to any relevant trading operation carried on by the authority, ] enter into an agreement for all or any of the following purposes, that is to say—
- (a) the supply by the authority to the [<sup>F1</sup>body][<sup>F1</sup>person] of any goods or materials;
  - (b) the provision by the authority for the [<sup>F1</sup>body][<sup>F1</sup>person] of any [<sup>F3</sup>administrative, professional or technical] services;
  - (c) the use by the [<sup>F1</sup>body][<sup>F1</sup>person] of any [<sup>F4</sup>vehicle, plant or apparatus belonging to][<sup>F4</sup>property belonging to or facilities under the control of] the authority and, without prejudice to paragraph (b) above, the placing at the disposal of the [<sup>F1</sup>body][<sup>F1</sup>person] of the services of any person employed in connection with the [<sup>F4</sup>vehicle or other property][<sup>F4</sup>property or facility] in question;
  - (d) [<sup>F5</sup>the carrying out by the authority of works of maintenance in connection with land or buildings for the maintenance of which the body is responsible;
- and a local authority may purchase and store any goods or materials which in their opinion they may require for the purposes of paragraph ( a ) of this subsection. ]

[<sup>F6</sup>(1A) A local authority shall not, in relation to any trading operation carried on by them, enter into an agreement under subsection (1) above if the likely result of doing so would be that the commercial services income accruing to the authority in any financial year under that and all other such agreements already entered into by the authority with such persons in relation to that operation would exceed the statutory limit.

- (1B) Subsection (1A) above does not apply in respect of an agreement entered into by a local authority with—
- (a) another local authority;
  - (b) a public authority or body; or

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- (c) a person who, in the circumstances set out in subsection (1L) below, enters into the contract in order to provide the local authority with goods or services, or with a person who, not being a public body, has functions of a public nature or engages in activities of that nature and the purpose or effect of the agreement is to facilitate discharge by that person of those functions or that person's engagement in those activities.
- (1C) The restriction in subsection (1A) does not prevent a local authority from entering into an agreement where the likely result of doing so would be that the income referred to in that subsection will exceed the limit there referred to if the Scottish Ministers give prior consent to the authority doing so.
- (1D) In subsection (1A) above—
- (a) the “ commercial services ” income of a local authority is that part of their income which—
    - (i) is derived from agreements entered into for all or any of the purposes set out in subsection (1) above and is, in accordance with proper accounting practices, credited to a trading account kept by the authority for a trading operation;
    - (ii) is derived from relevant dividends; or
    - (iii) is derived from relevant profit sharing agreements; and
  - (b) the “ statutory limit ” for a trading operation is such amount as the Scottish Ministers may, by order, fix.
- (1E) For the purposes of subsection (1D) above—  
 “ relevant dividend ” means a dividend paid by a body corporate which carries on operations which, if they were carried on by the authority to which the dividend is paid, would be relevant trading operations;  
 “ relevant profit sharing agreement ” means an agreement between a local authority and a body corporate which carries on such operations in terms of which the body corporate undertakes to pay to the authority a proportion of any income which it derives from carrying out those operations.
- (1F) An amount so fixed may be expressed as a fraction of any other amount specified or referred to in the order.
- (1G) Different amounts may be so fixed for different trading operations or classes of trading operation, and an amount may be so fixed for all trading operations.
- (1H) Where, for any trading operation, no amount has been so fixed, the prohibition in subsection (1A) above applies, the condition of its application set out in that subsection being ignored.
- (1I) If, however, in the case of a trading operation for which no amount has been fixed, the Scottish Ministers give prior consent to a local authority entering into an agreement under subsection (1) above in relation to that trading operation, that prohibition does not apply.
- (1J) An order under subsection (1D)(b) above shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the Scottish Parliament.
- (1K) Before making such an order, the Scottish Ministers shall consult such persons as they think fit.

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- (1L) The circumstances referred to in paragraph (c) of subsection (1B) above are that the local authority considers that the provision of the goods or services under the contract mentioned in that paragraph will be facilitated if the person who has entered into the contract is within that paragraph.
- (1M) A local authority shall, before entering any such agreement as is referred to in subsection (1) above, have regard to whether doing so will be likely to promote or improve the well-being of—
- (a) their area and persons within that area;
  - (b) either of those.
- (1N) For the purposes of subsection (1M) above, “ well-being ” is to be construed in the same way as it is construed for the purposes of section 20 of the Local Government in Scotland Act 2003 (asp 1).
- (1O) References in this section to a trading operation are, in relation to a local authority, references to a trading operation for which, in accordance with proper accounting practices (within the meaning of section 12 of the Local Government in Scotland Act 2003 (asp 1)) the authority keep trading accounts.
- (1P) The reference in subsection (1) above to a relevant trading operation is a reference to a trading operation which is carried on for the purpose of enabling a local authority to raise money, by borrowing or otherwise.]
- (2) Nothing in paragraphs (a) to (c) of the [F7preceding subsection][F7subsection (1) above] authorises a local authority—
- (a) to construct any buildings or works; or
  - (b) to be supplied with any property[F8, goods or materials] or provided with any service except
- [F9(i)] for the purposes of functions conferred on the authority otherwise than by this Act[F10];
- (ii) for the purpose of enabling the authority to supply the property, goods or materials or, as the case may be, provide the service to another authority;
  - (iii) in the case of the supply of goods or materials, where that supply is for the purpose of, or is incidental to the purpose of, enabling the authority to supply property or, as the case may be, provide a service; or
  - (iv) in any other case, where the Scottish Ministers have consented to the supply or provision.]
- (3) Any agreement made in pursuance of subsection (1) of this section may contain such terms as to payment or otherwise as the parties consider appropriate.
- (4) In this Act—
- “Local authority”, in relation to England and Wales, means the council of [F11any county, county borough], . . . [F12, county district or London borough [F13the Greater London Authority][F14the Broads Authority], . . . [F15, the Common Council of the City of London, the Council of the Isles of Scilly and any joint board, joint committee and combined authority [F16 . . . [F17 and any joint authority established by Part IV of the Local Government Act 1985 [F18and the London Fire and Emergency Planning Authority, Transport for London and the London Development Agency]] and, in relation to Scotland, [F19means a [F20council constituted under section 2 of the Local Government etc. (Scotland) Act 1994] or any joint board or combination of those councils];

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[<sup>F21</sup> “ public body ” means any local authority [<sup>F22</sup> , any police authority established under [<sup>F23</sup> section 3 of the Police Act 1996 ] , <sup>F24</sup> ..., any [<sup>F25</sup> housing action trust established under Part III of the Housing Act 1988 ] , any person who is a public body by virtue of subsection (5) of this section and, in relation to England and Wales, any parish council, . . . <sup>F12</sup> and representative body of a rural parish; and ]

[<sup>F21</sup> “ works of maintenance ” include minor renewals, minor improvements and minor extensions. ]

[<sup>F26</sup> “ property ” includes land, accommodation, vehicles, plant and apparatus;”;  
and ]

(5) [<sup>F27</sup>The following Ministers, that is to say—

(a) in relation to England and Wales, the Minister of Housing and Local Government and the Secretary of State acting jointly; and

(b) in relation to Scotland, the Secretary of State,

may by order made by statutory instrument provide that any person who is specified in the order or is of a description so specified, being a person or description of persons appearing to those Ministers or the Secretary of State to be exercising functions of a public nature, shall be a public body for the purposes of this Act in its application to England and Wales or Scotland, as the case may be; and any statutory instrument made by virtue of this subsection shall be subject to annulment in pursuance of a resolution of either House of Parliament.]

(6) [<sup>F27</sup>An order under the preceding subsection may contain such provisions as the person making it considers appropriate—

(a) for restricting the agreements which may by virtue of the order be entered into by a public body;

(b) without prejudice to the preceding paragraph, for securing the inclusion in any agreement made by virtue of the order of terms imposing restrictions.]

[<sup>F28</sup>(7) The Great Yarmouth Port and Haven Commissioners shall be treated as a public body for the purposes of paragraphs (a) and (b) of subsection (1) above as those paragraphs apply in relation to agreements entered into by the Broads Authority.]

#### Textual Amendments

**F1** Words in s. 1(1) substituted (S.) (1.4.2003) by [Local Government in Scotland Act 2003 \(asp 1\)](#), **ss. 8(2)(a)(i)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.

**F2** Words in s. 1(1) inserted (S.) (1.4.2003) by [Local Government in Scotland Act 2003 \(asp 1\)](#), **ss. 8(2)(a)(ii)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.

**F3** Words in s. 1(1)(b) repealed (S.) (1.4.2003) by [Local Government in Scotland Act 2003 \(asp 1\)](#), **ss. 8(2)(a)(iii)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.

**F4** Words in s. 1(1)(c) substituted (S.) (1.4.2003) by [Local Government in Scotland Act 2003 \(asp 1\)](#), **ss. 8(2)(a)(iv)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.

**F5** S. 1(1)(d) and words repealed (S.) (1.4.2003 for specified purposes) by [Local Government in Scotland Act 2003 \(asp 1\)](#), **ss. 8(2)(a)(v)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.

**F6** S. 1(1A)-(1P) inserted (S.) (1.4.2003) by [Local Government in Scotland Act 2003 \(asp 1\)](#), **ss. 8(2)(b)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.

**F7** Words in s. 1(2) substituted (S.) (1.4.2003) by [Local Government in Scotland Act 2003 \(asp 1\)](#), **ss. 8(2)(c)(i)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.

**F8** Words in s. 1(2) inserted (S.) (1.4.2003) by [Local Government in Scotland Act 2003 \(asp 1\)](#), **ss. 8(2)(c)(iii)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.

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- F9** Word in s. 1(2)(b) inserted (S.) (1.4.2003) by Local Government in Scotland Act 2003 (asp 1), **ss. 8(2)(c)(iv)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.
- F10** S. 1(2)(b)(ii)-(iv) and semicolon inserted (S.) (1.4.2003) by Local Government in Scotland Act 2003 (asp 1), **ss. 8(2)(c)(iv)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.
- F11** Words in s. 1 substituted (3.4.1995) by 1994 c. 19, **s. 25(8)** (with ss. 54(5)(7), 55(5), Sch. 17 paras. 22(1), 23(2)); S.I. 1995/852, art. 4(1), **Sch.**
- F12** Words repealed by Local Government Act 1972 (c. 70, SIF 81:1), **Sch. 30**
- F13** Words in s. 1(4) inserted (8.5.2000) by 1999 c. 29, **s. 388(a)** (with Sch. 12 para. 9(1)); S.I. 1999/3434, **art. 3**
- F14** Words inserted by Norfolk and Suffolk Broads Act 1988 (c. 4, SIF 81:1), ss. 21, 23(2), 27(2), **Sch. 6 para. 8(1)**
- F15** Words repealed by Local Government Act 1985 (c. 51, SIF 81:1), ss. 1, 102, **Sch. 17**
- F16** Words inserted by Local Government Act 1985 (c. 51, SIF 81:1), s. 84, **Sch. 14 Pt. II para. 47**
- F17** Words repealed by Education Reform Act 1988 (c. 40, SIF 41:1), ss. 231(7), 235(6), 237(2), **Sch. 13 Pt. I**
- F18** Words in s. 1(4) inserted (3.7.2000) by 1999 c. 29, **s. 388(b)** (with Sch. 12 para. 9(1)); S.I. 1999/3434, **art. 4**
- F19** Words substituted by the Local Government (Scotland) Act 1973 (c. 65, SIF 81:1), **Sch. 27 para. 195**
- F20** Words substituted (1.4.1996) by 1994 c. 39, s. 180(1), **Sch. 13 para. 84**; S.I. 1996/323, **art. 4(1)(c)**
- F21** Words in s. 1(4) repealed (S.) (1.4.2003 for specified purposes) by Local Government in Scotland Act 2003 (asp 1), **ss. 8(2)(d)(i)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.
- F22** S. 1(4): words in definition inserted (1.10.1994) by 1994 c. 29, s. 43, **Sch. 4 para. 5**; S.I. 1994/2025, **art. 6(2)(e)**
- F23** Words substituted (22.8.1996) by 1996 c. 16, ss. 103, 104(1), **Sch. 7 Pt. I**, para. 2(g)
- F24** Words in the definition of "public body" in s. 1(4) repealed (1.4.2002) by 2001 c. 16, ss. 128, 137, Sch. 6 Pt. 3 para. 58, **Sch. 7 Pt. 5(1)**; S.I. 2002/344, **art. 3(j)(k)(m)** (with transitional provisions in art. 4)
- F25** Words inserted (E.W.) by Housing Act 1988 (c. 50, SIF 61), **s. 89(2)**
- F26** Words in s. 1(4) inserted (S.) (1.4.2003) by Local Government in Scotland Act 2003 (asp 1), **ss. 8(2)(d)(ii)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.
- F27** S. 1(5)(6) repealed (S.) (1.4.2003) by Local Government in Scotland Act 2003 (asp 1), **ss. 8(2)(e)**, 62(2); S.S.I. 2003/134, art. 2(1), Sch.; S.S.I. 2003/134, art. 2(1), Sch.
- F28** S. 1(7) added by Norfolk and Suffolk Broads Act 1988 (c. 4, SIF 81:1), ss. 21, 23(2), 27(2), **Sch. 6 para. 8(2)**

#### Modifications etc. (not altering text)

- C1** S. 1 extended (E.W.) by Water Act 1973 (c. 37), **s. 7(1)**
- C2** Functions of Minister of Housing and Local Government now exercisable by Secretary of State: S.I. 1970/1681
- C3** S. 1 amended (E.W.) by Water Act 1989 (c. 15, SIF 130), ss. 58(7), 101(1), 145(2)(3), 160(1)(2)(4), 163, 189(4)-(10), 190, 193(1), Sch. 26 paras. 3(1)(2), 17, 40(4), 57(6), **58**
- C4** S. 1 amended (E.W.) by Water Act 1989 (c. 15, SIF 130), ss. 58(7), 101(1), 141(6), 160(1)(2)(4), 163, 189(4)-(10), 190, 193(1), Sch. 25 para. 40, Sch. 26 paras. 3(1)(2), 17, 40(4), 57(6), **58**
- C5** S. 1 extended (1.12.1991) by Water Resources Act 1991 (c. 57, SIF 130), **ss. 4(4)(5)**, 225(2) (with ss. 179, 222(3), 224(1), 225(4), Sch. 22 para. 1, Sch. 23 para. 6)
- C6** S. 1 extended (E.W.) (1.12.1991) by Water Consolidation (Consequential Provisions) Act 1991 (c. 60, SIF 130), ss. 2(1), 4(2), **Sch. 1 para. 20**  
S. 1(1)-(3) applied (with modifications) (E.W.) (1.4.1995) by 1964 c. 48, **s. 8A** (as inserted by 1994 c. 29, **s. 9**; S.I. 1994/3262, art. 4, **Sch.**)  
S. 1(1)-(3) applied (with modifications) (E.W.) (22.8.1996) by 1996 c. 16, **s. 18** (as substituted (1.10.2002) by Police Reform Act 2002 (c. 30), **s. 101**; S.I. 2002/2306, **art. 2(f)(x)**)
- C7** S. 1 applied (with modifications) (S.) (1.11.2001) by 2001 asp 10, **s. 107**; S.S.I. 2001/336, art. 2(3), **Sch. Pt. II** (subject to art. 3)
- C8** S. 1(4) extended (E.W.) by National Health Service Act 1977 (c. 49, SIF 113:2), **s. 28(1)**

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- C9** S. 1(4) extended by S.I. 1985/1884, art. 10, **Sch. 3 para. 4(h)**
- C10** S. 1(4) extended by S.I. 1987/2110, art. 2(2), **Sch. 1 para. 8(e)**
- C11** S. 1(4) amended by S.I. 1989/1815, art. 2, **Sch. 1 para. 6(a)**
- C12** S. 1(5) extended (E.W.) by National Health Service Reorganisation Act 1973 (c. 32), **s. 12(1)**
- C13** S. 1(5) extended (E.W.) by National Health Service Act 1977 (c. 49, SIF 113:2), **s. 28(2)** and (E.W.S.) by Local Government, Planning and Land Act 1980 (c. 65, SIF 123:1, 2), **s. 163(2)(3)**  
S. 1(5) extended (with modifications) (E.W.) (1.10.1998) by 1998 c. 31, s. 140(1), **Sch. 30 para. 2(2)(3)** (with ss. ss. 138(9), 144(6)); S.I. 1998/2212, art. 2, **Sch. 1**  
S. 1(4)(5) extended (1.4.2001) by 2000 c. 43, s. 74, **Sch. 7 para. 44**; S.I. 2001/919, **art. 2(f)(ii)**
- C14** S. 1(4)(5) extended (E.W.) (1.3.2007) by National Health Service Act 2006 (c. 41), **ss. 74, 277(1)**

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